



NEW CITY DEVELOPMENT GROUP LIMITED
新城市建設發展集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 0456)

2025
ANNUAL
REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Han Junran (*Chairman*)

Mr. Luo Min

Independent Non-Executive Directors

Mr. Chan Yiu Tung, Anthony

Dr. Ouyang Qingru

Mr. Zhang Jing

Mr. Leung Kwai Wah Alex

Mr. Luo Zhen

COMPANY SECRETARY

Ms. Eva Lee

REGISTERED OFFICE

P.O. Box 31119 Grand Pavilion
Hibiscus Way, 802 West Bay Road
Grand Cayman, KY1-1205
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit D, 17/F, MG Tower
133 Hoi Bun Road
Kwun Tong
Kowloon
Hong Kong

AUDITORS

McMillan Woods (Hong Kong) CPA Limited
24/F, Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank
China Citic Bank International Limited

PRINCIPAL SHARE REGISTRARS AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

SHARE REGISTRARS AND TRANSFER OFFICE IN HONG KONG

Union Registrars Limited
Suites 3301-04, 33/F
Two Chinachem Exchange Square
North Point, Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Han Junran
Ms. Eva Lee

Financial Highlights

	2025 HK\$'000	2024 HK\$'000	Change
Revenue	63,442	98,607	(36%)
Loss from operations	(224,476)	(132,771)	(69%)
Loss for the year	(226,739)	(136,522)	(66%)
Total equity	99,633	273,408	(64%)
Total assets	1,465,579	1,609,797	(9%)
Total liabilities	1,365,946	1,336,389	2%
Basic loss per share (HK cents)	(139.34)	(108.87)	28%

Chairman's Statement

BUSINESS AND OPERATION REVIEW

Business Review

The Group recorded a revenue of approximately HK\$ 63,442,000 and recorded a loss after tax of approximately HK\$226,739,000 for the year ended 31 December 2025.

Major business arrangements

Continuing connected transactions

On 13 May 2025, new tenancy agreements (the **"New Tenancy Agreements"**) were respectively entered into (i) between New Rank Services Limited (a wholly-owned subsidiary of the Company) as tenant and Winrich Investments Limited as landlord for leasing of the office premises; (ii) between New Rank Services Limited as tenant and Goldrich Investments Limited as landlord for leasing of the office premises and car parking space; and (iii) between New Rank Services Limited as tenant and Jiacheng Jiaxin International Property Management (Hong Kong) Limited as landlord for leasing of the staff quarters and car parking space. The New Tenancy Agreements are for a term of one year commencing from 1 June 2025. All of Winrich Investments Limited, Goldrich Investments Limited and Jiacheng Jiaxin International Property Management (Hong Kong) Limited are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

OUTLOOK AND PROSPECT

The Group has adopted "New Life Everyday, New City" as the theme of its future business development with a view to integrating different businesses to satisfy people's various daily needs in living. Through the operations of the Group's different units such as property management in Guangzhou, retail and consumer spending related businesses in Mainland China, investment properties in Luoyang and property development in Zhuhai, and the construction materials supply chain. As an important component of the Group's strategy to implement this development theme, the construction materials supply chain starts with the processing and transportation of concrete, with the goal of achieving an optimized layout of the supply chain for different types of building materials, the Group will continue to strive for a prefect integration and implementation of the aforesaid theme.

Rental and Property Management Business in Guangzhou

The Group's material subsidiary, Guangdong Changliu Investment Company Limited (**"Changliu"**), is the Group's main operating unit. On 27 May 2025, Changliu received from the relevant government authorities an official notice regarding the requisition of the Changliu Industrial Park, which explicitly states that the industrial park had been included in the scope of the Haizhu District redevelopment project. The Group is currently actively cooperating with the government to advance the negotiation work related to the land acquisition. Please refer to the relevant announcement published by the Group on 15 February 2026.

Retail and Consumer Spending Related Businesses, PRC

The Group's retail and consumer spending related businesses in Mainland China were restructured as planned at the end of 2024 due to the effects of the PRC's economic changes. Looking ahead, the Group will be cautious and concerned about the structural changes and emerging opportunities in the market of retail and consumer spending related businesses in Mainland China, hoping to expand steadily in a retail and consumer spending related businesses mode with more potential from this year.

Chairman's Statement

Investment Properties in Luoyang

With regard to Luoyang Properties, on 5 December 2017, the Group submitted a construction plan to 洛陽市城鄉規劃局 (“洛陽規劃局”). After 洛陽規劃局’s review, the Group was instructed to modify certain aspects of the construction plan. On 23 June 2018, the Group has been further instructed by 洛陽新區中央商務區規劃建設辦公室 to submit a amendments to construction plan to 洛陽市城鄉一體化示範區商務中心區辦公室 for approval and the document was submitted on 17 July 2018. On 13 August 2018, the Group received a notice from 洛陽市城鄉一體化示範區商務中心區辦公室, pursuant to which, the location of Luoyang Properties was minimal adjusted.

On 27 September 2023, 洛陽市自然資源和規劃局 issued an approval document (建設用地許可證) on the amendments to construction plan submitted by the Group in early period. The Group expected to commence the work within 12 months after the date of the approval documents. In September 2024, taking advantage of the recent adjustment of the municipal leadership team of Luoyang, the team submitted an application to the local government to change the project land use to mixed residential and commercial use.

As of 21 October 2024, the public notice period for the land use change has concluded, and the planning conditions have been confirmed.

On 31 December 2025, the Group continues to actively engage with the relevant government authorities, awaiting the official approval necessary to commence the project. The Group remains committed to maintaining this communication once the official license is granted.

Property Development in Zhuhai, PRC

The development of Zhuhai property is part of the Group’s commercial property development projects in Great Bay Area. In 2025, taking into account the adjustments in the property market environment in the PRC, the Group is closely monitoring the development trends of the property market and will coordinate with the government’s policies on stabilizing the economy to steadily advance the subsequent arrangements and development of the Zhuhai property project in accordance with actual market conditions. The Group holds an optimistic attitude towards the long-term development of China’s real estate market, and will continue to closely monitor market dynamics and will pay attention to the same in making the most favorable commercial decisions for our Company.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my appreciation to the management team and staff for their dedication and contribution to the Group.

Han Junran
Chairman

Management Discussion and Analysis

FINANCIAL REVIEW

Results

For the year under review, the Group reported a turnover which represented the rental income and related management service income and retail and related income of approximately HK\$63,442,000 and HK\$0 (2024: HK\$54,587,000 and HK\$44,020,000). The Group's net loss for the year was approximately HK\$226,739,000 (2024: HK\$136,522,000). The basic loss per share for the year was approximately 139.34 HK cents (2024: 108.87 HK cents). Administrative expenses was approximately HK\$68,010,000 (2024: HK\$70,223,000). Finance costs was approximately HK\$36,787,000 (2024: HK\$13,913,000).

Liquidity, Financial Resources and Funding Requirements

As at 31 December 2025, the Group's total assets were approximately HK\$1,465,579,000 (2024: HK\$1,609,797,000) and total liabilities were approximately HK\$1,365,946,000 (2024: HK\$1,336,389,000). As at 31 December 2025, the cash and bank balances was approximately HK\$2,889,000 (2024: HK\$8,459,000) and the current ratio (current assets/current liabilities) was 1.25 as at 31 December 2025 (2024: 1.33).

Pledge of Assets

As at 31 December 2025, the Group's investment properties located in Xintang, Guangzhou were pledged to secure bank borrowings.

Gearing Ratio

The gearing ratio (net debt/capital and net debt) was 89.2% as at 31 December 2025 (2024: 78%).

Capital Structure

There is no change in the capital structure of the Company.

Exchange Risks

The majority of the Group's operations are located in the PRC and the main operational currencies are Hong Kong Dollars and Renminbi. The Company is paying regular and active attention to Renminbi exchange rate fluctuation and consistently assessing exchange risks.

Management Discussion and Analysis

Dividends

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

Employees

As at 31 December 2025, the Group has employed about 46 (2024: 46) employees in Hong Kong and the PRC. The Group adopts a competitive remuneration package for its employees. Remuneration packages are reviewed annually with reference to the then prevailing market employment practices and legislation.

Significant Investments and Material Acquisitions

The Group did not have any significant investments and material acquisitions during the year ended 31 December 2025.

Contingent Liabilities

Details of the contingent liabilities are set out in note 35 to the consolidated financial statements.

Commitments

Details of the commitments are set out in note 37 to the consolidated financial statements.

