



VISION SYNERGY HOLDINGS LIMITED

共生智築控股有限公司

(formerly known as Japan Kyosei Group Company Limited 日本共生集團有限公司)
(Incorporated in Bermuda with limited liability)

Stock Code : 627



2025
ANNUAL REPORT

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CORPORATE INFORMATION

BOARD OF DIRECTORS

EXECUTIVE DIRECTOR

Dr. Hiroshi Kaneko (*Chief Executive Officer*)

NON-EXECUTIVE DIRECTOR

Mr. Chung Ho Wai Alan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Zhongquan

Ms. Tang Ying Sum

Ms. Ha Sze Wan

AUDIT COMMITTEE

Ms. Ha Sze Wan (*Chairlady*)

Mr. Huang Zhongquan

Ms. Tang Ying Sum

REMUNERATION COMMITTEE

Mr. Huang Zhongquan (*Chairman*)

Dr. Hiroshi Kaneko

Ms. Tang Ying Sum

NOMINATION COMMITTEE

Mr. Huang Zhongquan (*Chairman*)

Dr. Hiroshi Kaneko

Ms. Ha Sze Wan

COMPANY SECRETARY

Mr. Tsang King Sun

AUTHORISED REPRESENTATIVES

Dr. Hiroshi Kaneko

Mr. Tsang King Sun

AUDITOR

PKF Hong Kong Limited

LEGAL ADVISERS

Patrick Mak & Tse Solicitors

PRINCIPAL BANKERS

Hang Seng Bank Limited

Fubon Bank (Hong Kong) Limited

China Construction Bank (Asia) Corporation Limited

Bank of Communications Co., Ltd.

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS

Flat/Room 2905, 29/F

China Resources Building

26 Harbour Road

Wan Chai

Hong Kong

PRINCIPAL SHARE REGISTRAR

Cohort Limited

3rd Floor, Sofia House

48 Church Street

Hamilton HM 12

Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited

Suites 3301-04, 33/F

Two Chinachem Exchange Square

338 King's Road

North Point, Hong Kong

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited

Ordinary Shares (Stock Code: 627)

COMPANY WEBSITE

www.vshl.com.hk

INVESTOR RELATIONS

Email: cs@fullsun.com.hk

DEFINITIONS

Term	Definition
Board	The board of the Directors
Capital Reorganisation	Collectively the consolidation (" Share Consolidation ") of every one hundred issued existing shares of par value HK\$0.01 each into one issued consolidated share of par value HK\$1.00 (" Consolidated Share(s) ") and the reduction of the par value of the issued Consolidated Shares by (i) cancelling any fractional Consolidated Share in the Share Consolidation; and (ii) cancelling the paid-up capital to the extent of HK\$0.99 on each of the then issued Consolidated Shares such that the par value of all the then issued Consolidated Shares will be reduced from HK\$1.00 to HK\$0.01
Company	Vision Synergy Holdings Limited
Director(s)	The director(s) of the Company
Group	The Company and its subsidiaries from time to time
Hong Kong	The Hong Kong Special Administrative Region
HK\$/HKD	Hong Kong dollars
Listing Rules	The Rules Governing the Listing of Securities on the Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers
New Shares	Share(s) of a par value of HK\$0.01 each in the share capital of the Company immediately after the Capital Reorganisation becoming effective
Year/During the Year	1 January 2025 to 31 December 2025

DEFINITIONS

Term	Definition
PRC/Mainland China	The People's Republic of China, excluding Hong Kong, Macau Special Administrative Region and Taiwan for the purpose of this report
Previous Year	1 January 2024 to 31 December 2024
RMB	Renminbi Yuan
SFO	Securities and Futures Ordinance (chapter 571 of the Laws of Hong Kong)
Share(s)	Ordinary share(s) of the Company
Stock Exchange	The Stock Exchange of Hong Kong Limited
USD	United States dollars

Note:

For the purpose of this report and unless otherwise specified, the English translation of the names of the companies incorporated in the PRC are used for identification purpose only.

STATEMENT TO SHAREHOLDERS

Dear Shareholders,

The operating environment for China's property market continues to be characterized by volatility, with persistent challenges including geopolitical uncertainties, U.S. tariff policies, fluctuating domestic demand, and ongoing liquidity constraints. As the market undergoes a prolonged correction, the Group is proactively adapting its strategies to mitigate risks while capitalizing on emerging opportunities that align with its renewed corporate vision.

To better reflect this evolution, the Company changed its name from "Japan Kyosei Group Company Limited" to "Vision Synergy Holdings Limited", with the new Chinese secondary name "共生智築控股有限公司", effective on 14 October 2025. The Group believes that this change of company name more accurately represents the direction of the Group's future development, enhancing its corporate image and establishing a clearer identity. This underscores the Group's commitment to synergistic growth and is in the best interests of the Group and the Company's shareholders as a whole.

Vision Synergy Holdings Limited
Dr. Hiroshi Kaneko

Executive Director and Chief Executive Officer
Hong Kong, 31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

During the Year, the total revenue of the Group was approximately RMB121,704,000, increased by 22.1% as compared to that of the year ended 31 December 2024 (the "Previous Year") (Previous Year: RMB99,700,000).

During the Year, loss for the year attributable to owners of the Company was RMB167,975,000 (Previous Year: Loss for the year attributable to owners of the Company RMB852,224,000).

During the Year, the basic loss per share was RMB11.82 cents (Previous Year: basic loss per share RMB59.99 cents). During the Year, the diluted loss per share was RMB11.82 cents (Previous Year: diluted loss per share RMB59.99 cents).

PROPERTY DEVELOPMENT

During the Year, revenue from sales of properties was approximately RMB30,793,000 (Previous Year: RMB99,123,000).

The revenue from sales of properties was mainly contributed by projects in Hunan Province and Fujian Province across Mainland China. The recognised sales during the Year has decreased by 68.9% as compared to that of the Previous Year due to weakened demand during the Year.

PROPERTY INVESTMENT

Rental income for the Year was approximately RMB338,000 (Previous Year: approximately RMB577,000). Rental income was mainly contributed by the commercial investment properties in Changsha. During the Year, fair value loss on the Group's investment properties portfolio was approximately RMB2,252,000 (Previous Year: approximately RMB500,000), owing to the ongoing deterioration and instability of the property market in the PRC.

SUPPLY CHAIN BUSINESS

Revenue from the supply chain business, which involves the trading of commodities, contributed approximately RMB90,573,000 to the Group's revenue during the Year.

OPERATING EXPENSES

During the Year, selling and distribution expenses was approximately RMB918,000 (Previous Year: RMB1,981,000), the cost-income ratio calculated as the relevant expenses divided by the revenue for the Year was 0.8% (Previous Year: 2.0%). During the Year, administrative expenses was approximately RMB17,853,000 (Previous Year: RMB28,461,000), the cost-income ratio calculated as the relevant expenses divided by the revenue for the Year was 14.7% (Previous Year: 28.5%). The decrease in operating expenses was due to the downsizing of the Group's operations and scale and effective cost control of the operation during the Year.

FINANCE COSTS

Finance costs comprised of interest on bank and other borrowings, interest on lease liabilities and imputed interest expenses. The finance costs was approximately RMB18,938,000 for the Year (Previous Year: RMB213,484,000). The significant decrease in finance cost was due to the deconsideration of subsidiaries in Previous Year.

INCOME TAX EXPENSES

During the Year, the Group's income tax expenses amounted to approximately RMB127,000, representing an increase of 101.2% when compared to income tax credit of approximately RMB10,286,000 for the Previous Year.

DIVIDEND

The Board does not recommend the payment of any final dividend for the Year (Previous Year: Nil).

PROSPECTS

The Group continues to pursue a balanced investment strategy, prioritizing high-potential real estate and land development projects, including undervalued urban redevelopment initiatives, logistics hubs, residential complexes in high-growth areas with strong cash flow potential, and construction-related opportunities. Simultaneously, the Group is capitalizing on compelling opportunities in Japan, particularly within the tourism and hospitality sectors, which are experiencing robust recovery driven by increasing international visitor arrivals and supportive government policies, thereby creating diversified revenue streams that complement its core operations in the PRC. This enhances overall profitability through geographical diversification, reduces dependency on any single market, and is designed to deliver sustainable, long-term returns to shareholders.

Leveraging its renewed corporate identity, diversified business portfolio, and disciplined investment strategy, the Group is well-positioned to navigate market uncertainties and capitalize on emerging opportunities. By maintaining a balanced focus on high-potential real estate projects across China, while strategically expanding into synergistic sectors such as supply chain business and construction related projects, the Group aims to strengthen its profitability, enhance corporate resilience, and deliver sustainable, long-term value to its shareholders. Looking forward, the Board remains committed to executing this strategic vision with prudence and agility, ensuring the Group is equipped to thrive in the evolving global landscape.

LIQUIDITY, FINANCIAL RESOURCE AND GEARING RATIO

As at 31 December 2025, bank balances and cash amounted to approximately RMB5,802,000 (2024: RMB3,922,000), which were principally denominated in RMB and HKD. The Group had total bank and other borrowings of approximately RMB192,661,000 (2024: RMB193,860,000) which carried interest at fixed interest rates and were denominated in RMB and HKD. The Group's total borrowings divided by total assets as at 31 December 2025 was 5.5% (2024: 5.5%). The net gearing ratio calculated as total borrowings less of amounts of bank balances and cash and restricted bank deposits divided by total deficit of the Group as at 31 December 2025 was -9.4% (2024:-10.5%).

As at 31 December 2025, the Group had current assets of approximately RMB3,459,382,000 (2024: RMB3,494,570,000) and current liabilities of approximately RMB5,429,942,000 (2024: RMB5,312,324,000). The net liabilities of the Group as at 31 December 2025 was approximately RMB1,966,505,000 (2024: RMB1,806,734,000) increased by approximately 8.8%.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had 106 employees, including the Directors. Remuneration of employees is determined by reference to the market terms and commensurate with the level of pay for similar positions within the industry. Discretionary year-end bonuses are payable to employees based on individual performance. The Group provides benefits in accordance with the relevant laws and regulations. The employees of the Group in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC, and the employees in Hong Kong are members of the Mandatory Provident Fund Scheme of Hong Kong.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent events after the reporting period and up to the date of this report.

REPORT OF THE DIRECTORS

The Board is pleased to present its annual report and the audited consolidated financial statements of the Group for the Year.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details and principal activities of the Company's principal subsidiaries are set out in Note 44 to the consolidated financial statements of this Annual Report. The principal activities of the Group are development and sale of properties and property investment in the PRC and Hong Kong.

RESULTS AND DIVIDENDS

The results and the cash flows of the Group for the Year and the financial position of the Group as at 31 December 2025 are set out in the consolidated financial statements on pages 34 to 117 of this Annual Report.

The Board does not recommend the payment of any final dividend for the Year.

DIVIDEND POLICY

The Company has adopted a dividend policy. The Board shall consider the following factors before recommending or declaring dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of shareholders;
- any restrictions on payment of dividends under the applicable laws, the relevant regulations and the Company's Bye-laws (the "Bye-laws"); and
- other factors that the Board may consider relevant.

BUSINESS REVIEW

A discussion of the business review of the Group is set out in the section headed "Management Discussion and Analysis" of this Annual Report.

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 17 to the consolidated financial statements of this Annual Report.

BANK LOANS AND OTHER LOANS

Details of bank loans and other loans of the Group as at 31 December 2025 are set out in Note 28 to the consolidated financial statements of this Annual Report.

SHARE CAPITAL

Details of the share capital of the Company during the Year are set out in Note 29 to the consolidated financial statements of this Annual Report.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of the Company's reserves during the Year are set out in Note 45 to the consolidated financial statements of this Annual Report.

At 31 December 2025, the Company had distributable reserves amounting to RMB Nil (31 December 2024: RMB Nil).

CHARITABLE DONATIONS

No donation for charitable purposes were made by the Group during the Year (Previous Year: RMB Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the five largest customers of the Group together accounted for approximately 71.76% (Previous Year: 11.39%), with the largest customer accounted for approximately 22.17% (Previous Year: 3.05%) of the Group's total revenue. The five largest suppliers of the Group together accounted for approximately 100% (Previous Year: 100%), with the largest supplier accounted for approximately 100% (Previous Year: 100%) of the Group's total purchases during the Year.

To the best of the Directors' knowledge, at no time during the Year did a Director, an associate of a Director or a shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in any of the Group's five largest suppliers or customers.

PRE-EMPTIVE RIGHTS

There is no provision for the exercise of any pre-emptive rights under the Bye-laws, or there was no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

ISSUE OF EQUITY SECURITIES

The Group did not allot, issue or grant any equity securities, option, warrants or similar rights including securities convertible into equity securities during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the Year.

EVENTS AFTER THE REPORTING PERIOD

The Group does not have any material subsequent events after the Reporting Period and up to date of this report.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial periods is set out on page 119 of this Annual Report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

EXECUTIVE DIRECTORS

Dr. Hiroshi Kaneko

NON-EXECUTIVE DIRECTORS

Mr. Chung Ho Wai Alan

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Zhongquan

Ms. Tang Ying Sum

Ms. Ha Sze Wan

Each of the Directors has entered into a service contract or a letter of appointment with the Company and is subject to termination by either party giving not less than three months' prior written notice to the other, subject to retirement by rotation and re-election at the annual general meeting in accordance with the Bye-Laws.

None of the Directors has a service contract or a letter of appointment with the Company which is not determinable the Company within one year without payment of compensation, other than statutory compensation.

Pursuant to Bye-law 84, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years.

As such, Mr. Huang Zhongquan and Ms. Ha Sze Wan will retire from office by rotation and being eligible, will offer themselves for re-election at the forthcoming AGM.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT BIOGRAPHIES

Biographical details of the Directors and senior management are set out on pages 17 to 18 of this Annual Report.

DIRECTORS' AND/OR CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contract of significance in relation to the Group's business to which the Company, its ultimate holding company or any of its subsidiaries or fellow subsidiaries was a party and in which a director of the Company or a controlling shareholder or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme", at no time during the Year was the Company or its subsidiaries, fellow subsidiaries or its holding companies a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

PERMITTED INDEMNITY PROVISIONS

During the Year and up to the date of this Annual Report, there is permitted indemnity provision (within the meaning in Section 470 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)) being in force. The Company has maintained directors' and officers' liability insurance throughout the Year, which provides appropriate cover for certain legal actions brought against its directors and officers arising out of corporate activities.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year and up to the date of this Annual Report, save as disclosed above, none of the Directors, nor their respective close associates (as defined in the Listing Rules) is considered to have any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole and any substantial part of the business of the Company were entered into or in existence during the Year.

CONNECTED TRANSACTIONS

There are no connected transactions conducted by the Group during the Year.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARE, UNDERLYING SHARE AND DEBENTURES

As at 31 December 2025, the following Directors or chief executives of the Company or his associates had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register to be kept under Section 352 of the SFO or as notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

INTEREST IN THE ORDINARY SHARES OF ASSOCIATED CORPORATION

Name of Director/ chief executive	Name of associated corporation	Capacity/ nature of interest	Number of shares held (Note 1)	Percentage of shareholding in the associated corporation (Approximate)
Dr. Hiroshi Kaneko	Grateful Heart Inc.	Beneficial owner	3(L)	30%

Notes:

1. (L) represents long position in Shares/underlying Shares.
2. 994,019,402 Shares are owned by Grateful Heart Inc. which is partially owned by Dr. Hiroshi Kaneko, an executive Director.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the following persons (other than the Directors or chief executives of the Company) had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of substantial shareholders required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange as follows:

Name	Capacity	Total (Note 1)	Approximate percentage of the Company's issued share capital
Mr. Kenichi Yanase (Note 3)	Interest in a controlled corporation	994,019,402 (L)	69.97% (Note 2)
Grateful Heart Inc. (Note 3)	Interest in a controlled corporation	994,019,402 (L)	69.97% (Note 2)
CIS Securities Asset Management Limited (Note 3)	Investment manager	994,019,402 (L)	69.97% (Note 2)
CIS FUND OFC-CIS OPPORTUNITIES I FUND (Note 3)	Interest in a controlled corporation	994,019,402 (L)	69.97% (Note 2)
JET POWER INVESTMENTS LIMITED (Note 3)	Beneficial owner	994,019,402 (L)	69.97% (Note 2)

Notes:

- (L) represents long position in Shares/underlying Shares.
- The total number of 1,420,673,262 Shares in issue as at 31 December 2025 has been used for the calculation of the approximate percentage.
- 994,019,402 Shares are beneficially owned by Jet Power Investments Limited. Jet Power Investments Limited is wholly owned by CIS FUND OFC – CIS OPPORTUNITIES I FUND. CIS FUND OFC – CIS OPPORTUNITIES I FUND is a sub-fund of CIS FUND OFC, an open-ended fund company with variable share capital incorporated in Hong Kong. CIS Securities Asset Management Limited is the investment manager of CIS FUND OFC – CIS OPPORTUNITIES I FUND. Grateful Heart Inc. is an investor in the CIS FUND OFC – CIS OPPORTUNITIES I FUND whose investment as at the date of this report accounted for 100% of the entire investment amount in the CIS FUND OFC – CIS OPPORTUNITIES I FUND. Grateful Heart Inc. is owned as to 70% by Mr. Kenichi Yanase and therefore Mr. Kenichi Yanase is deemed to be interested in the same number of Shares held by Grateful Heart Inc.

Save as disclosed above, the Company has not been notified of any other relevant interests or short positions in the Shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO as at 31 December 2025.

EQUITY-LINKED AGREEMENTS

The Company has not entered into any equity-linked agreement during the year ended 31 December 2025.

SHARE OPTION SCHEME

Details of the share option scheme (the "Scheme") adopted by the Company on 1 December 2017 were set out in the paragraph headed "H. Share Option Scheme" in Appendix IX Statutory and general information to the circular of the Company dated 27 October 2017 and Note 40 to the consolidated financial statements of this Annual Report.

The total number of Shares available for issue under the Scheme as at 1 January 2025, 31 December 2025 and the date of this Annual Report was 11,236,749 Shares at par value of HK\$0.01 each, representing approximately 0.79% of the total issued Shares of the Company.