Corporate Governance Report

CORPORATE GOVERNANCE

The Company has complied with all the code provisions (“**Code Provisions**”) as set out in the Corporate Governance Code and Corporate Governance Report (the “**CG Code**”) contained in Appendix 14 of the Listing Rules of the Stock Exchange, save for the deviations listed below:

The Chairman of the Company is also the chief executive officer of the Company, which deviates from Code Provision A.2.1 which provides that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The Company has engaged Mr. Cheung Ka Lung as the deputy chief executive officer of the Company in April 2024, he is responsible for identifying and evaluating new business opportunities and executing new corporate transactions of the Group. This arrangement also serves to maintain an effective segregation of duties. The Company will review the structure from time to time and will make necessary arrangements to observe the provisions of the Listing Rules whenever necessary.

According to the Articles of Association of the Company, the non-executive directors of the Company are not appointed for specific terms. Thus, they are deviated from Code Provision A.4.1 which stipulates that non-executive directors should be appointed for a specific term, subject to re-election and Code Provision A.4.2 which stipulates that all directors appointed to fill a casual vacancy shall hold office only until the next following general meeting and every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. However, in view of the fact that non-executive directors are subject to retirement by rotation as stipulated in the Company’s Articles of Association, the Company considers that there are sufficient measures in place to ensure that the corporate governance of the Company are no less exacting than the Code Provisions. The Company will review its Articles of Association from time to time and will make necessary amendments to ensure observance of the provisions of the Listing Rules whenever necessary.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the “**Model Code**”). Having made specific enquiry of the Directors, the Directors have complied with the Model Code throughout the year ended 31 December 2025.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This Annual Report will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) and the Company (www.newcitygroup.com.hk). The 2025 Annual Report will be despatched to our Shareholders on or before 30 April 2026 and will be available at the websites of the Stock Exchange and the Company.

Corporate Governance Report

THE BOARD OF DIRECTORS

Composition and role of the Board

The Board is responsible for the overall strategic development and business operation of the Group and also monitors the financial performance and control on business operation. The Board will from time to time review the Company's governance practices and will provide complete and sufficient information to its members so as to ensure effective performance of their responsibilities. Currently, the Board is comprised of two Executive Directors and five Independent Non-Executive Directors, which includes:

Executive Directors : Mr. Han Junran (*Chairman*)
Mr. Luo Min

Independent Non-Executive Directors : Mr. Chan Yiu Tung, Anthony
Dr. Ouyang Qingru
Mr. Zhang Jing
Mr. Leung Kwai Wah Alex
Mr. Luo Zhen

Biographical details (including age, gender and length of service) of the Board members are set out on pages 52 to 53 of this annual report.

The Company has complied with Rule 3.10(1) of the Listing Rules to appoint at least three Independent Non-Executive Directors, together with the requirements of Rule 3.10(2) of the Listing Rules stipulating that at least one of the Independent Non-Executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. The Board considers that each Independent Non-Executive Director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules.

The Company has received from each Independent Non-Executive Director an annual confirmation pursuant to Rule 3.13 of the Listing Rules and the Company still considers such Directors to be independent.

The Board delegates the authority and responsibility for implementing day-to-day operations, business strategies and management of the Group's business to the Executive Directors, senior management and certain specific responsibilities to the Board Committees.

Corporate Governance Report

DIRECTORS' TRAINING

According to Code Provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a Director of a listed company.

All Directors have participated in continuous professional development and provided a record of training they received for the financial year ended 31 December 2025 to the Company.

The Company has also continuously updated the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices.

The individual training record of each Director received for the year ended 31 December 2025 is summarised below:

Names of Directors	Attending or participating in seminars/conferences/ corporate events or visits/ reading relevant to the business/Directors' duties
Executive Directors:	
Mr. Han Junran (<i>Chairman</i>)	✓
Mr. Luo Min	✓
Independent Non-Executive Directors:	
Mr. Chan Yiu Tung, Anthony	✓
Dr. Ouyang Qingru	✓
Mr. Zhang Jing	✓
Mr. Leung Kwai Wah Alex	✓
Mr. Luo Zhen	✓

Corporate Governance Report

During the year ended 31 December 2025, two full Board meetings were held by the Company and complied with the Code Provision A.1.1. The 2025 annual general meeting was held by the Company on 5 June 2025. The Company has already established a profound regime to ensure effective communication among the Directors.

The attendance record of each Director at the Board meetings and the 2025 annual general meeting are as follows:

Names of Directors	Attendance/ Number of Board meetings	Attendance of 2025 annual general meeting
Mr. Han Junran	2/2	✓
Mr. Luo Min	2/2	✓
Mr. Chan Yiu Tung, Anthony	2/2	-
Dr. Ouyang Qingru	2/2	-
Mr. Zhang Jing	2/2	-
Mr. Leung Kwai Wah Alex	2/2	✓
Mr. Luo Zhen	2/2	-

Chairman and Chief Executive Officer

According to Code Provision A.2.1, the roles of Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. During the year ended 31 December 2025, the roles of the Chairman and the Chief Executive Officer of the Company are performed by Mr. Han Junran. The Company has engaged Mr. Cheung Ka Lung as the deputy chief executive officer of the Company in April 2024, he is responsible for identifying and evaluating new business opportunities and executing new corporate transactions of the Group. This arrangement also serves to maintain an effective segregation of duties. Besides, the balance of power and authorities is ensured by the operation of the senior management and the Board, which comprises experienced and high caliber individuals with diversity of perspectives in accordance with Code Provision A.3. The Board currently comprises two Executive Directors and five Independent Non-Executive Directors and therefore has a strong independence element in its composition. The Company will review its structure from time to time and make relevant arrangements to observe the provisions of the Listing Rules whenever necessary.

Appointment, re-election and removal of the Directors

The Non-Executive Directors of the Company are not appointed for specific terms, thus deviates from Code Provision A.4.1. According to Article 87(1) of the Articles of Association, since the Chairman of the Board, whilst holding such office, is not subject to retirement by rotation or be taken into account in determining the number of Directors to retire in each year, Code Provision A.4.2 is deviated. The Chairman plays an essential role in the growth and development of the Group. At present, the Chairman's continuing presence in the Board is important to assure sustainable development of the Group. Given the importance of the Chairman's role, the Board considers that the relevant article in the Articles of Association has no material impact on the operation of the Group as a whole. Meanwhile, in view of the fact that Non-Executive Directors are subject to retirement by rotation in accordance with the Articles of Association of the Company, the Company considers that there are sufficient measures in place to ensure that the corporate governance of the Company are no less exacting than the Code Provisions.

Corporate Governance Report

In accordance with Rule 13.74 of the Listing Rules, a listed issuer shall disclose the details required under Rule 13.51(2) of the Listing Rules of any director(s) proposed to be re-elected or proposed new director in the notice or accompanying circular to its shareholders of the relevant general meeting, if such re-election or appointment is subject to shareholders' approval at that relevant general meeting. The requisite details of the above retiring Directors are set out in Appendix II to the circular.

BOARD COMMITTEES

The Board has established various committees under the Board, namely Audit Committee, Remuneration Committee and Nomination Committee (collectively, "**Board Committees**"), to oversee different aspects of the Group's affairs and to assist in the execution of the Board's responsibilities.

AUDIT COMMITTEE

The Company formulated written terms of reference for the Audit Committee in accordance with the requirements of the Stock Exchange. The Audit Committee shall consist members of Non-Executive Directors of the Company. The Audit Committee currently comprises three Independent Non-Executive Directors, namely Mr. Leung Kwai Wah Alex (as Chairman), Mr. Chan Yiu Tung, Anthony and Mr. Zhang Jing. The quorum of meetings of the Audit Committee shall be any two members. The terms of reference of the Audit Committee are currently made available on the websites of the Stock Exchange and the Company.

Terms of reference adopted by the Audit Committee are aligned with the Code Provisions set out in the CG Code.

The Audit Committee is mainly responsible for making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal of such auditor; reviewing the interim and annual reports and consolidated financial statements of the Group; and overseeing the Company's financial reporting system including the adequacy of resources, qualifications and experience of staff in charge of the Company's financial reporting function and their training arrangement and budget, and internal control procedures.

The Audit Committee meets the external auditor regularly to discuss any area of concern during the audit. The Audit Committee reviews the interim and annual reports before submission to the Board. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with reporting and accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

During the year ended 31 December 2025, the Audit Committee held two meetings. Each committee meeting has been supplied with the necessary financial information of the Group for members to consider, review and access significant issues arising from the work conducted.

Names of members	Attendance/ Number of meetings
Mr. Leung Kwai Wah Alex (<i>Chairman</i>)	2/2
Mr. Chan Yiu Tung, Anthony	2/2
Mr. Zhang Jing	2/2

Corporate Governance Report

During the year under review, the Audit Committee had performed the following work:

- reviewed the annual results for the year ended 31 December 2025 and the interim results for the six months ended 30 June 2025;
- discussed with the management of the Company over the completeness, fairness and adequacy of reporting and accounting standards and policies of the Group in the preparation of the 2025 interim and annual consolidated financial statements;
- reviewed and discussed with the external auditor over the financial reporting of the Company;
- recommended to the Board, for the approval by Shareholders, of the re-appointment of the auditor; and
- reviewed the internal control procedures of the Group.