No share option has been granted, exercised or cancelled by the Company since the adoption of the Share Option Scheme. And there was no outstanding share option under the Share Option Scheme as at 31 December 2025 and as at the date of this Annual Report.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Company understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. The management will continue to develop efficient communication platform to enhance relationships with individual and corporate customers and suppliers.

EMOLUMENT POLICY AND DIRECTORS' EMOLUMENTS

Employees of the Group are selected, remunerated and promoted on the basis of their merit, qualifications, competence and contribution to the Group. The Company has also adopted the Share Option Scheme as a long-term incentive scheme of the Group.

Details of the Directors' emoluments are set out in Note 14 to the consolidated financial statements of this Annual Report. The Directors' remunerations, bonuses and other compensation are determined by the remuneration committee with reference to the Directors' duties, responsibilities and the Group's performance and results.

RETIREMENT BENEFITS PLANS

Details of the retirement benefits plans of the Group are set out in Note 43 to the consolidated financial statements of this Annual Report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Company is well aware of the importance of energy conservation and low carbon development so that it has implemented various measures to protect environment, like focusing on some key areas' energy conservation, carrying out circular economy and raising employees' awareness of emission reduction. The Group is committed to integrating the concept of low carbon development into every aspect of work for the purpose of protecting environment as well as making contributions to the society. The Company has been closely following the development of international environmental laws for the purpose of ensuring the successful implementation of Company's environmental policies under international standards as well as industrial standards.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

During the Year, the Company was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The Group is committed to fulfilling social responsibility, promoting employee benefits and development, protecting the environment and giving back to community and achieving sustainable growth.

A detailed and independent environmental, social and governance report will be released and posted on the website of the Stock Exchange and the Company for inspection and download.

CORPORATE GOVERNANCE

Full details on the Company's corporate governance practices are set out in the "Corporate Governance Report" in this Annual Report.

TAX RELIEF

The Company is not aware of any relief from taxation to which the Shareholders are entitled by reason of their holding of the Shares.

CONFIRMATION OF INDEPENDENCE

The Company has received from the independent non-executive Directors confirmations of independence pursuant to Rule 3.13 of the Listing Rules and considers that all the independent non-executive Directors are independent of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the best knowledge of the Directors, at least 25% of the Company's issued Shares were held by members of the public as at all times in the Year and up to the latest practicable date prior to the issue of this report as required under the Listing Rules.

REPORT OF THE DIRECTORS

AUDITOR

The consolidated financial statements of the Group for the Year have been audited by PKF Hong Kong Limited who will retire and, being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company.

THE MANAGEMENT'S VIEW AND THE AUDIT COMMITTEE'S VIEW TOWARDS THE DISCLAIMER OF OPINION

The management of the Company concurs with the view of the Auditors. The Audit Committee also confirms and concurs with the view of the Auditors.

REMOVAL OF THE DISCLAIMER OF OPINION

As described in Note 2 to the consolidated financial statements, the management of the Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position. The above action plans and measures have been fully discussed with the Audit Committee and the Auditors. Contingent on the aforementioned plans and measures having a successful or favourable outcome, the Company expects that the Disclaimer of Opinion can be removed in the following year's audit of the Company (i.e. the audit for the financial year ending 31 December 2026). The Auditor's concern is on the multiple uncertainties associated with the plans and measures and the potential interaction of these uncertainties. When the Group is able to resolve each of these matters to a satisfactory level, the Auditors will consider the removal of the Disclaimer of opinion in the coming audits of the Company.

CHANGE OF COMPANY NAME AND SECONDARY NAME

With effect from 20 November 2025, the Company name has been changed from "Japan Kyosei Group Company Limited" to "Vision Synergy Holdings Limited", and the secondary name of the Company from "日本共生集團有限公司" to "共生智築控股有限公司". The Certificate of Incorporation of the Change of Name and the Certificate of Secondary Name dated 14 October 2025 were issued by Registry of Companies in Bermuda and the Certificate of Registration of Alteration of Name of Non-Hong Kong Company dated 4 November 2025 was issued by the Registrar of Companies in Hong Kong. The Board considers the change of company name can provide the Company with brand new corporate image and identity, benefiting the Group's future business development.

The stock short name of the Company has been changed from "JAPAN KYOSEI" to "VISION SYNERGY" and the Chinese stock short name of the Company from "日本共生" to "共生智築" with effect from 9:00 a.m. on 20 November 2025.

Details of the change of Company name are set out in the announcements of the Company dated 5 September 2025, 12 November 2025 and 17 November 2025 and the circular of the Company dated 18 September 2025.

On behalf of the Board

Dr. Hiroshi Kaneko

Executive Director and Chief Executive Officer
Hong Kong, 31 March 2026

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Dr. Hiroshi Kaneko (“Dr. Kaneko”) (formerly known as Jin Song), aged 61, has been appointed as an executive Director and the chief executive officer (the “CEO”) of the Company since 26 July 2023.

Dr. Kaneko has extensive research experience in the field of environment, development and economic science in Japan, China and Northern America. He has been engaged in comprehensive utilisation of environmental friendly materials and international trade. He is currently a vice president and chief financial officer of Kyosei-Bank Co* (共生バンク株式会社) and is mainly responsible for overseeing the financial aspects of new business development.

Dr. Kaneko has received a Master of Engineering from Dalian University of Technology in 1989 and a doctoral degree in Engineering from the Department of the Advanced Interdisciplinary Studies from University of Tokyo in 1997.

Dr. Kaneko has acted as the executive director and the chief executive officer of Rongzun International Holdings Group Limited (formerly known as B & D Strategic Holdings Limited) (Stock Code: 1780), the shares of which are listed on Main Board of the Stock Exchange, since 4 December 2023 and he had acted as the executive director of Hong Wei (Asia) Holdings Company Limited (stock code: 8191), the shares of which are listed on GEM of the Stock Exchange from 19 November 2021 to 4 October 2023.

Dr. Kaneko is the director of Jet Power Investment Limited, and it currently owns 994,019,402 ordinary shares of the Company.

NON-EXECUTIVE DIRECTOR

Mr. Chung Ho Wai Alan (“Mr. Chung”), aged 47, has been appointed as a non-executive Director since 26 July 2023. Mr. Chung is currently the executive director of CIS Securities Asset Management Limited since January 2021 and has been its responsible officer for Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 4 (advising on securities) and Type 9 (asset management) regulated activities since December 2018.

CIS Securities Asset Management Limited is the Investment Manager of CIS FUND OFC – CIS OPPORTUNITIES I FUND since June 2022.

Mr. Chung is the director of Jet Power Investment Limited, which is the subsidiary of CIS FUND OFC – CIS OPPORTUNITIES I FUND since May 2022, and it currently owns 994,019,402 ordinary shares of the Company.

Mr. Chung has over 15 years’ experience in the area of financial and securities advisory. From April 2012 to February 2015, Mr. Chung was the vice president of HPI Financial Group Limited. From July 2009 to April 2012, he was a wealth management manager at Hongkong and Shanghai Banking Corporation Limited. Mr. Chung was a financial consultant at AXA Wealth Management (Hong Kong) Limited from April 2006 to February 2009.

Mr. Chung obtained a Bachelor of Arts in economics and statistics from the University of Western Ontario, Canada in April 2000.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Huang Zhongquan (“Mr. Huang”), aged 70, has been appointed as an independent non-executive Director since 26 July 2023.

Mr. Huang is currently the chairman of Asian Bridge Capital Limited. He was the director of global capital markets at China Everbright Securities International Limited from February 2011 to July 2015. From June 2004 to February 2011, he was the vice president of the equity department at Mizuho Securities Asia Limited. Mr. Huang was the director of China investment banking at Nomura International (HK) Limited from June 1995 to June 2004 and the vice president at Nomura Securities Shanghai Representative Office from February 1991 to June 1995. From April 1984 to February 1991, he was the general manager of foreign exchange trading room at Shanghai International Trust and Investment Corporation (China) and the business manager at Shanghai Instrument Industry Bureau Technology Introduction Office from July 1977 to April 1984.

Mr. Huang obtained a bachelor degree in political economy from Fudan University in February 1977. Mr. Huang is a member of the Hong Kong Independent Non-Executive Director Association since May 2018.

Ms. Tang Ying Sum (“Ms. Tang”), aged 32, has been appointed as an independent non-executive Director since 26 July 2023.

Ms. Tang serves as the assistant vice president of regional business development at Wise Group, a wealth management platform. Ms. Tang was the assistant vice president at Kingkey Privilege Wealth Management Limited since October 2022 to December 2023, where she was responsible for providing brokerage, investment and insurance financial planning advice to clients. She was its chief wealth management advisor from February 2022 to September 2022 and its management trainee from August 2021 to January 2022.

Prior to that, Ms. Tang was the project manager at Isobar Hong Kong Limited from July 2020 to December 2020. Ms. Tang was the assistant account director, digital strategist team at Webs s’up Production Company Limited from March 2020 to July 2020 and its senior digital strategist from April 2019 to February 2020. From August 2018 to March 2019, Ms. Tang was engaged in a virtual reality-based entertainment project in Tianjin, the PRC, as a project and marketing planner. From January 2017 to July 2018, Ms. Tang was a public relations assistant at Benefit Cosmetics Hong Kong Limited.

Ms. Tang obtained her Bachelor of Arts with a major in marketing from the University of the West of England, the United Kingdom Bristol in June 2015.

Ms. Ha Sze Wan (“Ms. Ha”), aged 42, has been appointed as an independent non-executive Director since 26 July 2023.

Ms. Ha is the founder of Account & Secretarial Workshop Limited, which provides accounting, company secretarial and tax advisory services since November 2021. Prior to that, Ms. Ha was a financial controller at Luckcharm Inc. Limited from May 2020 to October 2021 and a financial analyst at Pop Free Technology (Holdings) Limited from April 2018 to July 2019. She was an accountant from March 2017 to October 2018 at two sizable accounting firms. From September 2013 to November 2015, Ms. Ha was a senior accountant at Tang Palace (China) Holdings Limited (stock code: 1181), the shares of which are listed on the main board of the Stock Exchange. Ms. Ha was an account executive at Orient Securities Limited (currently known as Orient Securities International Holdings Limited (stock code: 8001), the shares of which are listed on GEM of the Stock Exchange since 15 January 2014) from August 2010 to September 2012. From January 2009 to June 2010, she was an assistant manager of investment department at Sure Success Invest Holdings Limited.

Ms. Ha obtained her bachelor of arts with a major in accounting and finance from the University of Greenwich, the United Kingdom in November 2013 and is a member of the Hong Kong Institute of Certified Public Accountants.

CORPORATE GOVERNANCE REPORT

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders, and the Board is fully committed to doing so. The Board believes that high standards of corporate governance provide a framework and solid foundation for the Group to manage business risks, enhance transparency, achieve high standard of accountability and protect stakeholders' interests.

The Company has implemented a number of Group-wide governance policies and systems, which are subject to regular review, to support its commitment to high standards of business, professional, and ethical conduct, and to ensure best practices across the organisation. The Company has also established whistleblowing channels for external parties to raise concerns in relation to possible misconduct of the Group, its employees or directors in a confidential or anonymous manner, or both. The Board has delegated authority to the Audit Committee to review the Group Anti-Bribery and Anti-Corruption Policy and the Group Whistleblowing Policy periodically and receive updates on matters concerning breaches of the Group Anti-Bribery and Anti-Corruption Policy and whistleblowing disclosures.

CORPORATE GOVERNANCE PRACTICES

Save as disclosed below the Group has complied with the code provisions set out in Appendix C1 (the "CG Code") to the Listing Rules throughout the Year and, where appropriate, the applicable recommended best practices of the CG Code.

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

The Company does not have a designated position of Chairman from 30 November 2023 onwards. The responsibilities of the chairman and the chief executive officer of the Company are currently vested in Dr. Hiroshi Kaneko (the executive Director and the chief executive officer of the Company). As all major decisions are made in consultation with the members of the Board, and there are three independent non-executive Directors on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. The Board will also continue to review and monitor the practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

Save for the above, the Company had complied with all code provisions as set out in the CG Code throughout the Period and, where appropriate, the applicable recommended best practices of the CG Code. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. All Directors have confirmed, upon specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the Year.

BOARD OF DIRECTORS

The Board is responsible for the overall management of the Group, which includes establishing the purpose, values and strategy of the Company, leadership and control of the Company and overseeing the Group's businesses, strategic decisions, internal control, risk management and performances. The directors take decisions objectively in the interests of the Company. Some functions including, inter alia, monitor and approval of material transactions, matters involving conflict of interest for a substantial shareholder or director(s) of the Company, the approval of the interim and annual results, other disclosures to the public or regulators and the internal control system are reserved by the Board and the decisions relating to such matters shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors.

The Board has also established mechanisms to ensure independent views are available to the Board, including providing the Directors with sufficient resources to perform its duties and shall seek, at the Company's expense, independent professional advice to perform its responsibilities if necessary. The Board shall at all times comprise at least three independent non-executive Directors that represent at least one-third of the Board, such that there is always a strong element of independence on the Board which can effectively exercise independent judgment. All the Directors, including the independent non-executive Directors, are given equal opportunity and channels to communicate and express their views to the Board and have separate and independent access to the management of the Group in order to make informed decisions. The chairman of the Board will hold meetings with the independent non-executive Directors without the involvement of other Directors at least annually to discuss any issues and concerns. Any Director or his associate who has a conflict of interest in a matter to be considered by the Board will be dealt with by a physical Board meeting rather than by written resolutions. Such Director will be required to declare his/her interests before the meeting and abstain from voting and not counted towards the quorum on the relevant resolutions. Independent non-executive Directors who, and whose associates, have no interest in the matter should attend the Board meeting. The Board has reviewed and considered that the mechanisms are effective in ensuring that independent views and input are provided to the Board during the year ended 31 December 2025.

As at the date of this Annual Report, the Board comprises one executive Director, namely Dr. Hiroshi Kaneko (Chief Executive Officer), and one non-executive Director, Mr. Chung Ho Wai Alan, and three independent non-executive Directors, namely Mr. Huang Zhongquan, Ms. Tang Ying Sum, Ms. Ha Sze Wan.

The biographies of the current Directors and their relationship, if any, are set out in "Biographical Details of Directors and Senior Management" on pages 17 to 18 of this Annual Report.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's interim and annual results. All Directors are given the opportunity to put items on the agenda for regular Board meetings, and have access to the Company Secretary to ensure that all Board procedures and rules and regulations are followed. Full minutes of Board meetings are kept by the Company Secretary and are available for inspection on reasonable notice. During the Year, 4 Board meetings were held and the attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this Annual Report.

Any Director may, in furtherance of his duties, take independent professional advice where necessary at the expense of the Company. The Company has arranged for appropriate insurance covering the liabilities of the Directors that may arise out of the corporate activities, which has complied with the CG Code. The insurance coverage is reviewed on an annual basis.

In accordance with Bye-law 83, a director appointed to fill a casual vacancy or 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.

According to Bye-law 84, at each annual general meeting of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years, and shall then be eligible for re-election.

In accordance with Bye-law 83, the shareholders of the Company may by an ordinary resolution remove a director (but without prejudice to any claim for damages under any such agreement) before the expiration of his period of office, and may by an ordinary resolution appoint another person in his stead.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the chairman and the chief executive officer of the Group are clearly defined and segregated to ensure independence and proper checks and balances. The chairman focuses on the business strategy and direction of the Company and has executive responsibilities, provides leadership for the Board and ensures proper and effective functioning of the Board in discharging of its responsibilities. The chief executive officer is accountable to the Board for the overall implementation of the Company's strategies and the co-ordination of overall business operations.

Under the code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The Company does not have a Chairman. No appointment of the Chairman of the Board was made during the Year. The role and responsibilities of the Chairman on governance matters of the Company were shared between the executive Directors during the Year. The Company will publish an announcement once an appointment has been made in accordance with the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received confirmation of independence from each of independent non-executive Directors during the Year and up to the date of this Annual Report, namely Mr. Huang Zhongquan, Ms. Tang Ying Sum, Ms. Ha Sze Wan, in accordance with Rule 3.13 of the Listing Rules.

The Board has also reviewed the independence of all independent non-executive Directors and concluded that all of them are independent within the definition of the Listing Rules. Furthermore, the Board is not aware of the occurrence of any events which would cause it to believe that the independence of any of the independent non-executive Directors has been impaired up to the date of this report.

DIRECTORS' INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Upon appointing a new Director, each new Director receives an induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

The Directors, on an ongoing basis, will receive amendments to or updates on the relevant laws, rules and regulations. In addition, the Company encourages the Directors to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong Companies Ordinance and corporate governance practices so that they can continuously improve their relevant knowledge and skills at the expenses of the Company where applicable. The Company has also provided reading materials to all Directors to develop and refresh their professional knowledge.

All Directors have confirmed that they had complied with CG Code provision C.1.4 during the Year by attending seminars and briefings and reading relevant materials. During the Year, the Directors participated in the continuous professional developments in relation to regulatory update, the duties and/or responsibility of the directors and the business of the Group, including reading relevant Listing Rules, the general business or responsibilities of the directors and other relevant training materials; and/or attended seminars and/or lectures.

BOARD DIVERSITY POLICY

The Group adopted a board diversity policy (the “Board Diversity Policy”) setting out the approach to diversify members of the Board. The Company believes that a diversified perspective can be achieved through implementation of the Board Diversity Policy. The diversity of the Board members should be assessed on a diversity of perspectives including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on objective criteria, merit and contribution that the selected candidates will bring to the Board having due regard for the benefits of diversity on the Board.

The nomination committee of the Board (the “Nomination Committee”) reviews the Board Diversity Policy on a regular basis to ensure its continued effectiveness. The Directors range from 30 years old to 69 years old and have knowledge and experience in the areas of development and sale of properties and property investment, auditing and accounting, business administration. The Nomination Committee is of the view that the Directors have a balanced mix of age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length.

To ensure gender of the members of the Board is diversified and avoid the Board be composed by members of the same gender, the Board aims to appoint or maintain at least one director being different sex from the others in the composition of the Board. The Board comprises 3 males and 2 females currently.

The Company is also committed to adopting a similar approach to promote diversity of the management (including but not limited to the senior management) and employees to enhance the effectiveness of corporate governance. Currently, the male to female ratio in the workforce of the Group including senior management is approximately 51:49. The Board considers that the gender diversity in workforce is currently achieved.

NOMINATION POLICY

The Company has adopted a nomination policy (the “Nomination Policy”) on 31 December 2018. Such policy applies to the directors of the Company and where applicable, senior management prepared for the Board positions under the succession planning for the Company. The Board may delegate its authority and duties for matters relating to selection and appointment of Directors to the Nomination Committee.

SELECTION CRITERIA

The factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- (1) reputation for integrity;
- (2) accomplishment and experience in the business in which the Group is engaged;
- (3) commitment in respect of available time and relevant interest;
- (4) diversity in all its aspects, including but not limited to race, gender, age (18 years or above), cultural and educational background and length of service;
- (5) qualifications which include professional qualifications, skills, knowledge and industry experience that are relevant to the Company’s business and corporate strategy;
- (6) the number of existing directorships and other commitments that may demand the attention of the candidate;

- (7) requirement for the Board to have independent non-executive directors in accordance with the Listing Rules and whether the candidates would be considered independent with reference to the independence guidelines set out in Rules 3.08, 3.09 and 3.13 of the Listing Rules;
- (8) Board Diversity Policy of the Company and any measurable objectives adopted by the Nomination Committee for achieving diversity on the Board; and
- (9) such other perspectives appropriate to the Company's business.

PROCEDURES FOR NOMINATING DIRECTOR

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedures and process:

- (1) The Nomination Committee and/or Board will identify potential candidates based on the criteria as set out in the selection criteria, possibly with assistance from external agencies and/or advisors;
- (2) The Nomination Committee and/or the company secretary of the Company will provide the Board with the biographical details and details of the relationship between the candidate and the Company and/or Directors, directorships held, skills and experience, other positions which involve significant time commitment and any other particulars required by the Listing Rules, the Companies Law of the Cayman Islands and other regulatory requirements for any candidate for appointment to the Board;
- (3) The Nomination Committee will make recommendation to the Board on the proposed candidate(s) and the terms and conditions of the appointment;
- (4) The Nomination Committee should ensure that the proposed candidate(s) will enhance the diversity of the Board, being particularly mindful of gender balance;
- (5) In the case of the appointment of an independent non-executive director, the Nomination Committee and/or the Board should obtain all information in relation to the proposed director to allow the Board to adequately assess the independence of the Director in accordance with the factors set out in Rules 3.08, 3.09 and 3.13 of the Listing Rules, subject to any amendments as may be made by the Stock Exchange from time to time; and
- (6) The Board will then deliberate and decide on the appointment based upon the recommendation of the Nomination Committee.

MONITORING AND REPORTING

The Nomination Committee monitors the implementation of the Nomination Policy and reports to the Board annually.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, Ms. Ha Sze Wan (the chairlady of the Audit Committee), Mr. Huang Zhongquan and Ms. Tang Ying Sum.

The primary duties of the Audit Committee are to (i) review the Group's financial information; (ii) provide oversight of the Group's financial reporting system, internal control and risk management system; (iii) make recommendations in relation to the appointment, reappointment and removal of the external auditor; and (iv) review and monitor the external auditor's independence and objectivity. In addition, the Audit Committee discusses matters raised by the external auditor and regulatory bodies to ensure that appropriate recommendations are implemented.

During the Year and up to the date of this Annual Report, the Audit Committee has performed its duties, reviewed the effectiveness of the internal control system and risk management of the Company, the Group's Anti-Bribery and Anti-Corruption Policy and the Group's Whistleblowing Policy, reviewed the appointment of the external auditors and the Group's continuing connected transactions. The Audit Committee has also reviewed with the management of the Company the interim results of the Group for the six months ended 30 June 2025 and also with the external auditor the annual results of the Group for the years ended 31 December 2024 and 2025, and was of the opinion that the preparation of such results was in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

REMUNERATION COMMITTEE

The Remuneration Committee currently comprises an executive Director, Dr. Hiroshi Kaneko and two independent non-executive Directors, Mr. Huang Zhongquan (the chairman of the Remuneration Committee), Ms. Tang Ying Sum.

The primary duties of the Remuneration Committee are to (i) make recommendations to the Board on the policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for remuneration policy; (ii) make recommendations to the Board on the remuneration package of individual executive directors, non-executive directors and senior management; (iii) review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment; (iv) review and approve compensation arrangements relating to dismissal or removal of directors for misconduct; and (v) review and/or approve matters relating to share schemes under Chapter 17 under Listing Rules. The Remuneration Committee is regulated by the terms of reference which follow closely the requirements of the CG Code and shall be modified and approved by the Board from time to time.

During the Year, the Remuneration Committee has discussed and reviewed the remuneration policies of the Company, reviewed and made recommendations with respect to the remuneration of Board members for approval by the Board. The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual executive Directors and senior management.

REMUNERATION POLICY FOR DIRECTORS AND SENIOR MANAGEMENT

The emolument policy of the employees of the Group is determined on the basis of their merit, qualifications and competence. The emoluments of the Directors are recommended by the Remuneration Committee, having regard to the Company's operating results, individual performance, experience, responsibility, workload and time devoted to the Company and comparable market statistics, for Board approval. Each of the executive Directors is entitled to a basic salary which is reviewed annually. In addition, each of the executive Directors may receive a discretionary bonus as the Remuneration Committee may recommend. Such amount has to be approved by the Board.

Details of the amount of Directors' emoluments for the Year are set out in Note 14 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee currently comprises an executive Director, Dr. Hiroshi Kaneko and two independent non-executive Directors, Mr. Huang Zhongquan (the chairman of the Nomination Committee), Ms. Ha Sze Wan.

The primary duties of the Nomination Committee are to (i) review the structure, size and composition (including skills, knowledge and experience) of the Board and make recommendations on any proposed changes to the Board; (ii) 6.1 (b); (iii) identify individuals suitably qualified to become Board members; (iv) assess the independence of independent non-executive Directors; (v) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors; (vi) 6.1(f); and (vii) 6.1(g). The Nomination Committee is regulated by the terms of reference which follow closely the requirements of the CG Code and shall be modified and approved by the Board from time to time.

During the Year, the Nomination Committee has reviewed the structure, size and composition of the Board, the retirement and re-election of the Directors at the forthcoming annual general meeting, considered the appointment of the new Director and assess the independence of the independent non-executive Directors.

BOARD AND COMMITTEES MEETINGS

The individual attendance records of each Director at the various meetings of the Company during the Year are set out below:

Name of Director	Attendance/ Number of Annual General Meeting	Attendance/ Number Special General Meeting	Attendance/ Number of Board Meeting	Attendance/ Number of Audit Committee Meeting	Attendance/ Number of Remuneration Committee Meeting	Attendance/ Number of Nomination Committee Meeting
<i>EXECUTIVE DIRECTOR</i>						
Dr. Hiroshi Kaneko (Chief Executive Officer)	1/1	1/1	4/4	-	1/1	1/1
<i>NON-EXECUTIVE DIRECTOR</i>						
Mr. Chung Ho Wai Alan	1/1	1/1	4/4	-	-	-
<i>INDEPENDENT NON-EXECUTIVE DIRECTORS</i>						
Mr. Huang Zhongquan	1/1	1/1	4/4	4/4	1/1	1/1
Ms. Tang Ying Sum	1/1	1/1	4/4	4/4	1/1	-
Ms. Ha Sze Wan	1/1	1/1	4/4	4/4	-	1/1

Note: The attendance of Directors is stated by reference to the number of meetings held during the Director's tenure.

CORPORATE GOVERNANCE FUNCTION

For corporate governance, the Board performs the following duties:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of directors and senior management;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
5. to review the Company's compliance with the CG code and disclosure in the Corporate Governance Report.

The corporate governance policy is formulated with an emphasis on the Board's quality, effective internal control, stringent disclosure practices and transparency and accountability to all shareholders of the Company. The Board strives to comply with the code provisions and reviews its corporate governance policy regularly in order to maintain high standards of business ethics and corporate governance, and to ensure the full compliance of the Group's operations with applicable laws and regulations.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledged their responsibility for preparing the financial statements for each financial period to give a true and fair view of the state of affairs of the Company. In preparing the financial statements for the Reporting Period, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the financial statements on a going concern basis.

ACCOUNTING RECORDS

The Directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy the financial position of the Group and which enable the preparation of financial statements in accordance with the Hong Kong Financial Reporting Standards as promulgated by the Hong Kong Institute of Certified Public Accountants.

GOING CONCERN UNCERTAINTIES

As mentioned in the above and the Independent Auditor's Report contained in the Annual Report, the Directors have acknowledged their responsibilities for preparing the financial statements which give true and fair view of the Group.

The Company understands that the Auditor does not express an opinion on the consolidated financial statements of the Group as the Auditor thinks there is the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion section of the Auditor's Report.

The management of the Company concurs with the view of the Auditor. The Audit Committee also confirms and concurs with the view of the Auditor.

As described in Note 2 to the consolidated financial statements, the management of the Company has been undertaking a number of plans and measures to improve the Group's liquidity and financial position. The above action plans and measures have been fully discussed with the Audit Committee and the Auditors. Contingent on the aforementioned plans and measures having a successful or favourable outcome, the Company expects that the Disclaimer of Opinion can be removed in the following year's audit of the Company (i.e. the audit for the financial year ended 31 December 2025). The Auditor's concern is on the multiple uncertainties associated with the plans and measures and the potential interaction of these uncertainties. When the Group is able to resolve each of these matters to a satisfactory level, the Auditors will consider the removal of the Disclaimer of opinion in the coming audits of the Company.

AUDITORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The statement of the external auditor of the Company regarding their reporting responsibilities on the financial statement of the Company is set out in the "Independent Auditor's Report" of this report.

AUDITOR'S REMUNERATION

The Company engaged PKF Hong Kong Limited ("PKF") as its external auditor for the Year. There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditor. The remuneration paid to the Company's external auditor, in respect of audit services and non-audit services, during the Reporting Period is set out below:

Services rendered	Fee paid/payable RMB'000
Audit services – current year	1,026
Audit services – under provision	290
Other non-audit services (including interim technical support services)	102
	1,418

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges that it has overall responsibility for establishing and maintaining the internal controls and risk management which covers financial reporting, operations, compliance and risk management of the Company, as well as continuous monitoring the effectiveness of such internal controls and risk management. The Board has delegated such responsibility to the management of the Company. The management, under the supervision of the Board, has established an on-going process for identifying, evaluating and managing significant risks faced by the Group.

The Board and the Audit Committee review the effectiveness of internal control system and risk management that are significant to the Group annually or at any time necessary. The Board and the Audit Committee also consider the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, as well as their training programmes and budgets.

(A) THE PROCESS USED TO IDENTIFY, EVALUATE AND MANAGE SIGNIFICANT RISKS

The processes used to identify, evaluate and manage significant risks by the Group are summarised as follows:

Risk Identification

- Identifies risks that may potentially affect the Group's business and operations.

Risk Assessment

- Assesses the risks identified by using the assessment criteria developed by the management; and
- Considers the impact and consequence on the business and the likelihood of their occurrence.

Risk Response

- Prioritises the risks by comparing the results of the risk assessment; and
- Determines the risk management strategies and internal control processes to prevent, avoid or mitigate the risks.

Risk Monitoring and Reporting

- Performs ongoing and periodic monitoring of the risk and ensures that appropriate internal control processes are in place;
- Revises the risk management strategies and internal control processes in case of any significant change of situation; and
- Reports the results of risk monitoring to the management and the Board regularly.

(B) THE MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Control procedures have been designed to safeguard assets against misappropriation and disposition; ensure compliance with relevant laws, rules and regulations; ensure proper maintenance of accounting records for provision of reliable financial information used within the business or for publication; and to provide reasonable assurance against material misstatement, loss or fraud.

(C) AN ACKNOWLEDGEMENT BY THE BOARD THAT IT IS RESPONSIBLE FOR THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS AND REVIEWING THEIR EFFECTIVENESS

The Board is responsible for the risk management and internal control systems of the Company and reviewing their effectiveness. The Board oversees the overall risk management of the Group and endeavours to identify, control impact of the identified risks and facilitate implementation of coordinated mitigating measures. The risk management and internal control systems of the Company are designed to manage rather than eliminate the risk of failures to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

(D) THE PROCESS USED TO REVIEW THE EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS AND TO RESOLVE MATERIAL INTERNAL CONTROL DEFECTS

The Company has an internal audit function under the finance department of the Group which is responsible for internal control of the Group and for reviewing its effectiveness. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company also maintains strict anti-corruption policies to recognize and deal with bribery and corruption and to handle corporate donation and sponsorship activities of the Group, which applies to all employees and related third parties who deal with the Group. The Company has a whistle-blowing policy that serves the purpose of establishing whistle-blowing procedures for employees and other relevant external parties of our Company, in order to report and escalate any suspicious misconducts. In accordance with the policy, we protect all whistle-blowers from any kind of retaliation. All the information provided by the whistle-blowers will be strictly confidential.

The Board has engaged Riskory Consultancy Limited as its risk management and internal control review adviser (the "Adviser") to conduct the annual review of the risk management and internal control systems for the Year. Such review is conducted annually and cycles reviewed are under rotation basis. The scope of review was previously determined and approved by the Board. The Adviser has reported findings and areas for improvement to the Audit Committee and management. The Board/ Audit Committee are of the view that there are no material internal control defeats noted. All recommendations from the Adviser are properly followed up by the Group to ensure that they are implemented within a reasonable period of time.

(E) THE PROCEDURES AND INTERNAL CONTROLS FOR THE HANDLING AND DISSEMINATION OF INSIDE INFORMATION

An information disclosure policy is in place to ensure potential inside information being captured and confidentiality of such information being maintained until consistent and timely disclosure are made in accordance with the Listing Rules. The policy regulates the handling and dissemination of inside information, which includes:

- Designated reporting channels from different operations informing any potential inside information to designated departments;
- Designated persons and departments to determine further escalation and disclosure as required; and
- Designated persons authorised to act as spokespersons and respond to external enquiries.

The Board is satisfied that the internal control system in place covering all material controls including financial, operational and compliance controls and risk management functions for the Year under review and up to the date of the annual report is reasonably effective and adequate.

COMPANY SECRETARY

Mr. Tsang King Sun, who is delegated by an external secretarial service provider, I-SOL Limited, has been appointed as the Company Secretary of the Company with effect from 26 July 2023. During the Year, Mr. Tsang King Sun has confirmed that he has taken no less than 15 hours of relevant professional training.

DIVIDEND POLICY

The Company has adopted a Dividend Policy. It aims to provide the 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.

SHAREHOLDERS' RIGHTS

PROCEDURES FOR SHAREHOLDERS TO CONVENE A SPECIAL GENERAL MEETING ("SGM")

Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid-up capital of the Company carrying the right of voting at the general meetings of the Company shall at all times submit a signed written requisition, specifying the purpose, to the Board or the Company Secretary to require the convening of a SGM. If within 21 days of such deposit the Board fails to proceed to convene the SGM, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, themselves may convene a SGM, but any SGM so convened shall not be held after the expiration of 3 months from 21 days of the deposit.

PROCEDURES FOR SHAREHOLDERS TO PUT FORWARD PROPOSALS AT A GENERAL MEETING

Pursuant to the Bye-laws (as amended from time to time), the shareholders who wish to move a resolution may by means of requisition convene a SGM and follow the procedures as set out above.

SHAREHOLDERS' ENQUIRES AND PROPOSALS

Enquiries of shareholders can be sent to the Company either by email at cs@fullsun.com.hk or by post to the principal office of the Company at Flat/Room 2905, 29/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. Shareholders can also make enquires with the Board directly at the general meetings.

INVESTOR RELATIONS

The Company considers effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business. The Company has in place a shareholder communication policy to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness. The Board considers our current practices were all well-implemented throughout the Year and achieved satisfactory results.

The Company is committed to a policy of open and regular communication and reasonable disclosure of information to its shareholders. Information of the Company is disseminated to the shareholders in the following manners:

- Delivery of annual and interim results and reports to all shareholders;
- Publication of announcements on the annual and interim results on the website of the Company and the website of the Stock Exchange, and issue of other announcements and shareholders' circulars in accordance with the continuing disclosure obligations under the Listing Rules; and
- The general meeting of the Company is also an effective communication channel between the Board and shareholders.

The website of the Company at <http://www.vshl.com.hk> provided an effective communication platform to the public and the shareholders.

Shareholders or investors may also make enquires with the Company through the channels mentioned above the section headed "Shareholders Enquires and Proposals", and provide comments and recommendations to the Directors or managements at any time. Upon receipt of written enquiries from Shareholders, the Company will make responses to the shareholders as soon as possible.

CONSTITUTIONAL DOCUMENTS

Currently approved Bye-laws by the shareholders is available on the website of the Company and the Stock Exchange.

CORPORATE CULTURE AND STRATEGY

The Company has consistently demonstrated its unwavering commitment to upholding the principles of good corporate governance. These principles encompass vital aspects such as maintaining an effective board, implementing robust risk management and internal control systems, and upholding transparency and accountability.

The Board recognizes the significance of this commitment in effectively balancing the interests of diverse stakeholders and ensuring the overall success of the Group. The Company places a strong emphasis on ensuring that its corporate governance agenda is not merely focused on conforming to regulations and standards, but also on driving performance improvement.

To this end, the Group undertakes a continuous process of reviewing and, if necessary, adjusting its business strategies. This includes closely monitoring shifting market conditions to promptly identify and implement proactive measures that address such changes. By doing so, the Group aims to meet evolving market demands and foster the long-term sustainability of the organization.