The Board also delegated certain corporate governance functions to the Audit Committee, including the review and monitoring of (a) the Group's policies and practices on corporate governance and make recommendations to the Board; (b) the training and continuous professional development of Directors and senior management; (c) the Group's policies and practices on compliance with legal and regulatory requirements; (d) the code of conduct of the Group applicable to employees and Directors; and (e) the Group's compliance with the Code and disclosure in the Corporate Governance Report.

REMUNERATION COMMITTEE

The Company formulated written terms of reference for the Remuneration Committee in accordance with requirements of the Stock Exchange. The Remuneration Committee shall comprise at least three members with majority of Independent Non-Executive Directors, and an Independent Non-Executive Director should take up the role of Chairman of the Remuneration Committee. The Remuneration Committee currently comprises two Independent Non-Executive Directors, namely, Mr. Chan Yiu Tung, Anthony (as Chairman), and Mr. Leung Kwai Wah Alex and one Executive Director, Mr. Han Junran. The quorum of meetings of Remuneration Committee shall be any two members. The terms of reference of the Remuneration Committee are currently made available on the websites of the Stock Exchange and the Company.

Terms of reference adopted by the Remuneration Committee are aligned with the Code Provisions set out in the CG Code.

The functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure on the remuneration packages for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing a remuneration policy, to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives, to make recommendations to the Board on the remuneration packages of individual Executive Directors and senior management, and to make recommendations to the Board on the remuneration of Independent Non-Executive Directors.

Corporate Governance Report

During the year ended 31 December 2025, the Remuneration Committee held one meeting for reviewing the remuneration package of the Directors of the Company and approving the proposed remuneration of a senior management.

Names of members	Attendance/ Number of meetings
Mr. Chan Yiu Tung, Anthony (<i>Chairman</i>)	1/1
Mr. Han Junran	1/1
Mr. Leung Kwai Wah Alex	1/1

The emoluments payable to Directors and senior management will depend on their respective contractual terms under the employment agreements, if any, and are fixed by the Board with reference to the recommendation of the Remuneration Committee of the Company, the performance of the Group and the prevailing market conditions. Details of the remuneration of the Directors and senior management are set out in notes 15 and 16 to the consolidated financial statements.

NOMINATION COMMITTEE

The Nomination Committee was established on 1 April 2012. Prior to the establishment of the Nomination Committee, its role and functions were performed by the Board. The Chairman from time to time reviewed the composition of the Board with particular regard to the number and the independence of the Independent Non-Executive Directors. The Board also reviewed and determined the suitability and terms for re-appointment of Directors.

The Company formulated written terms of reference for the Nomination Committee in accordance with requirements of the Stock Exchange and amended the same on 23 August 2013. The Nomination Committee shall comprise at least three members with a majority of Independent Non-Executive Directors, and the Chairman of the Board or an Independent Non-Executive Director should take up the role of Chairman of the Nomination Committee. The Nomination Committee currently consists of one Executive Director, Mr. Han Junran (as Chairman), and three Independent Non-Executive Directors, namely, Mr. Leung Kwai Wah Alex, Mr. Chan Yiu Tung, Anthony and Mr. Zhang Jing. The quorum of meetings of the Nomination Committee shall be any two members. The terms of reference of the Nomination Committee are currently made available on the websites of the Stock Exchange and the Company.

The terms of reference adopted by the Nomination Committee are aligned with the Code Provisions set out in the CG Code.

The functions of the Nomination Committee are to review and monitor the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Group's strategy; to identify qualified individuals to become members of the Board; to assess the independence of Independent Non-Executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive based on the nomination policy of the Company.

Corporate Governance Report

The Company adopted a board diversity policy in August 2013 to enhance the quality of its performance in accordance with Code Provision A.5.6. With a view to achieving a sustainable and balanced development, the Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All board appointments will be based on meritocracy, and candidates will be selected based on a range of diversity perspectives, including gender, age, cultural background and ethnicity, educational background, professional experience, skills, knowledge and length of service.

The Nomination Committee will review the policies from time to time at least once every year to ensure its effectiveness and will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. During the year under review, the Nomination Committee has reviewed the Board's composition (including but not limited to the gender, age, cultural and educational background, professional experience, skills, knowledge and length of services) which has been disclosed on pages 52 to 53 in this annual report and considered the current Board's composition is appropriate.

During the year ended 31 December 2025, the Nomination Committee reviewed the composition of the Board and the retirement and re-election of Directors. The Committee held one meeting during the year and the attendance records of the members at the meeting are set out below:

Names of members	Attendance/ Number of meetings
Mr. Han Junran (<i>Chairman</i>)	1/1
Mr. Chan Yiu Tung, Anthony	1/1
Mr. Leung Kwai Wah Alex	1/1
Mr. Zhang Jing	1/1

SECURITIES TRANSACTIONS BY DIRECTOR

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules for securities transactions by the Directors of the Company. All the members of the Board have confirmed, following the specific enquiry by the Company, that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2025. The Model Code also applies to other specified senior management of the Group.

AUDITORS' REMUNERATION

The statement of the external auditors of the Company on their reporting responsibilities for the Group's consolidated financial statements for the year ended 31 December 2025 is set out in the section headed "Independent Auditors' Report" in this annual report.

Corporate Governance Report

The fees paid/payable to the Company's external auditors, McMillan Woods (Hong Kong) CPA Limited and its affiliates in respect of audit and non-audit services for the year ended 31 December 2025 are as follows:

Nature of services	Amount HK\$'000
Audit services	950

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the consolidated financial statements for each financial period which give a true and fair view of the consolidated financial position of the Group and of the consolidated financial performance and consolidated cash flows for that period. In preparing the consolidated financial statements for the year ended 31 December 2025, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent, fair and reasonable and prepared the consolidated financial statements on a going concern basis.

The Directors acknowledge their responsibilities to prepare the consolidated financial statements as set out on pages 68 to 143 of this annual report. The statement of the external auditors about their reporting responsibilities on the consolidated financial statements is set out in the paragraph headed "Independent Auditors' Report" on pages 60 to 67 of this annual report.

INTERNAL CONTROL

The Board has overall responsibilities for the establishment and maintenance of an adequate and effective internal control system to safeguard the Group's assets against unauthorised use or disposition, and to protect the interests of Shareholders of the Company.

During the year ended 31 December 2025, the Board conducted an annual review of the effectiveness of the internal control system of the Group covering all material controls, including financial, operational and compliance as well as risk management.

COMPANY SECRETARY

During the year ended 31 December 2025, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

COMMUNICATION WITH THE SHAREHOLDERS

The Company has established a Shareholder's Communication Policy to enhance communication between the Company and its Shareholders. Communication is achieved through various means including the convening of general meetings, the dispatch of annual reports, interim reports and circulars. The Chairman of the Board also proposes separate resolution for each substantive issue including re-election of Directors.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Convening an extraordinary general meeting

Pursuant to Articles 58 of the Articles of Association, an extraordinary general meeting ("EGM") may be convened by the Board on a written requisition of any one or more Shareholders of the Company holding not less than 10% of the paid up capital of the Company carrying the right of voting at general meeting of the Company. The EGM shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene the EGM, the requisitioner(s) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Board shall be reimbursed to the requisitioner(s) of the Company.

Enquiries put to the Board

Shareholders may send written enquiries or requests in respect of their rights to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary.

Articles of Association

There was no change to the Articles of Association to the Company during the year ended 31 December 2025.

INVESTOR RELATIONS

The Company establishes shareholders communication policy and offers different communication channels with investors to update the latest business development and financial performance including the publication of interim and annual reports, the publishing and posting of notices, announcements and circulars on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.newcitygroup.com.hk) in a timely manner in order to maintain a high level of transparency, and to ensure there is no selective disclosure of inside information. Such policy will be reviewed on a regular basis at least once every year to ensure its effectiveness.

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

1.1. Background

The Group is committed to ethical corporate citizenship and to promoting sustainability in its business activities. The Group demonstrates these commitments through transparent and responsible management of our environment and social practices.

1.2. Reporting Standards

The ESG Report (the “**Report**”) was prepared in accordance with the ESG Reporting Code set out in the Appendix C2 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). In preparation of the Report, the Group strictly adhered to the principles of Materiality, Quantitative, Balance and Consistency to disclose the ESG-related measures and performances.

The corporate governance of the Group was prepared in accordance with all applicable code provisions set out in the Corporate Governance Code under Appendix C1 of the Listing Rules of the Stock Exchange. Information regarding the Group’s corporate governance was set out separately in the “Corporate Governance Report” in this annual report.