INDEPENDENT AUDITOR'S REPORT



PKF Hong Kong Limited

To the Members of Vision Synergy Holdings Limited

(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Vision Synergy Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 34 to 117, which comprise:

- the consolidated statement of financial position as at 31 December 2025;
- the consolidated statement of profit or loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of material accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters 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

MULTIPLE UNCERTAINTIES RELATED TO GOING CONCERN

As described in note 2 to the consolidated financial statements, the Group reported a net loss of RMB169.4 million during the year ended 31 December 2025. As at 31 December 2025, the Group's total deficit attributable to the owners of the Company amounted to RMB2,031.7 million and its current liabilities exceeded its current assets of RMB1,970.6 million. At the same date, the Group's total borrowings amounted to RMB192.7 million were all classified as current liabilities, of which approximately RMB151.5 million were collateralised by the Group's properties under development/properties for sale recorded at a total carrying amount of RMB243.2 million. As at 31 December 2025, the Group only had total unrestricted cash and cash equivalents of RMB5.8 million.

As at 31 December 2025, the Group was unable to repay overdue borrowings and interests (the "Defaulted Borrowings") according to the repayment schedule with total principal amounts of approximately RMB151.5 million and related interest payables of approximately RMB44 million which were included in current liabilities. Other than these Defaulted Borrowings, other borrowings with total principal amounts of approximately RMB41.2 million and related interest payables of approximately RMB16.2 million are also repayable within one year or on demand.

INDEPENDENT AUDITOR'S REPORT

Management of the Company has undertaken the following plans and measures to improve the Group's liquidity and financial position:

- The Group has been actively pursuing opportunities for expansion in its property development, property management services, and various revenue streams.
- The Group has been actively exploring new investment opportunities to diversify its operations. In addition, the Group is exploring an opportunity to enter into telecommunication infrastructure in Asia.
- The Group is actively negotiating with banks and financial institutions to explore alternative financing options and refinancing solutions for its current financial commitments, including loans and bond issuances. Furthermore, the Group is engaging potential investors to assess fundraising opportunities in the capital markets, such as private placements and the issuance of corporate bonds, along with other financing mechanisms to support its forthcoming operational and capital expenditures.
- The Group is seeking potential buyers for its subsidiaries that are encumbered by net liabilities.
- The Group has proactively adopted strategic initiatives to manage costs effectively while ensuring the right headcount for operational efficiency.

In view of the multiple uncertainties associated with the aforementioned plans and measures, the potential interaction of these uncertainties and the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation of appropriate.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

OTHER MATTERS

This "Other Matters" section does not form part of the "Basis for Disclaimer of Opinion" section. Had we not disclaimed our opinion regarding the matters described in the Basis for Disclaimer of Opinion section above, we would otherwise have qualified our opinion regarding the matters detailed below.

LIMITATION OF SCOPE – TAX SURCHARGES

As disclosed in the consolidated statement of financial position, tax payable of RMB184.1 million and RMB184.0 million and other tax payable (including value added tax payable) of RMB180.1 million and RMB178.6 million were included in the consolidated statement of financial position as at 31 December 2025 and 2024 respectively.

They were arising from the sales of properties and profits generated from the group entities operating in the People's Republic of China (the "PRC Entities") in prior financial years. Management of the Group explained to us that these payables had been long outstanding because the PRC Entities recognised revenue and profits in their local financial statements on different bases from the Group's consolidated financial statements. As at 31 December 2025 and 2024, a provision for tax surcharges of RMB164.2 million and RMB63.6 million were estimated and made respectively for the subsequent payments to the PRC tax authorities.

However, we were not provided with sufficient appropriate audit evidence to evaluate if the provisions made were adequate. Consequently, we were unable to determine whether any adjustments to the provision were necessary. Any adjustments to the amount might have consequential effects on the Group's financial position as at 31 December 2025 and 2024 and its financial performance for the years ended 31 December 2025 and 2024, and the related elements and disclosures thereof in these consolidated financial statements.

LIMITATION OF SCOPE – INACCESSIBILITY TO BOOKS AND RECORDS AS A RESULT OF DECONSOLIDATION OF SUBSIDIARIES

As disclosed in Note 33 to the consolidated financial statements, the Group lost control on two subsidiaries, namely 湖南隆祥房地產開發有限公司 and 嘉興市鉑金置業有限公司 as a consequence of defaulted borrowings leading to the appointment of liquidators by court on 24 July 2024 and 20 November 2024 respectively.

Upon disposal of the two subsidiaries as mentioned above (the “Deconsolidated Subsidiaries”), the liquidators of the Deconsolidated Subsidiaries did not allow the management of the Company to access these accounting books and records, despite repeated requests were made by the management of the Company.

Due to the inaccessibility of the accounting books and records, we were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves concerning the aggregate amounts of revenue of RMB3.0 million, cost of sales of RMB2.7 million and expenses of RMB12.2 million recognised in the consolidated profit or loss for the year ended 31 December 2024 which then affects the amounts of assets and liabilities being disposed of and the recognition of gain on loss of control of subsidiaries.

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

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

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 issued by the HKICPA and to issue an auditor’s report. We report solely to you, as a body, 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 matters described in the Basis for Disclaimer of Opinion section of our report, it is not possible for us to form an opinion on these consolidated financial statements due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements.

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement director on the audit resulting in the independent auditor’s report is Wan Tak Shing (Practising Certificate Number: P04844).

PKF Hong Kong Limited
Certified Public Accountants
 Hong Kong
 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue	6		
Contracts with customers		121,366	99,123
Leases		338	577
Total revenue		121,704	99,700
Cost of sales		(186,681)	(300,747)
Gross loss		(64,977)	(201,047)
Other income	9	404	6,111
Other gains and losses, net	9	7,292	(1,074)
Selling and distribution expenses		(918)	(1,981)
Administrative expenses		(17,853)	(28,461)
Change in fair value of investment properties	19	(2,252)	(500)
Expected credit loss allowance, net of reversal	8	(360)	(1,192,774)
Other expenses	10	(65,769)	(151,620)
Loss on disposal of a subsidiary	32(A)	-	(4,315)
Loss on deemed disposal of a subsidiary	32(B)	-	(39,476)
Gain on deconsolidation of subsidiaries	33	-	782,404
Finance costs	11	(18,938)	(213,484)
Share of result from an associate	20A	(5,874)	(1,673)
Loss before taxation		(169,245)	(1,047,890)
Income tax (expense)/credit	12	(127)	10,281
Loss for the year	13	(169,372)	(1,037,609)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Other comprehensive income/(expense)			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences arising on translating foreign operations		9,601	(7,884)
Other comprehensive income/(expense) for the year		9,601	(7,884)
Total comprehensive expense for the year		(159,771)	(1,045,493)
Loss for the year attributable to:			
Owners of the Company		(167,975)	(852,224)
Non-controlling interests		(1,397)	(185,385)
		(169,372)	(1,037,609)
Total comprehensive expense attributable to:			
Owners of the Company		(158,374)	(860,108)
Non-controlling interests		(1,397)	(185,385)
		(159,771)	(1,045,493)
Loss per share			
– Basic (RMB cents)	16	(11.82)	(59.99)
– Diluted (RMB cents)	16	(11.82)	(59.99)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Non-current Assets			
Property, plant and equipment	17	281	290
Right-of-use assets	18	2,425	–
Investment properties	19	4,848	7,100
Interest in an associate	20A	4,367	10,241
Interest in a joint venture	20B	–	–
Equity instrument designated at fair value through other comprehensive income (“FVTOCI”)	21	500	500
Deferred tax assets	30	225	225
		12,646	18,356
Current Assets			
Properties under development/properties for sale	22	288,345	384,662
Trade and other receivables and prepayments	23	3,129,674	3,071,647
Tax recoverable		34,323	33,807
Restricted bank deposits	24	1,238	532
Bank balances and cash	24	5,802	3,922
		3,459,382	3,494,570
Current Liabilities			
Trade and other payables and accruals	25	5,042,564	4,898,797
Contract liabilities	26	9,302	35,675
Tax payable		184,118	183,992
Lease liabilities	27	1,297	–
Borrowings – due within one year	28	192,661	193,860
		5,429,942	5,312,324
Net Current Liabilities		(1,970,560)	(1,817,754)
Total Assets Less Current Liabilities		(1,957,914)	(1,799,398)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Capital and Reserves			
Share capital	29	12,924	12,924
Reserves		(2,044,595)	(1,886,221)
Deficit attributable to owners of the Company			
Non-controlling interests	44	(2,031,671)	(1,873,297)
		65,166	66,563
Total Deficit		(1,966,505)	(1,806,734)
Non-current Liabilities			
Provision of restoration expenses		467	–
Lease liabilities	27	788	–
Deferred tax liabilities	30	7,336	7,336
		8,591	7,336
		(1,957,914)	(1,799,398)

The consolidated financial statements on pages 34 to 117 were approved and authorised for issue by the directors of the Company on 31 March 2026 and are signed on its behalf by:

Dr. Hiroshi Kaneko
DIRECTOR

Mr. Chung Ho Wai Alan
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company										Non-controlling interests	Total	
	Share capital	Share premium	Capital reserve	Revaluation reserve	Translation reserve	Other reserve	Merger reserve	Capital contribution	Statutory reserve	Accumulated losses			Total
	RMB'000	RMB'000	RMB'000 (Note i)	RMB'000	RMB'000	RMB'000	RMB'000 (Note ii)	RMB'000	RMB'000 (Note iii)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	12,924	227,657	95,066	308	90,859	-	-	837,044	154,072	(2,431,232)	(1,013,302)	300,524	(712,778)
Loss for the year	-	-	-	-	-	-	-	-	-	(852,224)	(852,224)	(185,385)	(1,037,609)
Other comprehensive expense for the year:													
Exchange differences arising on translating foreign operations	-	-	-	-	(7,884)	-	-	-	-	-	(7,884)	-	(7,884)
Total comprehensive expense for the year	-	-	-	-	(7,884)	-	-	-	-	(852,224)	(860,108)	(185,385)	(1,045,493)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	5	5
Business combination under common control (Note 34)	-	-	-	-	(221)	2,108	(1,869)	-	-	95	113	-	113
Dividend paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	-	(84,727)	(84,727)
Release upon deemed disposal of a subsidiary (Note 32(B))	-	-	-	-	-	-	-	-	(20,518)	20,518	-	16,349	16,349
Release upon deconsolidation of subsidiaries (Note 33)	-	-	-	-	-	-	-	150	(29,495)	29,345	-	19,797	19,797
At 31 December 2024 and 1 January 2025	12,924	227,657	95,066	308	82,754	2,108	(1,869)	837,194	104,059	(3,233,498)	(1,873,297)	66,563	(1,806,734)
Loss for the year	-	-	-	-	-	-	-	-	-	(167,975)	(167,975)	(1,397)	(169,372)
Other comprehensive expense for the year:													
Exchange differences arising on translating foreign operations	-	-	-	-	9,601	-	-	-	-	-	9,601	-	9,601
Total comprehensive expense for the year	-	-	-	-	9,601	-	-	-	-	(167,975)	(158,374)	(1,397)	(159,771)
At 31 December 2025	12,924	227,657	95,066	308	92,355	2,108	(1,869)	837,194	104,059	(3,401,473)	(2,031,671)	65,166	(1,966,505)

Notes:

- The credit arising from the Capital Reduction of approximately HK\$112,517,000 (equivalent to approximately RMB95,066,000) was credited to capital reserve of the Company.
- The merger reserve of the Group represents the difference between the consideration paid over the nominal value of the aggregate share capital of subsidiary acquired under common control.
- In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "PRC"), those subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve must be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operation or convert into additional capital of the subsidiaries.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
Loss before taxation	(169,245)	(1,047,890)
Adjustments for:		
Loss on disposal of a subsidiary	-	4,315
Loss on deemed disposal of a subsidiary	-	39,476
Gain on deconsolidation of subsidiaries	-	(782,404)
Depreciation of property, plant and equipment	8	1,026
Depreciation of right-of-use assets	653	340
Gain on disposal and written off of property, plant and equipment	-	(14)
Finance costs	18,938	213,484
Interest income	(2)	(331)
Written back of other payables	-	(5,022)
Exchange (gain)/loss, net	(1,017)	3,979
Change in fair value of investment properties	2,252	500
Impairment losses on properties under development/properties for sales, net of reversal	69,609	166,440
Expected credit loss allowances for other receivables, net of reversal	360	451,187
Expected credit loss allowances for amounts due from non-controlling shareholders, net of reversal	-	110,323
Expected credit loss allowances for amounts due from former subsidiaries	-	31,489
Provision for tax surcharges	65,742	63,610
Provision for litigation	10	78,125
Expected credit loss allowances for guarantees	-	599,775
Share of result from an associate	5,874	1,673
Operating cash flows before movements in working capital	(6,818)	(69,919)
Decrease in properties under development/properties for sale	26,708	141,048
Increase in trade and other receivables and prepayments	(47,894)	(416,339)
Increase in trade and other payables and accruals	59,144	450,414
Decrease in contract liabilities	(26,373)	(100,856)
Decrease in amounts due to non-controlling shareholders	-	(179)
Cash generated from operations	4,767	4,169
Income tax (paid)/refunded	(516)	14,655
NET CASH GENERATED FROM OPERATING ACTIVITIES	4,251	18,824

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	74
Net cash inflow from disposal of a subsidiary	32	-	459
Net cash outflow from deemed disposal of a subsidiary	32	-	(34,403)
Net cash outflow from deconsolidation of subsidiaries	33	-	(19,043)
Net cash inflow from acquisition of a subsidiary under common control	34	-	7
Interest received		2	331
Addition/withdrawal of restricted bank deposits		(706)	425
NET CASH USED IN INVESTING ACTIVITIES		(704)	(52,150)
FINANCING ACTIVITIES			
Additions of borrowings	31	881	1,492
Repayments of borrowings	31	(2,000)	(3,677)
Interest paid	31	-	(4,568)
Capital contribution from non-controlling shareholders		-	5
Interest element of lease liabilities payment	31	(50)	-
Capital element of lease liabilities payment	31	(533)	-
NET CASH USED IN FINANCING ACTIVITIES		(1,702)	(6,748)
NET DECREASE IN CASH AND CASH EQUIVALENTS		1,845	(40,074)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		3,922	44,011
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		35	(15)
		5,802	3,922
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, representing bank balances and cash as stated in the consolidated statement of financial position		5,802	3,922

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

The Company is incorporated in Bermuda as a limited liability company and its shares (the “Shares”) are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda. The principal place of business is Flat/Room 2905, 29/F, China Resources Building, 26 Harbour Road, Wan Chai, Hong Kong. The principal activity of the Company is investment holding and the principal activities of its subsidiaries, associate and joint venture are principally engaged in property development and property investment business.

Prior to the Group Reorganisation, the immediate and ultimate holding company of the Company was Tongda Enterprises Limited (“Tongda”), a company established in the British Virgin Islands (the “BVI”) with limited liability and was previously 100% owned by Mr. Pan Weiming. On 9 September 2019, the Company was notified by Mr. Pan Weiming that he transferred (the “Tongda Transfers”) (i) all the issued Shares in Tongda to his son, Mr. Pan Haoran; and (ii) the 1,080,000 ordinary Shares of par value HK\$0.01 each in the Company directly held by him to Tongda, by way of a gift with no monetary consideration as part of a family succession plan. Mr. Pan Haoran became then ultimate controlling shareholder of the Company, indirectly holding approximately 56.45% of all the issued Shares through Tongda upon the completion of the Tongda Transfers.

As part of the Group Reorganisation, the Company completed the Shares Consolidation and Capital Reduction on 17 July 2023. Subsequently on 26 July 2023, 994,019,402 ordinary shares was issued to Jet Power Investments Limited (“Jet Power”) and 313,000,000 ordinary shares was issued to several placees. Jet Power which is interested in 69.97% of the ordinary shares of the Company, becomes the immediate and ultimate holding company of the Company from 26 July 2023 onwards.

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statement have been prepared in accordance with all applicable HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Accounting Standards (“HKAS”) and Interpretations (“HK(IFRIC) – Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principle generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared on a historical cost basis, except for investment properties and financial asset at FVTOCI, which are carried at fair value.

GOING CONCERN BASIS

The Group reported a net loss of RMB169.4 million during the year ended 31 December 2025. As at 31 December 2025, the Group’s total deficit attributable to the owners of the Company amounted to RMB2,031.7 million and its current liabilities exceeded its current assets of RMB1,970.6 million. At the same date, the Group’s total borrowings amounted to RMB192.7 million were all classified as current liabilities, of which approximately RMB151.5 million were collateralised by the Group’s properties under development/properties for sale recorded at a total carrying amount of RMB243.2 million. As at 31 December 2025, the Group only had total unrestricted cash and cash equivalents of RMB5.8 million.

As at 31 December 2025, the Group was unable to repay overdue borrowings and interests (the “Defaulted Borrowings”) according to the repayment schedule with total principal amounts of approximately RMB151.5 million and related interest payables of approximately RMB44.0 million which were included in current liabilities. Other than these Defaulted Borrowings, other borrowings with total principal amounts of approximately RMB41.2 million and related interest payables of approximately RMB16.2 million are also repayable within one year or on demand.

Management of the Company has undertaken the following plans and measures to improve the Group’s liquidity and financial position:

- The Group has been actively pursuing opportunities for expansion in its property development, property management services, and various revenue streams.
- The Group has been actively exploring new investment opportunities to diversify its operations. In addition, the Group is exploring an opportunity to enter into telecommunication infrastructure in Asia.
- The Group is actively negotiating with banks and financial institutions to explore alternative financing options and refinancing solutions for its current financial commitments, including loans and bond issuances. Furthermore, the Group is engaging potential investors to assess fundraising opportunities in the capital markets, such as private placements and the issuance of corporate bonds, along with other financing mechanisms to support its forthcoming operational and capital expenditures.
- The Group is seeking potential buyers for its subsidiaries that are encumbered by net liabilities.
- The Group has proactively adopted strategic initiatives to manage costs effectively while ensuring the right headcount for operational efficiency.

In view of the multiple uncertainties associated with the aforementioned plans and measures, the potential interaction of these uncertainties, the possible cumulative effect thereof, we were unable to form an opinion as to whether the going concern basis of preparation of appropriate.

The Directors have reviewed the Group’s cash flow projections prepared by management (the “Cash Flow Projections”), which cover a period of not less than twelve months from 31 December 2025. The Directors are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group fail to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group’s assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

For the year ended 31 December 2025

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS THAT ARE MANDATORY EFFECTIVE FOR THE CURRENT YEAR

In the current year, the Company has applied amendments to HKAS 21, the Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability issued by the HKICPA to these financial statements for the current accounting period. The amendments do not have a material impact on these financial statements as the Company has not entered into any foreign currency transactions in which the foreign currency is not exchangeable into another currency.

HKFRS ACCOUNTING STANDARDS IN ISSUE BUT NOT YET EFFECTIVE

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

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹
HKFRS 18	Presentation and Disclosure in Financial Statements ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKAS21	Translation to a Hyperinflationary Presentation Currency ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "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 financial asset at FVTOCI 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" ("HKFRS 2"), leasing transactions that are accounted for in accordance with HKFRS 16 "Leases" ("HKFRS 16"), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets" ("HKAS 36").

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

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

The principal accounting policies are set out below.

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)* **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 where the Company:

- has the power over the investee;
- is exposed, or has right, 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, disposed of or deconsolidated during the year are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

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

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

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

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 is determined not to be a business and no further assessment is needed.

Assets 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 to the identifiable assets and liabilities on the basis of their relative fair values at the date of purchases. Such a transaction does not give rise to goodwill or bargain purchase gain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)* BUSINESS COMBINATIONS OR ASSET ACQUISITIONS *(Continued)*

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.

Acquisitions of businesses, other than business combination under common control 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.

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;
- 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 "Leases") as if the acquired leases were new leases at the acquisition date. 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.

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 reassessment, 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.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis.

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*
INVESTMENTS IN ASSOCIATES

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investments in the associate are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable impairment amount of the associate and its carrying value and recognises the impairment amount in profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognised in profit or loss only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)* INVESTMENTS IN JOINT VENTURES

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 results and assets and liabilities of joint ventures are incorporated in the consolidated financial statements using the equity method of accounting. The financial statements of 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, an investment in a joint venture is 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 joint venture. Changes in net assets of the 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 a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in 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.

The Group assesses whether there is an objective evidence that the interest in 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, 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.

When the Group ceases to have 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 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 joint venture and the fair value of any retained interest and any proceeds from disposing the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that 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 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 joint venture.

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

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*
INVESTMENTS IN JOINT VENTURES *(Continued)*

Changes in the group's interests in joint ventures

The Group continues to use the equity method when 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 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.

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.

For sale of properties, revenue is recognised when control of completed property is transferred to the customer, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.

For sales of commodities, revenue is recognised when control of the goods has transferred, being when the goods have been dispatched to the customer's specific location. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods are delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

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.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(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 and 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 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 commission) 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.

LEASES

Definition of a lease

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

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

The Group as 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.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*

LEASES *(Continued)*

The Group as a lessee *(Continued)*

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of office premises that have a lease term of twelve months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

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

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 as a separate line item on the consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*

LEASES *(Continued)*

The Group as a lessee *(Continued)*

Lease liabilities

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

The lease payments include:

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

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

Lease modifications

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

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

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*

LEASES *(Continued)*

The Group as a lessee *(Continued)*

Lease modifications (Continued)

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability less any lease incentive 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 and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

Classification and measurement of leases

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

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.

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 under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Lease modification

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*

FOREIGN CURRENCIES

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise. For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group i.e. RMB, using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

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

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, 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.

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.

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

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*
RETIREMENT BENEFIT COSTS

Payments to the Mandatory Provident Fund Scheme and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS Accounting Standards 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.

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

TAXATION

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss 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.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and interest in a joint venture, 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 interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*

TAXATION *(Continued)*

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

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

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

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, costs incurred for provisions for decommissioning and restoration and related assets, the Group applies HKAS12's requirement to account for deferred taxation separately.

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.

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*
PROPERTY, PLANT AND EQUIPMENT

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

Ownership interests in leasehold land and building

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 that is accounted for as an operating lease 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. 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 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.

INVESTMENT PROPERTIES

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

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)* **PROPERTIES UNDER DEVELOPMENT/PROPERTIES FOR SALE**

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

Properties under development for sale are transferred to properties for sale upon completion and available for sale in present condition.

The Group transfers a property from inventories to investment property 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.

PROVISIONS

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

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

CONTINGENT LIABILITIES

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

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

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

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*
IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are allocated to individual cash-generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

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

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income and interest expense is recognised on an effective interest basis for financial assets and financial liabilities.

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 of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting 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.

4. MATERIAL ACCOUNTING POLICES *(Continued)*
FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Classification and subsequent measurement of financial assets (Continued)

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

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 that is not designated and effective as a hedging instrument.

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

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

(iii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or at FVTOCI or designated as at FVTOCI 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)* FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantees

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and certain other receivables, lease receivables, amounts due from non-controlling shareholders, restricted bank deposits and bank balances), and financial guarantee contracts which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade and lease receivables. The ECL on these assets are assessed individually.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group 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.

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;
- 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 the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*
FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantees (Continued)

(i) Significant increase in credit risk *(Continued)*

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 the financial instrument for 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.

(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; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)* FINANCIAL INSTRUMENTS *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantees (Continued)

(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.

(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 adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade and leases receivables using a provision matrix taking into consideration historical credit loss experience adjusted for forward-looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. 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 expected losses 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 trade receivables and lease receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomics 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.

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)* **FINANCIAL INSTRUMENTS** *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets and financial guarantees (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 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.

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

Derecognition of financial assets

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

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

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, lease liabilities and borrowings are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICES *(Continued)*

FINANCIAL INSTRUMENTS *(Continued)*

Financial liabilities and equity *(Continued)*

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment 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.

Modification of financial liabilities

When the contractual terms of a financial liability are modified, the Group assess 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 that 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 liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

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

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and 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.

CRITICAL JUDGEMENT IN APPLYING ACCOUNTING POLICIES

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

Going concern basis

Management makes an assessment of the Group's ability to continue as a going concern when preparing the consolidated financial statements. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period.

The Group is dependent upon future projections and eventual outcome of the Group's cash inflows from the operations and the ability of the Group to obtain continued bank and other financing to finance its continuing operations. Management believes the Group is able to continue as a going concern after taking into account future projections of the Group's cash inflows from operations and the ability of the Group to obtain continued bank and other financing to finance its continuing operation despite of the events and conditions which may cast significant doubt upon the going concern assumption as set out in Note 2. Accordingly, Management has prepared the consolidated financial statements on a going concern basis.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Determination of net realisable value of inventory of properties

The assessment of the net realisable value of the properties under development involves, inter-alia, considerable analysis of current market price of properties of a comparable standard and location and construction costs to be incurred to complete the development based on existing asset structure and construction material price lists. If the actual net realisable value of the underlying properties under development for sale are more or less than expected as a result of change in market condition and/or significant variation in the budgeted development cost, reversal of or provision for impairment losses may result. The carrying amount of properties under development at 31 December 2025 is RMB84,991,000 (2024: RMB122,660,000) (Note 22).

In addition, management estimates the allowance for inventory of properties 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 properties for sale is made if the estimated net realisable value of the properties is lower than its carrying amount. If the actual net realisable value of the properties for sale are less than expected as a result of change in market condition, provision for impairment losses may result. The carrying amount of the completed properties held for sale at 31 December 2025 is RMB203,354,000 (2024: RMB262,002,000) (Note 22).

Land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations and payments with the local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the LAT based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Expected credit loss allowances for receivables and guarantees

The Group recognises credit loss allowances for receivables and guarantees by applying the ECL model to individual exposures. The measurement of ECL is a function of the probability of default and loss given default and based on the credit characteristics and credit ratings which involves key estimates from the management. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. During the year ended 31 December 2025, expected credit loss allowances aggregated to RMB360,000 (2024: RMB1,192,774,000) have been recognised in the consolidated profit or loss (Note 8). Details of the ECL assessment on receivables and guarantees are detailed in Note 36(B).

Provision for litigation and tax surcharges

The management estimates the outcome of the claims and legal proceedings, taking into account the risks and uncertainties surrounding the legal cases. The management also estimates the amount of tax surcharges required for the subsequent payments to the PRC tax authorities. Provisions are the management's best estimate of the consideration required to settle the obligation after consultation with the legal counsel on the possible outcomes and liabilities of the Group would then be recognised. As at 31 December 2025, provisions for litigation and tax surcharges of RMB25,112,000 (2024: RMB89,021,000) and RMB164,241,000 (2024: RMB63,610,000) have been made in the consolidated financial statements (Note 25).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. REVENUE

(I) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

	2025 RMB'000	2024 RMB'000
Property development segment		
Types of goods		
Sales of completed properties	30,793	99,123
Sales of commodities	90,573	-
Revenue from contracts with customers	121,366	99,123
Geographical market		
The People's Republic of China (the "PRC")	121,366	99,123
Timing of revenue recognition		
At a point in time	121,366	99,123

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

For the financial year ended 31 December 2025

	Property development RMB'000	Property investment RMB'000	Supply chain business RMB'000	Consolidated total RMB'000
Sales of completed properties	30,793	-	-	30,793
Sales of commodities	-	-	90,573	90,573
Revenue from contracts with customers	30,793	-	90,573	121,366
Leases	-	338	-	338
Total revenue	30,793	338	90,573	121,704

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. REVENUE *(Continued)*

(I) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS *(Continued)*

For the financial year ended 31 December 2024

	Property development RMB'000	Property investment RMB'000	Consolidated total RMB'000
Sales of completed properties	99,123	–	99,123
Revenue from contracts with customers	99,123	–	99,123
Leases	–	577	577
Total revenue	99,123	577	99,700

(II) PERFORMANCE OBLIGATIONS FOR CONTRACTS WITH CUSTOMERS

For contracts entered into with customers on sales of properties, the relevant properties specified in the contracts are based on customer's specifications with no alternative use. Based on the relevant contract terms, the legal environment and relevant legal precedent, the Directors concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to the customer, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the consideration is probable.

The Group receives 5% to 100% of the contract value from customers when they sign the sale and purchase agreement. For the customers who use mortgage loans provided by the banks, the remaining portion of the total contract value will be paid to the Group from the banks once the customers meet the requirements of the banks. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price while construction work of properties is still ongoing.

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 Revenue from Contracts with Customers 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.

For contracts entered into with customers on sales of commodities, the Group does not receive advance payment from customers.

Revenue from the sale of commodities is recognised when control of the goods has transferred, being when the goods has been dispatched to the customer's specific location. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when on selling the goods and bears the risks of obsolescence and loss in relation to the goods. A receivable is recognised by the Group when the goods is delivered to the customer as this represents the point in time at which the right to consideration becomes unconditional.

The Group has applied 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.

For the year ended 31 December 2025

6. REVENUE *(Continued)*

(III) TRANSACTION PRICE ALLOCATED TO THE REMAINING PERFORMANCE OBLIGATION FOR CONTRACTS WITH CUSTOMERS

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and 2024, and the expected timing of recognising revenue related to sales of properties are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	9,302	35,675
More than one year	–	–
	9,302	35,675

(IV) LEASES

	2025 RMB'000	2024 RMB'000
For operating leases: Lease payments that are fixed or depend on an index or a rate	338	577

7. SEGMENT INFORMATION

Information reported to the Directors, being the chief operating decision makers (“CODM”), for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. Specifically, the Group’s reportable segments under HKFRS 8 Operating Segments are as follows:

Property development	Developing and selling of commercial properties, apartments and residential properties in the PRC
Property investment	Leasing of investment properties in the PRC
Supply chain	Trading of commodities in the PRC

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. SEGMENT INFORMATION *(Continued)* SEGMENT REVENUE AND RESULTS

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

For the year ended 31 December 2025

	Property development RMB'000	Property investment RMB'000	Supply chain business RMB'000	Segment total RMB'000
Segment revenue (external)	30,793	338	90,573	121,704
Segment profit/(loss)	(70,730)	(1,992)	419	(72,303)
Expected credit loss allowance, net of reversal				(360)
Finance costs				(18,938)
Bank interest income				2
Exchange gain				7,293
Provision for tax surcharges				(65,742)
Share of result from an associate				(5,874)
Unallocated expenses				(13,323)
Loss before taxation				(169,245)
Impairment loss on properties under development/ properties for sale	69,609	-	-	69,609

For the year ended 31 December 2024

	Property development RMB'000	Property investment RMB'000	Segment total RMB'000
Segment revenue (external)	99,123	577	99,700
Segment loss	(297,298)	(3,274)	(300,572)
Expected credit loss allowances, net of reversal			(1,192,774)
Finance costs			(213,484)
Bank interest income			331
Exchange loss			(1,088)
Loss on disposal of a subsidiary			(4,315)
Loss on deemed disposal of a subsidiary			(39,476)
Gain on deconsolidation of subsidiaries			782,404
Provision for tax surcharges			(63,610)
Share of result from an associate			(1,673)
Unallocated expenses			(13,633)
Loss before taxation			(1,047,890)
Impairment loss on properties under development/ properties for sale	166,440	-	166,440

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. SEGMENT INFORMATION *(Continued)* SEGMENT ASSETS AND LIABILITIES

Segment loss represents the loss incurred from each segment without allocation of loss on disposal of a subsidiary, loss on deemed disposal of a subsidiary, gain on deconsolidation of subsidiaries, bank interest income, exchange gain/(loss), expected credit loss allowance (other than properties under development/properties for sales and net of reversal), provision for tax surcharges, share of result from an associate, finance costs, depreciation and amortisation and other unallocated expenses. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

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

Segment assets At 31 December 2025

	Property development RMB'000	Property investment RMB'000	Supply chain business RMB'000	Segment total RMB'000
Segment assets	914,354	4,862	71,423	990,639
Unallocated				2,481,389
Consolidated total assets				3,472,028

At 31 December 2024

	Property development RMB'000	Property investment RMB'000	Segment total RMB'000
Segment assets	1,011,323	7,113	1,018,436
Unallocated			2,494,490
Consolidated total assets			3,512,926

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. SEGMENT INFORMATION *(Continued)* SEGMENT ASSETS AND LIABILITIES *(Continued)*

Segment liabilities At 31 December 2025

	Property development RMB'000	Property investment RMB'000	Supply chain business RMB'000	Segment total RMB'000
Segment liabilities	1,268,812	168	70,478	1,339,458
Unallocated				4,099,075
Consolidated total liabilities				5,438,533

At 31 December 2024

	Property development RMB'000	Property investment RMB'000	Segment total RMB'000
Segment liabilities	1,231,563	167	1,231,730
Unallocated			4,087,930
Consolidated total liabilities			5,319,660

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

- All assets are allocated to operating segments other than certain property, plant and equipment, right-of-use assets, interests in an associate/a joint venture, equity instrument designated at FVTOCI, deferred tax assets, certain trade and other receivables and prepayments, prepaid tax, restricted bank deposits, bank balances and cash and unallocated corporate assets of headquarter.
- All liabilities are allocated to operating segments other than certain trade and other payables, income tax payable, borrowings, lease liabilities, provision of restoration expenses, deferred tax liabilities and unallocated corporate liabilities of headquarter.

For the year ended 31 December 2025

7. SEGMENT INFORMATION *(Continued)*

OTHER SEGMENT INFORMATION

For the year ended 31 December 2025

The analysis of the Group's revenue by different types is set out in Note 6.

There was five (2024: no) customers who accounted for over 10% of the total revenue of the Group for the current year.

GEOGRAPHICAL INFORMATION

The Group's operations are located in the PRC. Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers		Non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
The PRC	121,704	99,700	9,496	17,631

Non-current assets excluded equity instrument designated at FVOCI, deferred tax assets and right of use assets.

8. EXPECTED CREDIT LOSS ALLOWANCES, NET OF REVERSAL

	2025 RMB'000	2024 RMB'000
Other receivables	360	451,187
Amounts due from non-controlling shareholders	-	110,323
Amounts due from former subsidiaries	-	31,489
Financial guarantees	-	599,775
	360	1,192,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

9. OTHER INCOME, OTHER GAINS AND LOSSES, NET

	2025 RMB'000	2024 RMB'000
Other income:		
Rental income from temporary leases of completed properties held for sales	-	17
Interest income on bank deposits	2	331
Write-offs of other payables	-	5,022
Others	402	741
	404	6,111
Other gains and losses, net:		
Gain on disposal of property, plant and equipment	-	14
Exchange gain/(loss), net	7,292	(1,088)
	7,292	(1,074)

10. OTHER EXPENSES

	2025 RMB'000	2024 RMB'000
Provision for litigation	10	78,125
Provision for tax surcharges	65,742	63,610
Penalty	-	9,540
Others	17	345
	65,769	151,620

11. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interests on other loans	18,878	213,484
Interest on lease liabilities	50	-
Imputed interest expenses	10	-
	18,938	213,484

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

12. INCOME TAX EXPENSE/(CREDIT)

	2025 RMB'000	2024 RMB'000
Current tax expense:		
PRC Enterprise Income Tax ("EIT")	127	2,658
LAT	-	(23,424)
Underprovision of EIT in prior year	-	30,450
	127	9,684
Deferred tax credit (Note 30)	-	(19,965)
	127	(10,281)

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Hong Kong subsidiaries incurred tax losses during current and prior years.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the PRC Enterprise Income Tax ("EIT") tax rate of the PRC subsidiaries is 25%.

The provision of LAT is estimated according to the requirement set forth in the relevant PRC tax law and regulations. LAT has been provided at ranges of progressive rate of the appreciation value, with certain allowable exemptions and deductions.