1.3. Reporting Scope

The scope of the Report covers the environmental and social performance of the business operations in the Group’s head office located in Hong Kong as well as seven commercial offices in the People’s Republic of China (the “**PRC**”), including Luoyang, Changyang, Changliu, Lianwei, Youchang, Xinsheng An and Zhuhai Teng Shun, from 1 January 2025 to 31 December 2025 (the “**year**”).

1.4. Opinion and Feedback

The Group values the opinion of stakeholders. If any stakeholder has any feedback or suggestions on the Report, please send them to the Company’s email address at info@newcitygroup.com.hk. Your feedback or suggestions would help the Group continuously improve its ESG performance.

2. MANAGEMENT APPROACH TO ESG

The Board takes the overall responsibility for the oversight of the Group’s ESG and climate related matters, including policies, measures, performance and risks. Through regular board meetings, the Board evaluates and reviews ESG matters as appropriate.

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3. MATERIALITY ASSESSMENT

3.1. Stakeholder Engagement

The Group understands the importance of developing long-term relationships and constant dialogues with various stakeholders. The management seeks to balance the views and interests of various constituencies through constructive conversation. Key groups of stakeholders are shown below:

Internal Stakeholders	External Stakeholders
<ul style="list-style-type: none"> - The Board - Management - General staff 	<ul style="list-style-type: none"> - Shareholders/Investors - Customers - Government

Understanding the needs and expectations of stakeholders enables the Group to respond to their concerns and manage potential risks. To solicit their feedback, the Group engages its key stakeholders through a range of channels such as meetings, emails, telephone, interviews, and website.

Highlights of stakeholder engagement are shown below:

Customers	Customer feedback is invaluable as the Group operates in extremely competitive markets. There are a number of channels to solicit customer comments and recommendations through our website and email communications.
Government	Along with different government laws, rules and regulations between Hong Kong and the PRC, the Group makes tremendous effort to ensure that it is complied with the relevant laws and regulations.
Employees	Open communication helps build trust and higher levels of engagement in the workplace. Communication channels, such as notices, emails, team briefings, are available for frontline staff to raise any concerns at work to their direct supervisors and managers. Performance appraisals and annual surveys are also served as platforms for the management to evaluate the performances of frontline staff and voice out their expectations to the Group's future development.

The Group believes that stakeholder engagement is a continuous process and will continue to explore different forms of engagement channels in order to strengthen its interaction with stakeholders to create mutually beneficial relationships.

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3.2. Material Topics

To ensure the Report address the environmental and social issues that are important to the business operation and its stakeholders, the Group has assessed the ESG aspects set forth in the ESG Reporting Code. The table underneath shows the material ESG issues for the Group.

ESG Aspects as set forth in ESG Reporting Code		Material ESG issues for the Group
(A) Environmental	A1 Emissions	Air pollution, emission from company vehicle and electricity
	A2 Use of Resources	Use of energy
	A3 Environment and Natural Resources	No other significant environmental impact
(B) Social	B1 Employment	Labour practices
	B2 Health and Safety	Workplace health and safety
	B3 Development and Training	Employee development and training
	B4 Labour Standards	Anti-child and forced labour
	B5 Supply Chain Management	Supply chain management
	B6 Product Responsibility	Product responsibility
	B7 Anti-corruption	Anti-corruption, fraud prevention and anti-money laundering
	B8 Community Investment	Community programs, employee volunteering and donation
Climate-related Disclosure		Climate Change

4. (A) ENVIRONMENTAL

The Group recognises the importance of environmental stewardship and a healthy environment. The Group is dedicated to maintaining its energy consumption and emission at low levels. The management strives to enhance operational efficiency and has actively implemented eco-friendly measures to reduce carbon footprint in our business operations. For instance, board meetings and management meetings have largely moved online. Such changes reduce travel emissions following the implementation of carbon reduction measures.

Type of emission sources that the Group involved during the year was mainly electricity. The Group's business did not involve in production-related air, water, and land pollutions which are regulated under national laws and regulations. There was no use of packaging materials involved in the Group's business operation.

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4.1. A1 Emissions

Air Emission

Key air pollutants were emitted by company vehicles. Petrol and liquefied petroleum gas were the main car fuel used by the Group during the Reporting Period. The Group aims to maintain or reduce its air pollutant emissions in the coming year to levels below those of this year.

Indoor air pollution was mainly produced by photocopiers, stale air drawn in from outside through poorly located fresh air inlets and bacteria that entered the office. In order to improve the indoor air quality, the Group has implemented a range of air pollution emission measures as follows:

- Ensure air inlets are away from any source of pollutants and sufficient ventilation systems;
- Clean all air units regularly (e.g. air inlets, air outlets and filters); and
- Perform regular maintenance on carpet and furniture upholstery.

The air emissions data is set out in the table below:

Air emissions	2025	2024	Unit
Nitrogen oxides (NO _x)	8.52	6.84	kg
Sulphur oxides (SO _x)	0.05	0.01	kg
Respirable suspended particulates (RSP)	0.58	0.47	kg

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Non-hazardous Waste

The Group generated minimal quantities of hazardous waste in its operation. Non-hazardous waste from the Group’s operation was mainly office paper and the management of the Group believed that the impact of non-hazardous waste arose from the paper waste was insignificant. The Group aims to reduce its waste production in the coming year. Mindful of its responsibility to manage and reduce the waste, the Group has implemented a set of measures at offices:

General waste in offices	<ul style="list-style-type: none"> - Adopt e-communication whenever possible - Use recycled paper and double-sided printing - Use E-flyer to allow printing on demand basis
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4.2. A2 Use of Resources

Use of Energy

Improving operational energy efficiency is a fundamental strategy to reduce energy consumption and associated GHG emission. The total energy consumption of the year was 68,804.0 kWh (2024: 3,937,596.9 kWh). The Group aims to reduce its energy consumption for 15% by year 2030 from the base year of 2025.



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The energy consumption data is set out in the table below:

Energy consumption		2025	2024	Unit
Direct energy	Petrol	31,252.6	4,894.1	kWh
	LPG	16,674.4	8,242.8	kWh
Indirect energy	Electricity	20,877.0	3,924,460.0	kWh
Total energy consumption		68,804.0	3,937,596.9	kWh
Energy intensity		4.6	66.2	kWh/m ²

Note: Including head office in Hong Kong and seven commercial offices in the PRC. The data disclosed in 2025 cannot be directly compared with that of 2024, following the completion of the disposal of 廣東暢納投資開發有限公司 (“Changna”).

Water Consumption

There was no water consumption involved in the Group’s business operation. The Group mainly withdraws water from municipal supplies and has no issue in sourcing water during the year. Domestic water is consumed for personal hygiene and routine cleaning.

Packaging Materials

The business operations of the Group do not involve packaging materials.

4.3. A3 Impacts on Natural Resources and Management Actions

The Group believes that corporate development should not come at the expense of the environment. Therefore, the Group has adopted environmentally friendly practices in various aspects and company events. In addition to the emissions and resource use disclosed hereinabove, the nature of the Group’s operation did not have any significant impact on the environment and natural resources.

There was no non-compliance case noted in relation to environmental laws and regulations for the year.

4.4. A4 Climate Change

Governance

The Board has the ultimate responsibility for the oversight of climate-related matters. The management team reports to the Board at least once a year on sustainability matters, covering climate-related issues, climate-related risks and opportunities, the integration of climate considerations into strategy, major transaction decisions and risk management processes, as well as progress on climate target implementation.

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The management team of the Group is responsible for assessing and managing climate-related risks and opportunities, the design and implementation of climate-related measures, as well as reviewing climate-related policies. These enable climate considerations to be incorporated into our daily operations. The Board has sufficient knowledge of climate-related issues and the impacts of such issues on the Company's business and operations. To ensure that the Board remains informed and that their knowledge is up to date, we provide regular training and materials on climate-related topics.

Strategy

To address the evolving implications of climate change, we continue to advance our approach to climate-related risk and opportunity management by embedding climate considerations into our overarching sustainability risk governance. This approach enables the systematic identification and management of climate-related physical and transition risks, as well as the evaluation of climate-related opportunities across the Group's operations and value chain.

During the year, the Group enhanced its climate strategy planning by assessing both financial and non-financial implications of climate change across key business dimensions, including operational activities, supply chain resilience and market dynamics. The insights generated have strengthened the Group's strategic preparedness and adaptive capacity in a changing climate. The table below summarises the key climate-related risks and opportunities identified, together with their potential impacts on the Group's business and the corresponding mitigation and response measures.

Climate-related risk/opportunity	Time Horizon	Description and Potential Impacts	Response Actions
Physical Risks			
Acute extreme weather (storms, flooding, typhoons)	Short to medium term	<ul style="list-style-type: none"> Physical damage to investment properties Higher repair and insurance costs 	<ul style="list-style-type: none"> Maintain business continuity and emergency response arrangements Review insurance and claims processes
Chronic long-term warming and climatic shift	Medium to long term	<ul style="list-style-type: none"> Rising average temperature may increase cooling demand and resulting in higher operating costs Higher maintenance costs for properties 	<ul style="list-style-type: none"> Monitor energy and performance trends for major assets Incorporate climate considerations into investment planning

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Climate-related risk/opportunity	Time Horizon	Description and Potential Impacts	Response Actions
Transition Risks			
Policy and Legal tightening regulation and disclosure	Short to medium term	<ul style="list-style-type: none"> Increasing regulatory and disclosure requirements across operating jurisdictions may lead to higher compliance costs 	<ul style="list-style-type: none"> Monitor regulatory developments and maintain internal oversight of compliance obligations Review and update policies and disclosures in line with evolving requirements
Market Evolving stakeholder expectations	Medium term	<ul style="list-style-type: none"> Increasing preference for sustainable buildings, responsible investment and environmentally conscious services may influence asset attractiveness, occupancy rates 	<ul style="list-style-type: none"> Monitor market trends and stakeholder expectations Enhance communication with investors and clients
Opportunities			
Resource Efficiency enhancing operational efficiency and reducing resource consumption	Short to medium term	<ul style="list-style-type: none"> Enhancing energy and resource efficiency in operations may reduce operating costs Efficiency improvements may enhance long-term asset value and attractiveness to investors 	<ul style="list-style-type: none"> Monitor resource consumption across key operations Consider efficiency improvements in refurbishment planning Integrate resource efficiency considerations into operational practices

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Risk Management

The Board has collective responsibility for the design and effective implementation of the Group's risk management framework. Under the oversight of the sustainability committee, the Group conducts regular sustainability risk and opportunity assessments with a specific focus on climate-related risks and opportunities. These assessments systematically identify, evaluate and manage climate-related risks based on their potential impact and likelihood of occurrence, enabling risks to be prioritized in a structured manner.

Based on the assessment outcomes, appropriate mitigation and response measures are formulated and integrated into business planning to enhance the Group's resilience to climate-related risks and support informed decision-making.

Metrics and Targets

Our Scope 1 and 2 greenhouse gas ("GHG") emissions primarily arise from fuel consumption in operations and company-owned vehicles, as well as purchased electricity. These sources continue to represent the majority of our direct and energy-related emissions footprint. During the Reporting Period, we further strengthened our Scope 3 inventory by aligning our assessment with the 15 categories defined under the GHG Protocol Corporate Value Chain (Scope 3) Standard, enhancing the completeness and transparency of our value chain emissions disclosure. We will continue to refine our data collection methodologies, expand category coverage where material, and improve data accuracy in the coming years to support more comprehensive carbon management across our value chain.

The GHG emission data is set out in the table below:

GHG emissions	2025	2024	Unit
Scope 1 Direct Emission	12.3	3.2	tCO ₂ e
Scope 2 Energy Indirect Emission	8.0	2,394.3	tCO ₂ e
Scope 3 Other Indirect Emission	17.3	0.1	tCO ₂ e
Total GHG emission (Scope 1, 2)	20.3	2,397.5	tCO ₂ e
Total GHG emission (Scope 1, 2, 3)	37.6	2,397.6	tCO ₂ e
GHG emission (Scope 1, 2) intensity	0.001	0.04	tCO ₂ e/m ²
GHG emission (Scope 1, 2, 3) intensity	0.003	0.04	tCO ₂ e/m ²

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Note:

1. Including head office in Hong Kong and seven commercial offices in the PRC. The data disclosed in 2025 cannot be directly compared with that of 2024, following the completion of the disposal of Changna.
2. In accordance with The Greenhouse Gas Protocol – A Corporate Accounting and Reporting Standard (Revised Edition) published by the World Business Council for Sustainable Development and World Resources Institute, Scope 1 direct emissions are resulted from operations that are owned or controlled by the Group, Scope 2 energy indirect emissions are resulted from the generation of purchased or acquired electricity, heating, cooling, and steam consumed within the Group, while Scope 3 other indirect emissions are resulted from the Group's value chain. Unless otherwise specified, emission factors were made reference to Appendix C2 of the Main Board Listing Rules and their referred documentation as set out by HKEX.
3. The Scope 3 emissions in 2025 include available data arising from category 3: fuel-and energy-related activities not included in scope 1 or scope 2 and category 7: employee commuting.

In support of China's Dual Carbon goals, including the newly articulated interim target to reduce GHG emissions by 7–10% from peak levels by 2035, the Group has established a structured decarbonization pathway to align with national climate ambition. The Group aims to reduce its Scope 1 and 2 GHG emissions for 15% by year 2030 from the base year of 2025.

5. (B) SOCIAL

Being a responsible business and employer, the Group is committed to consistently looking for ways to meet the corporate social responsibilities. The Group focuses on its staff, environment and community as well as its business partners.

5.1. B1 Employment and Labour Practices

The Group actively complied with laws and regulations, such as the "Labor Law of the People's Republic of China", the "Labor Contract Law of the People's Republic of China" and the "Regulations on Work-related Injury Insurances". The Group has formulated series of relevant personnel management policies to provide employees with a healthy, positive and motivative working atmosphere, and guides employees to actively integrate personal pursuits into the long-term development of the Group.

A sound employment system is the first step in talent attraction and retention. The Group offers competitive remuneration, promotional opportunity, compensation and benefit packages to attract and retain talents. The Group possesses a Remuneration Committee, which regularly reviews its remuneration policy. The Remuneration Committee ensures packages offered by the Group are appealing to employees and in line with the market trend.

Employees are entitled to discretionary cash bonus and retirement benefit scheme. Additional fringe benefits include office insurance, employee compensation insurance, directors' and officers' liability insurance. Various types of paid leave are also offered on top of statutory requirement including annual leave, sick leave, maternity leave, paternity leave, compensation leave, compassionate leave and wedding leave. Employees working overtime are entitled to overtime allowance and compensation by time off. The Group may also at its sole discretion, to grant share options to employees as a long-term incentive aiming to motivate employees pursuing Group's goal and objectives. Employees including directors can subscribe shares of the Company based on their performance and contribution to the Group.

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Total Workforce and Breakdown

The Group had a total number of 46 (2024: 46) employees as of 31 December 2025. The workforce data is set out in the table below:

Workforce Summary

Breakdown	Number of Employees
Total Number of Employees	46
By Gender	
Male	28
Female	18
By Employment Type	
Full-time	42
Part-time	4
Intern	–
By Employment Level	
Senior Management	12
Middle Management	8
General Staff	24
Contact or Short-Term Staff	2
By Age Group	
30 and below	10
31–50	14
51 and above	22
By Geographical Region	
China	34
Hong Kong	12

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Turnover Rate

Breakdown	Number of Employees	Percentage (%)
Total	6	13.0%
By Gender		
Male	5	16.9%
Female	1	6.1%
By Age Group		
30 and below	3	27.3%
31–50	3	21.4%
51 and above	0	0.0%
By Geographical Region		
China	6	17.6%
Hong Kong	0	0.0%

The Group will continue to provide a well-structured and caring environment to its employees to raise their sense of belonging and work efficiency at the Group.

5.2. B2 Employee Health and Safety

The Group strives to promote safety awareness, improves occupational environment and reduces occupational risks. The Group continuously promotes safety awareness among employees and commits to providing a healthy and safety working environment for its employees. The Group has dedicated adequate resources and effort to uphold and improve the Group's safety management measures in order to reduce the risks relating to labour safety, such as: ensuring a healthy and safety workplace and compliance with all relevant workplace health and safety laws, and maintaining various insurance policies for employees' compensation and liability.

During the year, the Group had no non-compliance case regarding violation of relevant laws and regulations on occupational health and safety.

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The Group complies with all applicable laws and regulations on occupational health and safety and has not reported any fatalities in relation to its work during the reporting period in the past three years.

Health and safety	2025		2024		2023	
	Male	Female	Male	Female	Male	Female
Number of work-related fatalities	0	0	0	0	0	0
Lost days due to work injury	0	0	12	0	0	0

5.3. B3 Development and Training

The Group supports employees' personal development through attending external trainings. The information of relevant seminars or training courses are regularly provided to employees via email. Employees can register on a voluntary basis, either in person or through the Company. Special leave would be granted to employees who participated in training during working hours.

5.4. B4 Labour Standards

The Group believes in nurturing and developing top talents regardless of race, gender, age, religious belief, pregnancy, marital status, family status or disability. This measure ensures all employees and job applicants enjoy equal opportunities and fair treatment in respect of recruitment, training and development, job advancement, and compensation and benefits. The employees are not discriminated against or deprived of such opportunities on the basis of gender, ethnic background, religion, race, sexual orientation, age, marital status, family status, retirement, disability, pregnancy or any other discrimination prohibited by applicable law. The Group also appreciates the importance of cultural diversity in the development of the Group.