The income tax expense/(credit) for the year can be reconciled to the loss before taxation per consolidated statement of profit or loss and other comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Loss before taxation	(169,245)	(1,047,890)
Tax at PRC EIT rate of 25% (Note)	(42,311)	(261,973)
LAT	-	(23,424)
Tax effect on LAT	-	5,856
Tax effect of expenses not deductible for tax purpose	32,325	293,329
Tax effect of income not taxable for tax purpose	(5)	(195,602)
Tax effect of share of result from an associate	1,469	418
Tax effect of tax losses not recognised	8,559	86
Tax effect of deductible temporary differences not recognised	90	162,543
Tax effect of reversal of withholding tax of PRC subsidiaries	-	(16,306)
Tax effect of reversal of temporary differences on LAT	-	(5,658)
Underprovision of EIT in prior year	-	30,450
Income tax expense/(credit) for the year	127	(10,281)

Note: The PRC statutory tax rate used as the PRC is the jurisdiction where the operation of the Group is substantially based.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

13. LOSS FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Loss for the year has been arrived at after charging/(crediting):		
Auditors' remuneration		
Audit service – Current year	1,026	1,250
Audit service – under provision	290	–
Non-audit services	102	230
	1,418	1,480
Cost of properties for sale included in cost of sales	27,377	134,264
Cost of commodities included in cost of sales	89,654	–
Impairment losses on properties under development/properties for sale included in cost of sales	69,609	166,440
Gain on disposal and written off of property, plant and equipment	–	(14)
Depreciation of property, plant and equipment	8	1,026
Depreciation of right-of-use assets	653	340
Total depreciation	661	1,366
Gross rental income from investment properties	(338)	(577)
Less: direct operating expenses included for investment properties that generated rental income during the year	41	43
	(297)	(534)
Staff costs		
Staff salaries and allowances	4,899	12,091
Retirement benefit contributions	358	1,057
Total staff costs, excluding directors' remuneration	5,257	13,148

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. DIRECTORS', EMPLOYEES' AND CHIEF EXECUTIVE'S EMOLUMENTS

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

For the year ended 31 December 2025

	Directors' emoluments RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive Director			
Dr. Hiroshi Kaneko	1,106	37	1,143
Sub-total	1,106	37	1,143
Non-executive Director			
Mr. Chung Ho Wai Alan	166	-	166
Sub-total	166	-	166
Independent Non-executive Directors			
Mr. Huang Zhongquan	166	-	166
Ms. Tang Ying Sum	166	-	166
Ms. Ha Sze Wan	221	-	221
Sub-total	553	-	553
	1,825	37	1,862

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. DIRECTORS', EMPLOYEES' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

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

For the year ended 31 December 2024

	Directors' emoluments RMB'000	Retirement scheme contributions RMB'000	Total RMB'000
Executive Director			
Dr. Hiroshi Kaneko	1,106	46	1,152
Sub-total	1,106	46	1,152
Non-executive Director			
Mr. Chung Ho Wai Alan	166	–	166
Sub-total	166	–	166
Independent Non-executive Directors			
Mr. Huang Zhongquan	166	–	166
Ms. Tang Ying Sum	166	–	166
Ms. Ha Sze Wan	221	–	221
Sub-total	553	–	553
	1,825	46	1,871

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. DIRECTORS', EMPLOYEES' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

Emoluments of Dr. Hiroshi Kaneko (2024: Dr. Hiroshi Kaneko) disclosed above included those for services rendered by them as the chief executive officer.

For both years, the Executive Directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group.

For both years, the Non-executive Director's emoluments shown above were for his services as director of the Company.

For both years, the Independent Non-executive Directors' emoluments shown above were for their services as directors of the Company.

For both years, there was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

The five individuals with the highest emoluments in the Group included one directors for the year ended 31 December 2025 (2024: one). Details of the emolument is set out above. The emoluments of the remaining four (2024: four) out of the five highest paid individuals are as follows:

	2025	2024
	RMB'000	RMB'000
Salaries and allowances	1,944	2,343
Performance related bonus	3	52
Retirement scheme contributions	32	35
	1,979	2,430

The emoluments of the five highest paid individuals fell within the following bands:

	Number of individuals	
	2025	2024
Nil to RMB1,000,000	4	4
RMB1,000,000 to RMB2,000,000	1	1
	5	5

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

15. DIVIDENDS

No dividend was paid to or proposed for shareholders of the Company during the years ended 31 December 2025 and 2024, nor has any dividend been proposed since the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. LOSS PER SHARE

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

Loss are calculated as follows:

	2025 RMB'000	2024 RMB'000
Loss for the purpose of basic and diluted loss per share for the year attributable to owners of the Company	(167,975)	(852,224)

NUMBER OF SHARES

	2025 RMB'000	2024 RMB'000
Weighted average number of ordinary shares for the purpose of basic loss per share	1,420,673,262	1,420,673,262

The weighted average number of shares used for the purpose of calculating basic loss per share for the years ended 31 December 2025 and 2024 are determined by reference to the number of ordinary shares issued.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Leasehold improvement RMB'000	Motor vehicles RMB'000	Furniture, fixture and equipment RMB'000	Total RMB'000
COST					
At 1 January 2024	21,969	10,778	2,322	10,506	45,575
Acquisition of a subsidiary under common control (Note 34)	-	-	-	96	96
Eliminated upon deconsolidation of subsidiaries (Note 33)	(21,849)	(8,991)	(528)	(6,676)	(38,044)
Eliminated upon deemed disposal of a subsidiary (Note 32(B))	-	-	-	(102)	(102)
Disposal and written off	(120)	-	-	(9)	(129)
Exchange realignment	-	-	-	(8)	(8)
At 31 December 2024	-	1,787	1,794	3,807	7,388
Disposal and written off	-	-	-	(9)	(9)
Exchange realignment	-	-	-	(4)	(4)
At 31 December 2025	-	1,787	1,794	3,794	7,375
ACCUMULATED DEPRECIATION					
At 1 January 2024	5,616	10,778	1,762	8,526	26,682
Charge for the year	692	-	69	265	1,026
Acquisition of a subsidiary under common control (Note 34)	-	-	-	74	74
Eliminated upon deconsolidation of the subsidiaries (Note 33)	(6,248)	(8,991)	(84)	(5,184)	(20,507)
Eliminated upon deemed disposal of a subsidiary (Note 32(B))	-	-	-	(102)	(102)
Disposal and written-off	(60)	-	-	(9)	(69)
Exchange realignment	-	-	-	(6)	(6)
At 31 December 2024	-	1,787	1,747	3,564	7,098
Charge for the year	-	-	-	8	8
Disposal and written-off	-	-	-	(9)	(9)
Exchange realignment	-	-	-	(3)	(3)
At 31 December 2025	-	1,787	1,747	3,560	7,094
CARRYING VALUE					
At 31 December 2025	-	-	47	234	281
At 31 December 2024	-	-	47	243	290

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

17. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

The above items of property, plant and equipment are depreciated using the straight-line method after taking into account of their estimated residual values at the following rates per annum:

Buildings	3%–5%
Leasehold improvement	Over the shorter of the term of lease, or 3 years
Motor vehicles	20%–25%
Furniture, fixture and equipment	10%–50%

18. RIGHT-OF-USE ASSETS

	Leasehold land
	RMB'000
At 31 December 2025	
Carrying amount	2,425
At 31 December 2024	
Carrying amount	–
For the year ended 31 December 2025	
Depreciation charge	653
Interest expenses on lease liabilities	50
For the year ended 31 December 2024	
Depreciation charge	340
	2025
	RMB'000
	2024
	RMB'000
Expense relating to short-term leases and other leases with lease terms end within 12 months	207
Additions to right-of-use assets (Note)	3,114
Total cash outflow for leases	790

Note:

1. The provision of restoration expenses has been capitalized into the right-of-use-assets.
2. No extension/termination option is granted to the Group.

Prior to the deconsolidation of subsidiaries as detailed in Note 33, the Group owned an office building and was the registered owner of the property interest, including the underlying leasehold land. Lump sum payment was made upfront to acquire these property interest. The leasehold land component of the owned property was presented separately only if the payment made could be allocated reliably.

For the year ended 31 December 2025

19. INVESTMENT PROPERTIES

	Completed investment properties RMB'000
Completed properties, at fair value	
At 1 January 2024	578,100
Change in fair value of investment properties	(500)
Eliminated upon deconsolidation of subsidiaries (Note 33)	(570,500)
At 31 December 2024 and 1 January 2025	7,100
Change in fair value of investment properties	(2,252)
At 31 December 2025	4,848
Unrealised change in fair value of investment properties included in profit or loss for the year ended:	
– 31 December 2025	(2,252)
– 31 December 2024	(500)

All of the Group's property interests held under operating leases to earn rentals or intended to earn rentals in future or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties and are situated in the PRC.

As at 31 December 2025 and 2024, the fair value of the Group's investment properties were arrived at on the basis of a valuation carried out by an independent qualified professional valuer not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

As at 31 December 2025, the fair value was grouped under level 3 and was determined based on the direct comparison approach (2024: direct comparison approach). Direct comparison approach is arrived at by reference to comparable market transactions and suppose that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors.

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

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INVESTMENT PROPERTIES (Continued)

Investment properties held by the Group	Fair value as at 31 December 2025 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Commercial properties in Fujian Province, the PRC	4,848	Level 3	- Direct comparison approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	Price per square meter, using market direct comparables and taking into account of location and other individual factors such as timing of transaction and size of property etc	21,214 to 22,421 (RMB/sq.m.)	The higher the price per square meter, the higher the fair value.
Total	4,848					

Investment properties held by the Group	Fair value as at 31 December 2024 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range	Relationship of unobservable inputs to fair value
Commercial properties in Fujian Province, the PRC	7,100	Level 3	- Direct comparison approach based on market observable transactions of similar properties and adjusted to reflect the locations and conditions of the subject property.	Price per square meter, using market direct comparables and taking into account of location and other individual factors such as timing of transaction and size of property etc	25,440 to 33,834 (RMB/sq.m.)	The higher the price per square meter, the higher the fair value.
Total	7,100					

There were no transfer into or out of level 3 during both years.

For the year ended 31 December 2025

20. INTERESTS IN AN ASSOCIATE AND A JOINT VENTURE

A. INTEREST IN AN ASSOCIATE

	2025 RMB'000	2024 RMB'000
Share of net assets	4,367	10,241

Particulars of the Group's associate are as follows:

Name	Place of incorporation	Paid-up capital	Effective equity interest attributable to the Group %	Proportion of voting power held by the Group %	Principal activities
寧德市碧晟房地產開發有限公司 ("Ningde Bisheng")*	PRC [^]	RMB10,000,000	34%	34%	Property development

* As disclosed in Note 32(B), Ningde Bisheng became the Group's associate and has been accounted for using the equity method since the deemed disposal on 12 November 2024.

[^] Registered as domestic limited liability companies under the PRC Law.

The following table illustrates the summarised financial information in respect of Ningde Bisheng adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Current assets	211	46,600
Non-current assets	27,668	211
Current liabilities	(15,037)	(16,691)
Net assets	12,842	30,120
Proportion of the Group's ownership	34%	34%
Group's share of net assets of the associate	4,367	10,241
Revenue**	-	-
Loss for the year/period**	(17,277)	(4,922)
Other comprehensive expense**	-	-
Total comprehensive expense for the year/period**	(17,277)	(4,922)
Share of result from an associate	(5,874)	(1,673)

** The 2024 figures represent the operating results for the period of Ningde Bisheng after the deemed disposal on 12 November 2024.

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20. INTERESTS IN AN ASSOCIATE AND A JOINT VENTURE *(Continued)*

B. INTEREST IN A JOINT VENTURE

	2025 RMB'000	2024 RMB'000
Cost of investment, unlisted	1,275	1,275
Share of post-acquisition result	(1,275)	(1,275)
	-	-

In April 2018, the Group entered into a capital increase and subscription agreement with related companies controlled by Mr. Pan Weiming pursuant to which the Group provided capital contribution of RMB2,500,000 to 福建錢隆海晟投資有限公司 ("Fujian Qianlong"). The Group has 20% equity interest in Fujian Qianlong which is engaged in a commercial and residential property development project in Pudong, the PRC. The Group has 10.2% (2024: 10.2%) voting power in the shareholders' meeting of Fujian Qianlong and has 1 board seat out of 3 and the approval of the major financial and operating policies requires unanimous consent of all the directors of the joint venture.

The Group has shared the loss of the joint venture only up to the extent that the Group's interest in the joint venture was reduced to zero as the Group has not incurred any legal or constructive obligations to recognise additional losses.

21. EQUITY INSTRUMENT DESIGNATED AT FVTOCI

	2025 RMB'000	2024 RMB'000
Unlisted equity investment in the PRC:		
Equity instrument designated at FVTOCI	500	500
	500	500

The balance represented the 5% equity investment in 福州福利華投資有限公司, which acquired two pieces of land in Fuzhou in the early 2018 for property development. The Group had no board seat in this PRC private entity. The Group does not intend to dispose the investment in the near future. The Group designated the investment as equity instrument measured at FVTOCI, in the opinion of the Directors, there is no change in fair value during both of the years.

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For the year ended 31 December 2025

22. PROPERTIES UNDER DEVELOPMENT/PROPERTIES FOR SALE

	2025 RMB'000	2024 RMB'000
Properties under development	84,991	122,660
Properties for sale	203,354	262,002
	288,345	384,662

The inventory of properties are located in the PRC (2024: the PRC). The properties under development of approximately RMB84,991,000 (2024: RMB122,660,000) are expected to be completed and realised after more than twelve months from the end of the reporting period.

The Group recognised impairment loss on properties under development/properties for sale of approximately RMB69,609,000 (2024: RMB160,440,000) which was included under cost of sales for the year ended 31 December 2025.

As at 31 December 2025, the Group's properties under development and properties for sale with carrying amounts of RMB84,991,000 and RMB158,204,000 (2024: RMB122,660,000 and RMB172,781,000), respectively, were pledged to financial institutions to secure borrowings of the Group (Note 37).

As at 31 December 2025, the Group's properties for sale with carrying amount of RMB183,835,000 (2024: RMB195,645,000) were freezed by the court in the PRC.

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Trade receivables from sales of commodities (Note a)	71,081	–
Other receivables and prepayments (Note b)	3,052,471	3,064,426
Refundable deposits paid	–	28
Prepayments to suppliers	4,919	5,990
Other taxes prepaid	1,203	1,203
	3,129,674	3,071,647

The following is an aged analysis of trade receivables based on the date of delivery of the commodities to the customers at the end of each reporting period.

	2025 RMB'000	2024 RMB'000
0 to 90 days	58,284	–
91 to 180 days	12,797	–
181 to 365 days	–	–
Over 1 year	–	–
	71,081	–

No impairment loss on trade receivables was provided during the years ended 31 December 2025, taking into account their credit terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

At 31 December 2025	ECL rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (no past due)	0%	71,081	-
More than 180 days past due	-	-	-
		71,081	-

Details of impairment assessment of other receivables as at 31 December 2025 and 2024 are set out in Note 36(B).

Notes:

- a. Trade receivables mainly arose from sales commodities. Consideration in respect of commodities sold its paid in accordance with the terms of the related contracts, normally within 180 days from the date of delivery.
- b. Other receivables and prepayments consist of amounts due from related companies of approximately RMB4,000 (2024: RMB5,000), and amounts due from former subsidiaries of approximately RMB3,037,277,000 (2024: approximately RMB3,047,745,000) arising from the Group Reorganisation. All of the amounts are unsecured, interest-free and have no fixed terms of repayment.

24. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

RESTRICTED BANK DEPOSITS

	2025 RMB'000	2024 RMB'000
In relation to:		
Mortgage loans applied by customers (Note)	1,023	532
Frozen balance for litigation cases	215	-
	1,238	532

Note: The restricted bank deposits are secured for the mortgage loans applied by the customers and will be released upon the banks obtained the building ownership certificate from the customers as a pledge for the mortgage loans.

The Group's restricted bank deposits carry interest at prevailing market rates.

BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates.

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25. TRADE AND OTHER PAYABLES AND ACCRUALS

	2025 RMB'000	2024 RMB'000
Trade payables	70,397	43
Retention payables	1,062	1,062
Interest payables	60,150	41,285
Other payables and accruals (Note a)	3,650,312	3,661,055
Other tax payables	180,057	178,552
Consideration payables for acquisition of a subsidiary	82,658	82,658
Deposit received	1,354	1,453
Accrued construction costs	207,446	180,283
Provision for litigation	25,112	89,021
Provision for tax surcharges	164,241	63,610
Provision for financial guarantees	599,775	599,775
	5,042,564	4,898,797

The following is an aged analysis of the Group's trade payables presented based on delivery date and invoice date at the end of reporting period.

	2025 RMB'000	2024 RMB'000
0 to 90 days (note*)	59,692	-
91 to 180 days (note*)	10,662	-
181 to 365 days	-	-
Over 1 year (note #)	43	43
	70,397	43

Note *: Ageing is based on delivery date. The credit terms of commodities purchased are 180 days from the delivery date based on the purchase contracts.

Note #: Trade payable of RMB43,000 with ageing over 1 year is based on invoice date.

Notes:

- a. Other payables and accruals consist of amounts due to former subsidiaries of RMB3,115,046,000 (2024: RMB3,140,253,000), amounts due to former related companies of RMB386,991,000 (2024: RMB384,604,000), amounts due to related companies of RMB18,774,000 (2024: RMB10,080,000) and amount to an associate of RMB8,123,000 (2024: RMB3,363,000), respectively. These amounts are unsecured, interest-free and have no fixed terms of repayment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Sales of properties	9,302	35,675

As at 1 January 2024, contract liabilities amounted to RMB317,519,000.

Revenue from sale of properties during the year ended 31 December 2025 that were included in the contract liabilities balance at the beginning of the year were RMB30,793,000 (2024: RMB85,958,000).

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

The Group receives 5% to 100% of the contract value from customers when they sign the sale and purchase agreement while construction work of properties is still ongoing. The customers who apply mortgage loans provided by the banks will settle the remaining consideration of the total contract value once the customers meet the requirements of the banks. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customers obtain control of the completed properties.

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 accrued interest 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 payments made by customers.

27. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	1,297	–
Within one year but not more than two year	788	–
	2,085	–
Less: amount due for settlement within 12 months shown under current liabilities	(1,297)	–
Amount due for settlement after 12 months shown under non-current liabilities	788	–

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28. BORROWINGS

	2025 RMB'000	2024 RMB'000
Other loans	192,661	193,860

Notes

- i. Other loans are carried at fixed interest rate which range from 8.0% to 12.0% (2024: 8.0% to 12.0%) per annum.
- ii. Other loans amounting to RMB151,500,000 (2024: RMB151,500,000) were defaulted as at 31 December 2025 and RMB41,161,000 (2024: RMB42,360,000) were either repayable on demand or repayable within one year.
- iii. Other loans amounting to RMB151,500,000 (2024: RMB151,500,000) are guaranteed by the former controlling shareholders, Mr. Pan Weiming, Ms. Chen Weihong, and their contracted entities and certain subsidiaries of the Group.