In particular, the Group adopts a Board Diversity function under which the Board composition includes members from with different skills, industry knowledge and experience, education, background and other qualities without discrimination.

During the year, the Group did not identify any non-compliance cases regarding violation of relevant child labour and forced labour laws. No child or forced labour was employed in the Group's operations during the year that was compliance with the Employment Ordinance, Chapter 57 of the Laws of Hong Kong in terms of employment management. If the use of child and forced labour is discovered, the Group will terminate the relevant employment contract immediately and investigate if any other further action is required.

5.5. B5 Supply Chain Management

Due to the Group's business nature, the Group has no major supplier during the year. The Group has a policy in place to obtain quotations from more than one supplier for procurement. The selection of suppliers or service providers would base on specifications and standards, product and service quality as well as service support.

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The Group has a green procurement policy that makes it mandatory to monitor and assess its suppliers or service providers to identify environmental and social risks in the supply chain. In this way, the Group will exclude all suppliers or service providers that have not been or are not evaluated.

5.6. B6 Product Responsibility

As stated in the Group's Employee Manual, insider information is strictly prohibited to disclose to third party. The Group respects customer privacy and intellectual property rights of any third-party and therefore consumer data and privacy matters relating to services are being highly protected. The Group is committed to comply with the privacy laws and regulations. The Group undertakes to strictly comply with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), the Corporate Finance Consultant Code of Conduct and local legislations, to ensure that all data are securely kept in the internal system with access control. During the year, the Group did not identify any non-compliance cases regarding violations of relevant laws and regulations on product responsibility and data privacy.

During the year, the Group has not recalled any products due to safety and health reasons and did not receive any product or service-related complaints.

5.7. B7 Anti-Corruption

The Group is strongly against bribery, extortion, fraud and money laundering. During the year, the management of the Group did not find any case of bribery or fraud. Through the controlled environment developed by all staff, the Group believes that the risk of the occurrence of fraud behavior has been minimised. The Group's whistleblowing policy, which employees may anonymously report any suspected or actual event of bribery and corruption to their supervisor or management of higher level, including to an appropriate Board committee or member, without the threat of dismissal or retaliation. The supervisors, managers and/or Board members who receive the reports shall promptly act to investigate the issue. The Group will continue to monitor the related risks to maximise the values for the shareholders and other related parties.

During the year, the Group did not identify any non-compliance cases with laws and regulations in relation to corruption nor was there any concluded legal case regarding corruption practices brought against it or its employees.

5.8. B8 Community Investment

To maintain a high standard of corporate governance, the Group acknowledges the importance of enhancing its transparency to the community. The community is regularly informed of updated news and directions of the Group through circulars, announcements and annual reports posted on the Company's website. The Group is currently planning its direction on focus area of community engagement and types of resources to be contributed.

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6. PERFORMANCE CHART

Environmental Performance	Unit	2025	2024
Air emissions			
Nitrogen oxides (NO _x)	kg	8.52	6.84
Sulphur oxides (SO _x)	kg	0.05	0.01
Respirable suspended particulates (RSP)	kg	0.58	0.47
GHG emissions			
Scope 1 Direct Emission	tCO ₂ e	112.3	3.2
Scope 2 Energy Indirect Emission	tCO ₂ e	8.0	2,394.3
Scope 3 Other Indirect Emission	tCO ₂ e	17.3	0.1
Total GHG emission (Scope 1, 2)	tCO ₂ e	20.3	2,397.5
Total GHG emission (Scope 1, 2, 3)	tCO ₂ e	37.6	2,397.6
GHG emission (Scope 1, 2) intensity	tCO ₂ e/m ²	0.001	0.04
GHG emission (Scope 1, 2, 3) intensity	tCO ₂ e/m ²	0.003	0.04
Energy consumption			
Petrol	kWh	31,252.6	4,894.1
LPG	kWh	16,674.4	8,242.8
Electricity	kWh	20,877.0	3,924,460.0
Total energy consumption	kWh	68,804.0	3,937,596.9
Energy intensity	kWh/m ²	4.6	66.2

Note: Including head office in Hong Kong and seven commercial offices in the PRC. The data disclosed in 2025 cannot be directly compared with that of 2024, following the completion of the disposal of Changna.

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Social Performance		Unit	2025
Workforce			
Total Number of Employees		Number of employees	46
		Turnover percentage (%)	13.0
By Gender	Male	Number of employees	28
		Turnover percentage (%)	16.9
	Female	Number of employees	18
		Turnover percentage (%)	6.1
By Age	30 and below	Number of employees	10
		Turnover percentage (%)	27.3
	31-50	Number of employees	14
		Turnover percentage (%)	21.4
	51 and above	Number of employees	22
		Turnover percentage (%)	0.0
By Region	China	Number of employees	34
		Turnover percentage (%)	17.6
	Hong Kong	Number of employees	12
		Turnover percentage (%)	0.0
Employee health and safety			
Number of days lost due to work-related injuries		Number of days	0
Number of Deaths		Number of people	0
Death rate		%	0

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7. ESG REPORTING CODE CONTENT INDEX

General Disclosure Requirements and KPIs		Section/Remarks
A. Environmental		
Aspect A1: Emissions		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.		A1 Emissions
KPI A1.1	The types of emissions and respective emissions data.	A1 Emissions Performance Chart
KPI A1.2	Repealed 1 January 2025	Not applicable
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable due to the business nature.
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Not applicable due to the business nature.
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Not applicable due to the business nature.
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	A1 Emissions

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General Disclosure Requirements and KPIs		Section/Remarks
Aspect A2: Use of Resources		
General Disclosure Policies on the efficient use of resources, including energy, water and other raw materials.		A2 Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	A2 Use of Resources Performance Chart
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Data of water consumption was excluded as sub-meter for individual occupant was not provided by the respective building management.
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	A2 Use of Resources
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	A2 Use of Resources
KPI A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced.	Not applicable due to the business nature.
Aspect A3: The Environment and Natural Resources		
General Disclosure Policies on minimizing the issuer's significant impact on the environment and natural resources.		A3 Impacts on Natural Resources and Management Actions
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	A3 Impacts on Natural Resources and Management Actions

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General Disclosure Requirements and KPIs		Section/Remarks
B. Social		
Employment and Labour Practices		
Aspect B1: Employment		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.		B1 Employment and Labour Practices
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	B1 Employment and Labour Practices
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	B1 Employment and Labour Practices
Aspect B2: Health and Safety		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.		B2 Employee Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	B2 Employee Health and Safety
KPI B2.2	Lost days due to work injury.	B2 Employee Health and Safety
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored.	B2 Employee Health and Safety

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General Disclosure Requirements and KPIs		Section/Remarks
Aspect B3: Development and Training		
General Disclosure Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.		B3 Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	B3 Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	B3 Development and Training
Aspect B4: Labour Standards		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.		B4 Labor Standards
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	B4 Labor Standards
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	B4 Labor Standards
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure Policies on managing environmental and social risks of the supply chain.		B5 Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Not applicable due to the business nature.
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	B5 Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	B5 Supply Chain Management

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General Disclosure Requirements and KPIs		Section/Remarks
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	B5 Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.		B6 Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	B6 Product Responsibility
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	B6 Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	B6 Product Responsibility
KPI B6.4	Description of quality assurance process and recall procedures.	B6 Product Responsibility
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	B6 Product Responsibility

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General Disclosure Requirements and KPIs		Section/Remarks
Aspect B7: Anti-corruption		
General Disclosure Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.		B7 Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	B7 Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	B7 Anti-corruption
KPI B7.3	Description of anti-corruption training provided to directors and staff.	B7 Anti-corruption
Aspect B8: Community Investment		
General Disclosure Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.		B8 Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	B8 Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	B8 Community Investment

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Climate Disclosures Requirements	Section/Remarks
(I) Governance	
Paragraph 19	
An issuer shall disclose information about:	<p>A4 Climate Change – Governance</p> <p>The Group has not yet incorporated climate-related performance indicators into its remuneration policy. We will explore the feasibility of enhancing our remuneration policies.</p>
<p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p>	
<p>(i) how the body(s) or individual(s) determines whether appropriate skills and competencies are available or will be developed to oversee strategies designed to respond to climate-related risks and opportunities;</p>	
<p>(ii) how and how often the body(s) or individual(s) is informed about climate-related risks and opportunities;</p>	
<p>(iii) how the body(s) or individual(s) takes into account climate-related risks and opportunities when overseeing the issuer’s strategy, its decisions on major transactions, and its risk management processes and related policies, including whether the body(s) or individual(s) has considered trade-offs associated with those risks and opportunities;</p>	
<p>(iv) how the body(s) or individual(s) oversees the setting of, and monitors progress towards, targets related to climate-related risks and opportunities (see paragraphs 37 to 40), including whether and how related performance metrics are included in remuneration policies (see paragraph 35); and</p>	

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Climate Disclosures Requirements		Section/Remarks
(b)	management’s role in the governance processes, controls and procedures used to monitor, manage and oversee climate-related risks and opportunities, including information about:	
(i)	whether the role is delegated to a specific management level position or management-level committee and how oversight is exercised over that position or committee; and	
(ii)	whether management uses controls and procedures to support the oversight of climate-related risks and opportunities and, if so, how these controls and procedures are integrated with other internal functions.	
(II) Strategy		
Climate-related risks and opportunities		
Paragraph 20		
An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:		A4 Climate Change – Strategy
(a)	describe climate-related risks and opportunities that could reasonably be expected to affect the issuer’s cash flows, its access to finance or cost of capital over the short, medium or long term;	
(b)	explain, for each climate-related risk the issuer has identified, whether the issuer considers the risk to be a climate-related physical risk or climate-related transition risk;	
(c)	specify, for each climate-related risk and opportunity the issuer has identified, over which time horizons – short, medium or long term – the effects of each climate-related risk and opportunity could reasonably be expected to occur; and	
(d)	explain how the issuer defines ‘short term’, ‘medium term’ and ‘long term’ and how these definitions are linked to the planning horizons used by the issuer for strategic decision-making.	