	2025 RMB'000	2024 RMB'000
The carrying amounts of the borrowings that do not contain a repayment on demand clause are repayable: Immediately or on demand or within one year	153,793	152,992
The carrying amounts of the borrowings that contain a repayment on demand clause (shown under current liabilities) and repayable: Immediately or on demand or within one year	38,868	40,868
Less: amounts due within one year/repayable on demand shown under current liabilities	192,661 (192,661)	193,860 (193,860)
Amounts due after one year	-	-
Secured borrowings	151,500	151,500
Unsecured borrowings	41,161	42,360
	192,661	193,860
Fixed-rate borrowings	192,661	193,860

The range of effective interest rates of borrowings at the end of each reporting period were as follows:

	2025	2024
Effective interest rate (per annum): Fixed-rate borrowings	8.0%-12.0%	8.0%-12.0%

Details of Group's pledge of assets are set out in Note 37.

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29. SHARE CAPITAL

	Number of shares	Par value per share	Amount HK\$'000	Equivalent to RMB'000
Ordinary shares				
Authorised:				
At 1 January 2024, 31 December 2024 and 31 December 2025	50,000,000,000	0.01	500,000	423,381
Issued and paid:				
At 1 January 2024, 31 December 2024 and 31 December 2025	1,420,673,262	0.01	14,207	12,924

30. DEFERRED TAXATION

The following are the major deferred tax assets/(liabilities) recognised and movements during the year ended 31 December 2025:

	Fair value change of investment properties RMB'000	Temporary differences on LAT RMB'000	Impairment provision of properties under development/properties for sale RMB'000	Withholding tax of PRC subsidiaries RMB'000	Total RMB'000
At 1 January 2024	(143,452)	(4,896)	3,258	(18,662)	(163,752)
Credited/(Charged) to profit or loss (Note 12)	-	5,658	(1,999)	16,306	19,965
Release upon disposal of a subsidiary (Note 32(A))	-	468	-	-	468
Release upon deemed disposal of a subsidiary (Note 32(B))	-	(211)	-	-	(211)
Release upon deconsolidation of subsidiaries (Note 33)	143,677	(8,355)	(1,259)	2,356	136,419
At 31 December 2024, 1 January 2025 and 31 December 2025	225	(7,336)	-	-	(7,111)

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

	2025 RMB'000	2024 RMB'000
Deferred tax assets	225	225
Deferred tax liabilities	(7,336)	(7,336)
	(7,111)	(7,111)

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For the year ended 31 December 2025

30. DEFERRED TAXATION *(Continued)*

As at 31 December 2025, the Group had unused tax losses arising in Hong Kong of RMB14,481,000 (2024: RMB14,481,000) available indefinitely for offsetting against future profits of the companies in which the losses arose.

As at 31 December 2025, the Group also had unused tax losses arising in the PRC of RMB47,757,000 (2024: RMB234,009,000) and such tax losses can be carried forward for a maximum period of five years which are available for offsetting future profits. During the year ended 31 December 2025, tax losses of RMB220,488,000 (2024: RMB39,194,000) and RMB nil (2024: RMB356,379,000) has been expired and written off upon the deconsolidation, disposal, deemed disposal and Group Reorganisation respectively.

As at 31 December 2025, no deferred tax asset has been recognised in respect of ECL provision of RMB360,000 (2024: RMB566,685,000) and tax losses of RMB14,481,000 (2024: RMB14,481,000) and RMB47,757,000 (2024: RMB234,009,000) arising in Hong Kong and the PRC, respectively, due to the unpredictability of future profit streams of the related subsidiaries.

Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses arising in the PRC at the end of each reporting period will expire in the following years:

	2025 RMB'000	2024 RMB'000
2025	–	220,488
2026	5,004	5,004
2027	8,175	8,175
2028	–	–
2029	342	342
2030	34,236	–
	47,757	234,009

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For the year ended 31 December 2025

31. 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 from financing activities.

	At 1 January 2025 RMB'000	Inception of lease RMB'000	Financing cash flows during the year RMB'000	Finance costs incurred during the year RMB'000	Exchange difference RMB'000	At 31 December 2025 RMB'000
Interest payables	41,285	-	-	18,878	(13)	60,150
Borrowings	193,860	-	(1,119)	-	(80)	192,661
Lease liabilities	-	2,649	(583)	50	(31)	2,085
	235,145	2,649	(1,702)	18,928	(124)	254,896

	At 1 January 2024 RMB'000	Deconsolidation of subsidiaries RMB'000	Financing cash flows during the year RMB'000	Finance costs incurred during the year RMB'000	Exchange difference RMB'000	At 31 December 2024 RMB'000
Interest payables	1,012,538	(1,180,172)	(4,568)	213,484	3	41,285
Borrowings	1,657,501	(1,461,520)	(2,185)	-	64	193,860
	2,670,039	(2,641,692)	(6,753)	213,484	67	235,145

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32. DISPOSAL OF A SUBSIDIARY/DEEMED DISPOSAL OF A SUBSIDIARY

(A) 湖南亞太美立方投資置業有限公司("HUNAN YATAI")

On 21 May 2024, the Group entered into a sale and purchase agreements with an independent third party to dispose the equity interest in Hunan Yatai at the consideration of approximately RMB500,000. The disposal was completed on 21 May 2024. Upon completion of the disposal, Hunan Yatai ceased to be an indirectly wholly owned subsidiary of the Group, resulting to a loss on disposal of approximately RMB4,315,000.

The net assets of Hunan Yatai at the date of disposal were as follows:

	RMB'000
Properties for sale	81,100
Other receivables and prepayments	5,769
Tax recoverable	2,262
Restricted bank deposits	5
Bank balances and cash	41
Trade and other payables and accruals	(80,646)
Contract liabilities	(3,248)
Deferred tax liabilities	(468)
Net assets derecognised of	4,815
Loss on disposal of Hunan Yatai:	
Cash consideration	500
Net assets derecognised of Hunan Yatai	(4,815)
Loss on disposal of Hunan Yatai	(4,315)
Net cash inflow arising from disposal of Hunan Yatai:	
Cash consideration	500
Less: bank balances and cash derecognised	(41)
	459

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32. DISPOSAL OF A SUBSIDIARY/DEEMED DISPOSAL OF A SUBSIDIARY *(Continued)*

(B) 寧德市碧晟房地產開發有限公司("NINGDE BISHENG")

On 12 November 2024, the two shareholders who in total had 33% shareholding disposed the equity interest in Ningde Bisheng and thus the agreement entered into between the two shareholders and the Group as detailed in Note 44(iii) has become invalid. As a result, the Group lost control over Ningde Bisheng which became an associate of the Group thereafter.

The net assets of Ningde Bisheng at the date of deemed disposal were as follows:

	RMB'000
Deferred tax assets	211
Other receivables and prepayments	18,983
Amounts due from non-controlling shareholders	13,915
Restricted bank deposits	83
Bank balances and cash	34,403
Trade and other payables and accruals	(31,414)
Contract liabilities	(1,140)
Net assets derecognised of	35,041
Non-controlling interest	16,349
Loss on deemed disposal of Ningde Bisheng	(39,476)
Investment in an associate	11,914
Net cash outflow arising from deemed disposal of Ningde Bisheng:	
Cash consideration	-
Less: bank balances and cash derecognised	(34,403)
	(34,403)

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33. DECONSOLIDATION OF SUBSIDIARIES

DECONSOLIDATION OF 湖南隆祥城房地產開發有限公司 (“HUNAN LONGXIANG”) AND 嘉興市鉑金置業有限公司 (“JIAXING BOJING”)

The Group deconsolidated Hunan Longxiang, a wholly owned indirect subsidiary of the Group and Jiaxing Bojing, a non-wholly owned indirect subsidiary of the Group as a result of the appointment of liquidators following the forced liquidation orders imposed by the Changsha City Intermediate People’s Court (“Changsha Court”) on 24 July 2024 and the Jiaxing City Intermediate People’s Court (“Jiaxing Court”) on 20 November 2024 respectively, resulting to a gain on deconsolidation of approximately RMB782,404,000.

The net liabilities of Human Longxiang and Jiaxing Bojing at the date of deconsolidation were as follows:

	RMB'000
Property, plant and equipment	17,537
Investment properties	570,500
Right-of-use assets	19,811
Deferred tax assets	7,913
Properties under development/properties for sale	1,519,614
Trade and other receivables and prepayments	224,392
Amounts due from non-controlling shareholders	37,064
Bank balances and cash	19,043
Trade and other payables and accruals	(1,386,490)
Contract liabilities	(176,600)
Tax payable	(49,133)
Borrowing-due within one year	(1,461,520)
Deferred tax liabilities	(144,332)
Net liabilities derecognised of	(802,201)
Gain on deconsolidation of Hunan Longxiang and Jiaxing Bojing:	
Cash consideration	–
Net liabilities derecognised of	802,201
Non-controlling interest	(19,797)
Gain on deconsolidation of Hunan Longxiang and Jiaxing Bojing	782,404
Net cash outflow arising from deconsolidation of Hunan Longxiang and Jiaxing Bojing:	
Cash consideration	–
Less: bank balances and cash derecognised	(19,043)
	(19,043)

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34. ACQUISITION OF A SUBSIDIARY UNDER COMMON CONTROL

On 1 October 2024, the Group entered into a sale and purchase agreement with Kyosei Bank Co., Limited, which is controlled by the Company's controlling shareholder, Mr. Kenichi Yanase, to acquire the entire interest in JP LIVE Co., Limited ("JP LIVE") at the consideration of approximately RMB2,396,000. The consideration was settled through offsetting the current account with a related company controlled by Kyosei Bank Co., Limited. The acquisition was completed on 1 October 2024.

The net assets of JP LIVE at the date of acquisition were as follows:

	RMB'000
Property, plant and equipment	22
Other receivables and prepayments	2,510
Bank balances and cash	7
Other payables and accruals	(143)
Net assets acquired	2,396

Before and after the acquisition, the Company and JP LIVE are controlled by the Company's controlling shareholder Mr. Kenichi Yanase and the control is not temporary. Thus the acquisition is considered to be business combination under common control. The management considered that the financial impact of the acquisition of JP LIVE was not material, as a result financial position and results were not restated to account for the acquisition under common control as if they had been combined from the date when the combining businesses first came under the control of the controlling party.

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35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes borrowings (Note 28), respectively and deficit attributable to owners of the Company, comprising share capital and reserves.

The management of the Group reviews the capital structure periodically. As a part of this review, the management prepares the Cash Flow Projections taking into account of the provision of funding. The management of the Group then assesses the Cash Flow Projections and consider the cost of capital and the risks associated with each class of capital. The management of the Company also balance its overall capital structure through issue of new debts or repayment of existing debts.

36. FINANCIAL INSTRUMENTS

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortised cost	3,130,592	3,068,908
Equity instrument designated at FVTOCI	500	500
Financial liabilities		
Amortised cost	4,268,125	4,161,699
Financial guarantee contracts	599,775	599,775

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include certain trade and other receivables, amounts due from non-controlling shareholders, amounts due from former subsidiaries, amounts due from deconsolidated subsidiaries, restricted bank deposits, bank balances and cash, equity instrument designated at FVTOCI, interests in deconsolidated subsidiaries, certain trade and other payables and borrowings. Details of these financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including interest rate risk and foreign currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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36. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk management

The Group's activities expose primarily to the markets risks of changes in interest rates and foreign exchange rates. There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risks.

Interest rate risk management

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and restricted bank deposits.

The Group is also exposed to fair value interest rate risk relates primarily to the fixed-rate borrowings. The Group currently does not use any derivative contracts to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Interest rate sensitivity

Sensitivity analysis on bank balances and restricted bank deposits is not presented as the management of the Group considers that the exposure to interest rate fluctuation is insignificant.

The management of the Group has not prepared sensitivity analysis for its borrowings as all of the balances are interest bearing at fixed interest rates.

Foreign currency risk management

The Group's sales of properties and rental income are denominated in the group entity's respective functional currency. However, certain bank balances, certain other receivables/payables, amounts due from subsidiaries and borrowings were held by group entities with the functional currency of RMB, which expose the Group to the foreign currency risk.

Since HK\$ is pegged to USD, material fluctuations in the exchange rates of HK\$ against USD are remote.

The carrying amount of the Group's foreign currency (other than USD) denominated monetary assets and monetary liabilities at the respective reporting periods are as follow:

	2025 RMB'000	2024 RMB'000
Assets		
HK\$	1,023	571
Liabilities		
HK\$	(24,880)	(13,249)

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Market risk management *(Continued)*

Foreign currency risk management (Continued)

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

Sensitivity analysis

The Group mainly exposes to the effects of fluctuation in HK\$ against RMB.

The following table details the Group's sensitivity to a 10% increase and decrease in the RMB against HK\$. Sensitivity rate of 10% is (2024: 10%) is used in the current year when reporting foreign currency risk internally to management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 10% change in foreign currency rates. A positive number indicates a decrease in post-tax loss for both years where the RMB strengthens 10% against HK\$. For a 10% weakening of the RMB against HK\$, there would be an equal and opposite impact on the post-tax loss.

	2025 RMB'000	2024 RMB'000
Decrease in post-tax loss for both year(s) HK\$	1,789	951

Credit risk management and impairment assessment

The Group's financial assets include certain trade and other receivables (including amounts due from deconsolidated subsidiaries and from former subsidiaries), amounts due from non-controlling shareholders, restricted bank deposits and bank balances and cash. The Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to each class of recognised financial assets is the carrying amounts of those assets as stated in the consolidated statement of financial position. In addition, the Group also expose to credit risk in relation to financial guarantees provided by the Group.

As at 31 December 2025 and 2024, the Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers

The Group performs impairment assessment under ECL model application of HKFRS 9 on trade receivables on a group basis with shared credit risk characteristics by reference to the Group's internal credit ratings.

At 31 December 2025, the Group has concentration of credit risk as 31% and 91% of the total trade receivables was due from the Group's largest customer and the five largest customers respectively within the supply chain business segment.

At 31 December 2024, the Group had no significant concentration risk on trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk management and impairment assessment *(Continued)*

Other receivables (other than amounts due from deconsolidated subsidiaries and former subsidiaries)

The credit risk of other receivables is managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. During the year, expected credit loss allowance of approximately RMB360,000 (2024: approximately RMB451,187,000) had been made for other receivables individually according to their credit characteristics and credit ratings. For the remaining balances, the Directors consider credit risk have not been increased significantly since the date of initial recognition. Accordingly, no allowance for credit loss is further provided.

Amounts due from deconsolidated subsidiaries

The Directors reviewed the credit qualities of amounts due from deconsolidated subsidiaries and considered that the Group had no realistic prospect of recovering the outstanding amounts and thus has written off them during the year ended 31 December 2024.

Amounts due from former subsidiaries

Amounts due from/to former subsidiaries were recognised after the completion of the Group Reorganisation. The Directors have assessed the recoverability of the amounts due from former subsidiaries through close communication with these former subsidiaries and consideration of possible offsetting arrangement. In light of the Group's net balances due to these former subsidiaries, the Directors consider that the expected credit loss on amounts due from former subsidiaries is immaterial due to limited loss given default despite the credit risk of these balances have been significantly increased since initial recognition.

Following the disposal of Hunan Yatai (Note 32(A)), the Directors consider that the amount due from Hunan Yatai of RMB31,489,000 was not recoverable and thus made a provision for impairment of the same amount during the year ended 31 December 2024.

Amounts due from non-controlling shareholder

The Directors review the recoverable amount at the end of the reporting period to ensure that adequate impairment losses under ECL model are made for recoverable amounts. During the year ended 31 December 2024, the Group recognised impairment loss provision of RMB110,323,000 for amounts due from non-controlling shareholder according to their credit characteristics and credit ratings. The Directors reviewed the credit qualities of amounts due from non-controlling shareholder and considered that the Group had no realistic prospect of recovering the outstanding amounts and thus has written off them during the year ended 31 December 2025.

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk management and impairment assessment (Continued)

Restricted bank deposits and bank balances

The Group's credit risk on restricted bank deposits and bank balances is limited because the counterparties are banks and financial institution with good/satisfactory credit ratings and good reputation established in Hong Kong and the PRC.

Financial guarantees

Certain subsidiaries of the Group provide financial guarantees to lenders of deconsolidated subsidiaries (Note 33). The management has performed impairment assessment and considered that expected credit loss allowances of RMB599,775,000 has been made in respect of guarantees as at 31 December 2024.

A subsidiary of the Group provided financial guarantees to lenders of suppliers. Based on the management's estimation, no expected credit loss allowances are recognised since the loss given default is insignificant.