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Climate Disclosures Requirements	Section/Remarks
<p>Business model and value chain</p>	
<p>Paragraph 21</p>	
<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain. Specifically, the issuer shall disclose:</p>	<p>A4 Climate Change – Strategy</p> <p>Since data availability and quantification methods continue to develop or evolve, we will continue to monitor and, where feasible, describe the concentration of climate-related risks and opportunities across our business model and value chain.</p>
<p>(a) a description of the current and anticipated effects of climate-related risks and opportunities on the issuer’s business model and value chain; and</p>	
<p>(b) a description of where in the issuer’s business model and value chain climate-related risks and opportunities are concentrated (for example, geographical areas, facilities and types of assets).</p>	
<p>Strategy and decision-making</p>	
<p>Paragraph 22</p>	
<p>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p>	<p>A4 Climate Change – Strategy</p>
<p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p>	
<p>(i) current and anticipated changes to the issuer’s business model, including its resource allocation, to address climate-related risks and opportunities;</p>	
<p>(ii) current and anticipated adaptation and mitigation efforts (whether direct or indirect);</p>	
<p>(iii) any climate-related transition plan the issuer has (including information about key assumptions used in developing its transition plan, and dependencies on which the issuer’s transition plan relies), or an appropriate negative statement where the issuer does not have a climate-related transition plan; and</p>	

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Climate Disclosures Requirements	Section/Remarks
(iv) how the issuer plans to achieve any climate-related targets (including any greenhouse gas emissions targets (if any)), described in accordance with paragraphs 37 to 40; and	
(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).	
Paragraph 23	
An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).	A4 Climate Change – Strategy
Financial position, financial performance and cash flows	
Current financial effect	
Paragraph 24	
An issuer shall disclose qualitative and quantitative information about:	A4 Climate Change – Strategy
(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and	We have identified major climate-related risks and opportunities and disclosed their current and/or anticipated qualitative financial effects. Given the high level of measurement uncertainty arising from data limitations and evolving climate science and methodologies, the resulting quantitative financial effects may not provide meaningful insights. We will continue to review the feasibility of disclosing such data as our business operations evolve.
(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related consolidated financial statements.	No significant risk of a material adjustment within the next annual reporting period.

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Climate Disclosures Requirements	Section/Remarks
<p>Anticipated financial effect</p>	
<p>Paragraph 25</p>	
<p>The issuer shall provide qualitative and quantitative disclosures about:</p>	<p>A4. Climate Change – Strategy</p>
<p>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p>	<p>We have identified major climate-related risks and opportunities and disclosed their current and/or anticipated qualitative financial effects. Given the high level of measurement uncertainty arising from data limitations and evolving climate science and methodologies, the resulting quantitative financial effects may not provide meaningful insights. We will continue to review the feasibility of disclosing such data as our business operations evolve.</p>
<p>(i) its investment and disposal plans; and</p>	
<p>(ii) its planned sources of funding to implement its strategy; and</p>	
<p>(b) how the issuer expects its financial performance and cash flows to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities.</p>	
<p>Climate resilience</p>	
<p>Paragraph 26</p>	
<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p>	<p>We will explore the feasibility of conducting climate scenario analysis in the future.</p>
<p>(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p>	
<p>(i) the implications, if any, of the issuer's assessment for its strategy and business model, including how the issuer would need to respond to the effects identified in the climate-related scenario analysis;</p>	
<p>(ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and</p>	
<p>(iii) the issuer's capacity to adjust, or adapt its strategy and business model to climate change over the short, medium or long term;</p>	

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Climate Disclosures Requirements	Section/Remarks
<p>(b) how and when the climate-related scenario analysis was carried out, including:</p> <p>(i) information about the inputs used, including: (1) which climate-related scenarios the issuer used for the analysis and the sources of such scenarios; (2) whether the analysis included a diverse range of climate-related scenarios; (3) whether the climate-related scenarios used for the analysis are associated with climate-related transition risks or climate-related physical risks; (4) whether the issuer used, among its scenarios, a climate-related scenario aligned with the latest international agreement on climate change; (5) why the issuer decided that its chosen climate-related scenarios are relevant to assessing its resilience to climate-related changes, developments or uncertainties; (6) time horizons the issuer used in the analysis; and (7) what scope of operations the issuer used in the analysis (for example, the operation, locations and business units used in the analysis);</p> <p>(ii) the key assumptions the issuer made in the analysis; and</p> <p>(iii) the reporting period in which the climate-related scenario analysis was carried out.</p>	
(iii) Risk Management	
Paragraph 27	
An issuer shall disclose information about:	A4 Climate Change – Risk Management
<p>(a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about:</p>	
<p>(i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes);</p>	
<p>(ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate related risks;</p>	
<p>(iii) how the issuer assesses the nature, likelihood and magnitude of the effects of those risks (for example, whether the issuer considers qualitative factors, quantitative thresholds or other criteria);</p>	

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Climate Disclosures Requirements		Section/Remarks
(iv)	whether and how the issuer prioritises climate-related risks relative to other types of risks;	
(v)	how the issuer monitors climate-related risks; and	
(vi)	whether and how the issuer has changed the processes it uses compared with the previous reporting period;	
(b)	the processes the issuer uses to identify, assess, prioritise and monitor climate-related opportunities (including information about whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related opportunities); and	
(c)	the extent to which, and how, the processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities are integrated into and inform the issuer’s overall risk management process.	
(IV) Metrics and Targets		
Greenhouse gas emissions		
Paragraph 28		
An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO2 equivalent, classified as:		A4 Climate Change – Metrics and Targets
(a)	Scope 1 greenhouse gas emissions;	Performance Chart
(b)	Scope 2 greenhouse gas emissions; and	
(c)	Scope 3 greenhouse gas emissions.	
Paragraph 29		
An issuer shall:		A4 Climate Change – Metrics and Targets
(a)	measure its greenhouse gas emissions in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004) unless required by a jurisdictional authority or another exchange on which the issuer is listed to use a different method for measuring greenhouse gas emissions;	Performance Chart

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Climate Disclosures Requirements	Section/Remarks
(b) disclose the approach it uses to measure its greenhouse gas emissions including:	
(i) the measurement approach, inputs and assumptions the issuer uses to measure its greenhouse gas emissions;	
(ii) the reason why the issuer has chosen the measurement approach, inputs and assumptions it uses to measure its greenhouse gas emissions; and	
(iii) any changes the issuer made to the measurement approach, inputs and assumptions during the reporting period and the reasons for those changes;	
(c) for Scope 2 greenhouse gas emissions disclosed in accordance with paragraph 28(b), disclose its location-based Scope 2 greenhouse gas emissions, and provide information about any contractual instruments that is necessary to enable an understanding of the issuer’s Scope 2 greenhouse gas emissions; and	
(d) for Scope 3 greenhouse gas emissions disclosed in accordance with paragraph 28(c), disclose the categories included within the issuer’s measure of Scope 3 greenhouse gas emissions, in accordance with the Scope 3 categories described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011).	
Climate-related transition risks	
Paragraph 30	
An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Reasonable and supportable information was not available at the reporting date without undue cost or effort. We will explore the feasibility of disclosing such metrics in the future.
Climate-related physical risks	
Paragraph 31	
An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Reasonable and supportable information was not available at the reporting date without undue cost or effort. We will explore the feasibility of disclosing such metrics in the future.