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

Internal credit rating	Description	Trade receivables and lease receivables	Other financial assets/ financial guarantee contracts
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk management and impairment assessment *(Continued)*

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

At 31 December 2025

	Notes	Internal credit rating	12m or lifetime ECL	Expected loss rate %	Gross carrying amount RMB'000	Expected credit losses RMB'000
Financial assets at amortised cost						
Trade receivables	23	Low risk (Note 1)	12m ECL	-	71,081	-
Other receivables (other than amounts due from former subsidiaries)	23	Watch list (Note 2)	12m ECL	-	13,330	-
		Doubtful (Note 3)	lifetime ECL (not credit-impaired)	50%	3,728	1,864
		Loss (Note 3)	lifetime ECL (credit-impaired)	100%	200	200
Amounts due from former subsidiaries	23	Doubtful (Note 3)	lifetime ECL (not credit-impaired)	-	3,037,277	-
Restricted bank deposits	24	Low risk (Note 4)	12m ECL	-	1,238	-
Bank balances	24	Low risk (Note 4)	12m ECL	-	5,802	-
Other items						
Financial guarantees - lenders of deconsolidated subsidiaries		Loss (Note 5)	lifetime ECL (credit-impaired)	23%	2,635,537	599,775
- lenders of suppliers		Low risk (Note 5)	12m ECL	-	167,640	-
					5,935,833	601,839

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS (Continued)

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Credit risk management and impairment assessment (Continued)

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

At 31 December 2024

	Notes	Internal credit rating	12m or lifetime ECL	Expected loss rate %	Gross carrying amount RMB'000	Expected credit losses RMB'000
Financial assets at amortised cost						
Other receivables (other than amounts due from former subsidiaries)	23	Watch list (Note 2)	12m ECL	–	14,845	–
		Doubtful (Note 3)	lifetime ECL (not credit-impaired)	50%	3,728	1,864
		Loss (Note 3)	lifetime ECL (credit-impaired)	100%	435,207	435,207
Amounts due from former subsidiaries	23	Doubtful (Note 3)	lifetime ECL (not credit-impaired)	–	3,047,745	–
Amounts due from non-controlling shareholder		Loss (Note 3)	lifetime ECL (credit-impaired)	100%	129,613	129,613
Restricted bank deposits	24	Low risk (Note 4)	12m ECL	–	532	–
Bank balances	24	Low risk (Note 4)	12m ECL	–	3,922	–
Other items						
Financial guarantees						
– lenders of deconsolidated subsidiaries		Loss (Note 5)	lifetime ECL (credit-impaired)	23%	2,635,537	599,775
– lenders of suppliers		Low risk (Note 5)	12m ECL	–	167,640	–
					6,438,769	1,166,459

Notes:

- For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the ECLs on individual trade debtors balances.
- For the purposes of internal credit risk management, the Group based on their past credit worthiness, repayment history and subsequent settlement to assess whether credit risk has increased significantly since initial recognition. In the opinion of the Directors, the risk of default by these counterparties is not significant and the Group assessed that the ECLs on these balances are insignificant.
- For certain other receivables and amounts due from deconsolidated subsidiaries/former subsidiaries/non-controlling shareholders that are quantitatively significant or evaluated as significant increase in credit risk, ECLs are assessed individually.
- For bank deposits and balances, the Group's exposure to credit risk is limited because the counterparties are banks and financial institutions with good/satisfactory credit ratings assigned by external rating agencies.
- For financial guarantee contracts, the gross carrying amount represents the maximum amount the Group has guaranteed under the respective contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Credit risk management and impairment assessment *(Continued)*

	Stage 1 12m ECL RMB'000	Stage 2 life time ECL (not credit impaired) RMB'000	Stage 3 life time ECL (credit- impaired) RMB'000	Total RMB'000
At 1 January 2024	59,150	853,742	270,000	1,182,892
Transfer to credit-impaired	(26,840)	(853,742)	880,582	–
ECL allowance recognised	–	12,512	1,180,262	1,192,774
Eliminated upon deemed disposal of a subsidiary	(19,820)	(10,648)	(1,595)	(32,063)
Eliminated upon deconsolidation of subsidiaries	(12,490)	–	–	(12,490)
Written off	–	–	(1,164,654)	(1,164,654)
At 31 December 2024 and 1 January 2025	–	1,864	1,164,595	1,166,459
ECL allowance recognised	–	–	360	360
Written off	–	–	(564,980)	(564,980)
At 31 December 2025	–	1,864	599,975	601,839

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk management

In the management of the liquidity risk, the Group monitors its cash position resulting from its operations 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 monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on borrowings as significant sources of liquidity.

The following table details the Group's contractual maturities for its financial liabilities, lease liabilities and financial guarantees. The table has been drawn up based on the undiscounted cash flows of financial liabilities, lease liabilities and financial guarantee based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

Liquidity table

	Weighted average effective interest rate %	On demand or within 60 days RMB'000	61-180 days RMB'000	181-365 days RMB'000	1-2 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
At 31 December 2025							
Trade and other payables	-	4,047,751	25,628	-	-	4,073,379	4,073,379
Borrowings							
- fixed-rate	8.0-12.0	190,573	2,213	-	-	192,786	192,661
Lease liabilities	5.0	228	456	684	798	2,166	2,085
Financial guarantees							
- lenders of deconsolidated subsidiaries	-	2,635,537	-	-	-	2,635,537	599,775
- lenders of suppliers	-	167,640	-	-	-	167,640	-
		7,041,729	28,297	684	798	7,071,508	4,867,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. FINANCIAL INSTRUMENTS *(Continued)*

(B) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

Liquidity risk management *(Continued)*

Liquidity table *(Continued)*

	Weighted average effective interest rate %	On demand or within 60 days RMB'000	61-180 days RMB'000	181-365 days RMB'000	1-2 years RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
At 31 December 2024							
Trade and other payables	-	3,967,839	-	-	-	3,967,839	3,967,839
Borrowings							
- fixed-rate	8.0-12.0	192,573	1,287	-	-	193,860	193,860
Financial guarantees							
- lenders of deconsolidated subsidiaries	-	2,635,537	-	-	-	2,635,537	599,775
- lenders of suppliers	-	167,640	-	-	-	167,640	-
		6,963,589	1,287	-	-	6,964,876	4,761,474

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 each reporting period.

Borrowings with a repayment on demand clause are included in the "on demand or within 60 days" time band in the above maturity analysis. As at 31 December 2025, the aggregate carrying amounts of these borrowings amounted to RMB38,868,000 (2024: RMB40,868,000). The liquidity table of these borrowings, if based on the schedule repayment dates set out in the loan agreements, are set out in the table below:

	Less than 1 year RMB'000	Total undiscounted cash flow RMB'000	Carrying amount RMB'000
At 31 December 2025	38,868	38,868	38,868
At 31 December 2024	40,868	40,868	40,868

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 expectations at the end of each reporting period, the Group considers that it is more than likely 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

37. PLEDGE OF ASSETS

The following assets were pledged to secure certain borrowings of the Group at the end of each reporting period.

	2025 RMB'000	2024 RMB'000
Properties under development (Note 22)	84,991	122,660
Properties held for sale (Note 22)	158,204	172,781
	243,195	295,441

In addition, certain equity shares of the subsidiaries of the Group were pledged to several borrowings granted to the Group.

38. OPERATING LEASE ARRANGEMENTS THE GROUP AS LESSOR

At the end of respective reporting periods, the Group had contracted with tenants of its properties for the following future minimum lease payments:

	2025 RMB'000	2024 RMB'000
Within one year	343	357
In the second year	183	286
In the third year	24	42
In the fourth year	-	-
In the fifth year	-	-
After five years	-	-
	550	685

At 31 December 2025, the investment properties held by the Group for rental purpose have committed tenants of 3 years (2024: 3 years).

39. OTHER COMMITMENTS

	2025 RMB'000	2024 RMB'000
Commitments for property development contracted for but not provided in the consolidated financial statements	1,373	1,373

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. SHARE OPTION SCHEME

The Company adopted a share option scheme (the "Scheme") on 1 December 2017 pursuant to a special resolution approved by the shareholders of the Company on 20 November 2017. The purpose of the Scheme is to reward participants who have contributed to the Group and to encourage participants to work towards enhancing the value of the Company and its shares for the benefit of the Company and its shareholders as a whole.

The participants of the Scheme include Executive Directors, Non-executive Directors and Independent Non-executive Directors and employees of the Group and any advisers, consultants, distributors, contractors, suppliers, agents, customers, partners, joint venture business partners, promoters or service providers of any member of the Group who the board of directors considers, in its sole discretion, have contributed or will contribute to the Group.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme and any other share option schemes of the Company and/or any subsidiary shall not in aggregate exceed 10% (the "10% Limit") in nominal amount of the aggregate of the shares issued and potential in issue on the adoption date. Options lapsed or cancelled in accordance with the terms of the Scheme and such other share option schemes of the Company and/or any subsidiary shall not be counted for the purpose of calculating the 10% Limit. The 10% Limit may be refreshed with the approval of the shareholders of the Company. The limit on the total number of the shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme, together with all outstanding options granted and yet to be exercised under any other share option schemes of the Company and/or any subsidiary, must not exceed 20% of the number of issued shares from time to time.

The total number of shares issued and to be issued upon exercise of all options granted and to be granted to each participant under the Scheme and any other share option schemes of the Company and/or any subsidiary (including exercised, cancelled and outstanding options) in any 12-month period must not exceed 1% of the number of shares in issue as at the proposed grant date unless the same is approved by the shareholders.

In respect of any particular option, the period to be determined and notified by the board to the grantee at the time of making an offer shall not expire later than 10 years from the date of grant. Each participant must pay HK\$1 as consideration for the grant of options not later than 28 days after the grant date.

The exercise price shall be determined by the board of directors, being not less than the highest of (a) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the grant date; (b) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the grant date; and (c) the nominal value of the shares.

The Scheme shall be valid and effective for a period of 10 years commencing on the adoption date, i.e. 1 December 2017. As at 31 December 2025, the remaining life of the Scheme was less than two years.

The Company does not have any other share scheme other than the Scheme adopted on 1 December 2017. No share options have been granted since the adoption of the Scheme.

41. LITIGATIONS

The Group has been named in a number of lawsuits and other legal proceedings arising in the ordinary course of business. Provision has been made for the probable losses to the Group on those claims when management can reasonably estimate the outcome of the lawsuits based on management's judgements and the legal advice. No provision has been made for pending lawsuits when the outcome of the lawsuits cannot be reasonably estimated or management believes the outflow of resources is not probable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. RELATED PARTY BALANCES AND TRANSACTIONS

- (a) During the year ended 31 December 2025 and 2024, the following parties are identified as related parties to the Group for their transaction of balances with the Group and the respective relationships are set out below:

Name of related party	Relationship
Mr. Kenichi Yanase	Controlling shareholder since 26 July 2023
Kyosei Bank Co., Limited	Controlled by Mr. Kenichi Yanase
Mr. Pan Haoran	Former ultimate controlling shareholder, former executive director and former chief executive officer who resigned on 26 July 2023
Mr. Pan Weiming	Former ultimate controlling shareholder and former director who resigned on 7 September 2019 and is a close family member of Mr. Pan Haoran
Ms. Chen Weihong	Spouse of Mr. Pan Weiming

- (b) Except as disclosed elsewhere in the consolidated financial statements, the Group had no material balances with related parties as at 31 December 2025 and 2024.

- (c) Remuneration of key management personnel, who are the top five highest paid employees of the Group, is as follows:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	3,050	3,449
Performance-related bonus	3	52
Retirement benefit contributions	69	82
	3,122	3,583

43. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Company contributes 5% of relevant payroll costs to the scheme with a cap of HK\$1,500 per employee per month, in which contribution is matched by employees.

In addition, the employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The subsidiaries are required to contribute range from 2% to 15% of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

The total expense recognised in profit or loss of RMB395,000 (2024: RMB1,103,000) represent the contribution payable to these plans by the Group at rates specified in the rules of the plans by the Group for the year ended 31 December 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. INTERESTS IN SUBSIDIARIES

Particulars of principal subsidiaries indirectly held, unless otherwise stated, by the Company as at 31 December 2025 are as follows:

Name of subsidiary	Place of incorporation/ establishment and operation	Paid-up capital	Effective equity interest attributable to the Group at		Proportion of voting power held by the Group at		Principal activities
			2025 %	2024 %	2025 %	2024 %	
湖南福晟集團有限公司(i)	PRC [^]	RMB445,000,000	100	100	100	100	Investment holding
湖南瑋隆房地產開發有限公司(i)	PRC [^]	RMB400,000,000	100	100	100	100	Property development
湖南中旅房地產發展有限公司(i)	PRC [^]	RMB158,820,000	100	100	100	100	Property development
Hunan Fullsun Real Estate Development Co., Ltd ("Hunan Fullsun") (i)	PRC [^]	RMB400,806,500	100	100	100	100	Property development
湖南正昊置業發展有限公司(i)	PRC [^]	RMB30,000,000	100	100	100	100	Property development
廣州品禮貿易有限公司 (「廣州品禮」) ("Guangzhou Pinli") (i)	PRC [^]	RMB138,010,000	71	71	71	71	Investment holding
成潤(福建)商業管理有限公司(ii)	PRC [#]	RMB10,429,900	100	100	100	100	Property investment
深圳共民貿易有限公司(i)	PRC [^]	RMB301,389	100	100	100	100	Supply Chain

Registered as a wholly-foreign-owned enterprises under the PRC Law.

[^] Registered as domestic limited liability companies under the PRC Law.

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 assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities at the end of both years.

Notes:

(i) The PRC subsidiaries are of limited liability established under the PRC Law.

(ii) The subsidiaries are wholly foreign-owned enterprises established under the PRC Law.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. INTERESTS IN SUBSIDIARIES (Continued)

The table below shows details of non-wholly owned subsidiaries of the Company as at 31 December 2025 and 2024 that have non-controlling interests.

Name of subsidiary	Place of business	Proportion of ownership interests held by non-controlling interests at 31 December		Loss allocated to non-controlling interests for the year end 31 December		Accumulated non-controlling interests at 31 December	
		2025 %	2024 %	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Jiaying Bojin (Note a)	PRC	-	-	-	39,323	-	-
Ningde Bisheng (Note b)	PRC	-	-	-	(15,457)	-	-
Guangzhou Pinli	PRC	29	29	(1,397)	(32,966)	242,739	244,136
上海福晟置業有限公司	PRC	49	49	-	(176,285)	(177,578)	(177,578)
Kyosei S C Tech Limited	HK	49	49	-	-	5	5
				(1,397)	(185,385)	65,166	66,563

Notes:

- (a) As disclosed in Note 33, Jiaying Bojin has been deconsolidated on 20 November 2024 as a result of the force liquidation order imposed by the Jiaying Court over Jiaying Bojin.
- (b) As disclosed in Note 32(B), Ningde Bisheng has become an associate of the Group followed by deemed disposal on 12 November 2024.

Summarised financial information in respect of Company's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represented amounts before intra-group eliminations.

SUMMARISED FINANCIAL INFORMATION

Guangzhou Pinli

	2025 RMB'000	2024 RMB'000
Current assets	931,980	931,980
Current liabilities	(1,074,444)	(1,069,624)
Deficit attributable to owners of the Company	(385,203)	(381,780)
Non-controlling interests	242,739	244,136
Expense	(4,819)	(23,741)
Loss for the year	(4,819)	(23,741)
Loss attributable to the owners of the Company	(3,422)	9,225
Loss attributable to the non-controlling interests	(1,397)	(32,966)
Net cash outflow from operating activities	(42)	(61,103)
Net cash inflow from financing activities	-	61,105
Net cash (outflow)/inflow	(42)	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

44. INTERESTS IN SUBSIDIARIES *(Continued)* SUMMARISED FINANCIAL INFORMATION *(Continued)* 上海福晟置業有限公司

	2025 RMB'000	2024 RMB'000
Current assets	4	4
Current liabilities	(362,408)	(362,408)
Equity attributable to owners of the Company	(184,826)	(184,826)
Non-controlling interests	(177,578)	(177,578)
Expense	-	(359,766)
Loss for the year	-	(359,766)
Loss attributable to the owners of the Company	-	(183,481)
Loss attributable to the non-controlling interests	-	(176,285)

45. 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 RMB'000	2024 RMB'000
Non-current assets		
Investments in subsidiaries	-	-
	-	-
Current liabilities		
Other payables	19,567	11,033
	19,567	11,033
Net Current Liabilities	(19,567)	(11,033)
Total Assets Less Current Liabilities	(19,567)	(11,033)
Deficit attributable to owners of the Company		
Share capital (Note 29)	12,924	12,924
Reserves	(32,491)	(23,957)
	(19,567)	(11,033)

For the year ended 31 December 2025

45. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(Continued)*

The movements of the reserves of the Company are as follows:

	Share premium RMB'000	Contributed surplus RMB'000 (Note i)	Capital reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024	227,657	535,355	95,066	2,646	(877,242)	(16,518)
Loss and total comprehensive expense for the year	-	-	-	-	(7,439)	(7,439)
At 31 December 2024 and 1 January 2025	227,657	535,355	95,066	2,646	(884,681)	(23,957)
Loss and total comprehensive expense for the year	-	-	-	-	(8,534)	(8,534)
At 31 December 2025	227,657	535,355	95,066	2,646	(893,215)	(32,491)

Note:

- (i) Contributed surplus represents the excess of the then combined net assets of the subsidiaries acquired pursuant to the group reorganisation in preparation for the listing of the Company's shares on the Stock Exchange completed on 16 October 2000 over the nominal value of the share capital of the Company issued in exchange therefor. In accordance with the Companies Act 1981 of Bermuda, the Company's contributed surplus is available for cash distribution and/or distribution in specie in certain circumstances.

46. EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group does not have any material subsequent events after the reporting period and up to the date of these consolidated financial statements.

FIVE-YEAR FINANCIAL SUMMARY

The summary below does not form part of the audited consolidated financial statements included in this Annual Report.

RESULTS

	For the year ended 31 December 2025 RMB'000 (Note a)	For the year ended 31 December 2024 RMB'000 (Note a)	For the year ended 31 December 2023 RMB'000 (Note a)	For the year ended 31 December 2022 RMB'000 (Note a)	For the year ended 31 December 2021 RMB'000 (Note a)
Revenue	121,704	99,700	248,399	1,793,763	2,200,196
Loss before taxation	(169,245)	(1,047,890)	(675,593)	(679,441)	(370,195)
Income tax (expense)/credit	(127)	10,281	(11,155)	(53,397)	(117,168)
Loss for the year	(169,372)	(1,037,609)	(686,748)	(732,838)	(487,363)

Note:

(a) The financial figures were extracted from the consolidated financial statements.

ASSETS AND LIABILITIES

	At 31 December 2025 RMB'000 (Note a)	At 31 December 2024 RMB'000 (Note a)	At 31 December 2023 RMB'000 (Note a)	At 31 December 2022 RMB'000 (Note a)	At 31 December 2021 RMB'000 (Note a)
Total assets	3,472,028	3,512,926	6,644,890	8,448,147	9,967,171
Total liabilities	(5,438,533)	(5,319,660)	(7,357,668)	(8,220,813)	(9,018,825)
Deficit attributable to owners of the Company	(2,031,671)	(1,873,297)	(1,013,302)	(673,245)	(21,517)

Note:

(a) The financial figures were extracted from the consolidated financial statements.