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Climate Disclosures Requirements		Section/Remarks
Climate-related opportunities		
Paragraph 32		
An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.		Reasonable and supportable information was not available at the reporting date without undue cost or effort. We will explore the feasibility of disclosing such metrics in the future.
Capital deployment		
Paragraph 33		
An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.		Reasonable and supportable information was not available at the reporting date without undue cost or effort. We will explore the feasibility of disclosing such metrics in the future.
Internal carbon prices		
Paragraph 34		
An issuer shall disclose:		Internal carbon pricing is currently not a part of our decision-making. We will explore the use of internal carbon pricing in the future.
(a) an explanation of whether and how the issuer is applying a carbon price in decision-making (for example, investment decisions, transfer pricing, and scenario analysis); and		
(b) the price of each metric tonne of greenhouse gas emissions the issuer uses to assess the costs of its greenhouse gas emissions;		
or an appropriate negative statement that the issuer does not apply a carbon price in decision-making.		
Remuneration		
Paragraph 35		
An issuer shall disclose whether and how climate-related considerations are factored into remuneration policy, or an appropriate negative statement. This may form part of the disclosure under paragraph 19(a) (iv).		The Group has not yet incorporated climate-related performance indicators into its remuneration policy. We will explore the feasibility of enhancing our remuneration policies.

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Climate Disclosures Requirements		Section/Remarks
Industry-based metrics		
Paragraph 36		
An issuer is encouraged to disclose industry-based metrics that are associated with one or more particular business models, activities or other common features that characterise participation in an industry. In determining the industry-based metrics that the issuer discloses, an issuer is encouraged to refer to and consider the applicability of the industry-based metrics associated with disclosure topics described in the IFRS S2 Industry-based Guidance on implementing Climate-related Disclosures and other industry-based disclosure requirements prescribed under other international ESG reporting frameworks.		N/A
Climate-related targets		
Paragraph 37		
An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:		A4 Climate Change – Metrics and Targets
(a) the metric used to set the target;		
(b) the objective of the target (for example, mitigation, adaptation or conformance with science-based initiatives);		
(c) the part of the issuer to which the target applies (for example, whether the target applies to the issuer in its entirety or only a part of the issuer, such as a specific business unit or geographic region);		
(d) the period over which the target applies;		
(e) the base period from which progress is measured;		
(f) milestones or interim targets (if any);		
(g) if the target is quantitative, whether the target is an absolute target or an intensity target; and		
(h) how the latest international agreement on climate change, including jurisdictional commitments that arise from that agreement, has informed the target.		

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Climate Disclosures Requirements	Section/Remarks
Paragraph 38	
An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:	A4 Climate Change – Metrics and Targets
(a) whether the target and the methodology for setting the target has been validated by a third party;	We will explore the feasibility of having our targets validated by a third party.
(b) the issuer’s processes for reviewing the target;	
(c) the metrics used to monitor progress towards reaching the target; and	
(d) any revisions to the target and an explanation for those revisions.	
Paragraph 39	
An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer’s performance.	A4 Climate Change – Metrics and Targets
Paragraph 40	
For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:	A4 Climate Change – Metrics and Targets
(a) which greenhouse gases are covered by the target;	
(b) whether Scope 1, Scope 2 or Scope 3 greenhouse gas emissions are covered by the target;	
(c) whether the target is a gross greenhouse gas emissions target or a net greenhouse gas emissions target. If the issuer discloses a net greenhouse gas emissions target, the issuer is also required to separately disclose its associated gross greenhouse gas emissions target;	
(d) whether the target was derived using a sectoral decarbonisation approach; and	
(e) the issuer’s planned use of carbon credits to offset greenhouse gas emissions to achieve any net greenhouse gas emissions target. In explaining its planned use of carbon credits, the issuer shall disclose:	At present, the targets were not derived using a sectoral decarbonisation approach for target setting. We will explore the feasibility of purchasing carbon credits to offset GHG emissions in our operations.

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Climate Disclosures Requirements	Section/Remarks
(i) the extent to which, and how, achieving any net greenhouse gas emissions target relies on the use of carbon credits;	
(ii) which third-party scheme(s) will verify or certify the carbon credits;	
(iii) the type of carbon credit, including whether the underlying offset will be nature-based or based on technological carbon removals, and whether the underlying offset is achieved through carbon reduction or removal; and	
(iv) any other factors necessary to enable an understanding of the credibility and integrity of the carbon credits the issuer plans to use (for example, assumptions regarding the permanence of the carbon offset).	
Applicability of cross-industry metrics and industry-based metrics	
Paragraph 41	
In preparing disclosures to meet the requirements in paragraphs 21 to 26 and 37 to 38, an issuer shall refer to and consider the applicability of cross-industry metrics (see paragraphs 28 to 35) and (ii) industry-based metrics (see paragraph 36).	A4 Climate Change – Metrics and Targets Performance Chart

Directors' Profile

EXECUTIVE DIRECTORS

Mr. Han Junran, aged 69, obtained a professional law diploma from China Politics and Laws University in 1988. In 2001, Mr. Han also obtained a master's degree in enterprise management from Capital University of Economics and Business. Mr. Han has worked for Beijing Urban Construction Group Company Limited, the office of The Standing Committee of the National People's Congress of Beijing City and the office of the Beijing Municipal Government since 1983. Mr. Han joined the Group in December 1999 as the Group's general manager. Mr. Han is currently responsible for the Group's overall strategic development and management. Mr. Han was appointed as an Executive Director of the Company in December 1999 and the Chairman of the Company in December 2002.

Mr. Luo Min, aged 59, is an engineer and has extensive experience in property development, investments and management. Mr. Luo was appointed as a Non-Executive Director of the Company in May 2008. On 1 March 2012, Mr. Luo has been redesignated from a Non-Executive Director to an Executive Director.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chan Yiu Tung, Anthony, aged 67, graduated from University of Toronto in 1982. Mr. Chan has over 20 years experience in the construction and property investment field and is currently the managing Director of Chan Shum Kee Sam Lee Construction Company Limited. Mr. Chan is currently the member of various organisations including Lions Club of Hong Kong West (President during the years 1996/97 and 2001/02), Hong Kong Registered Contractors Association (President), The Hong Kong Construction Association Ltd (Council Member), H.K. General Building Contractors Association Ltd (President for 2011–2013), Kwong Yuet Tong Hong Kong (Council Member), Association of Hong Kong Nanjing Fellows Ltd (Director), The Chinese General Chamber of Commerce (Shamshuipo) (Council Member), Commercial & Industrial Committee of DAB (Council Member), Guangzhou Overseas Friendship-Liaison Association (Council Member), Yan Oi Tong (Directors for the years 2006 to 2009 and 2011 to 2014), Mr. Chan was appointed as an Independent Non-Executive Director of the Company in August 2002.

Dr. Ouyang Qingru, aged 59, graduated from the Shanghai Second Medical University, is the engineer of the Anesthesiology division of a leading hospital. Working in the Hospital, Dr. Ouyang is familiar with clinical anesthesia and medical equipment application and has immersed experience in the hospital management. Dr. Ouyang was appointed as an Independent Non-Executive Director of the Company in December 2014.

Mr. Leung Kwai Wah Alex, aged 73, is currently a mentor of mentorship program of two universities in Hong Kong. Mr. Leung has 30 years of experiences in banking and financing field. Mr. Leung is a fellow member of Governance Institute of Australia, Hong Kong Institute of Directors, Institute of Chartered Secretaries and Administrators and Hong Kong Securities and Investment Institute. Mr. Leung is also a member of Hong Kong Treasury Markets Association. Mr. Leung graduated from Hong Kong Baptist College with a business administration major in 1979 and obtained a master's degree in business administration from Illinois State University in USA in 1981. Mr. Leung was appointed as an Independent Non-Executive Director of the Company in June 2016. Mr. Leung has been an independent non-executive director of Global New Material International Holdings Limited, a company listed on the Stock Exchange, since December 2020 (stock code: 6616).

Directors' Profile

Mr. Zhang Jing, aged 69, is currently a director of private equity investment of Oriental Patron Financial Group Limited in Hong Kong. Mr. Zhang has over 22 years of experiences in corporate management. Mr. Zhang served as the general manager of China Security Limited (中國中安保有限公司). Prior to this, Mr. Zhang was the deputy general manager of Sichuan Jinguang Group (四川金廣集團). He also served as the director and deputy general manager of collective economic management department of China Yituo Group (中國一拖集團) and the chief financial officer of First Tractor Company Limited. Mr. Zhang obtained a bachelor's degree in industrial accounting from Henan Radio & Television University and a master's degree in management engineering from Jiangsu University. Mr. Zhang was appointed as an Independent Non-Executive Director of the Company in June 2016.

Mr. Luo Zhen, aged 73, graduated from Beijing Foreign Studies University, majoring in English, and then obtained a bachelor's degree in political science from Brigham Young University – Hawaii Campus in the United States and a master's degree in real estate from New York University. Mr. Luo has extensive work experience and knowledge. He served as the general manager of Huarong Group in the United States and the executive vice president of the US-China Association for Promotion of Economy and Trade. Mr. Luo also served as the director of customer development department in the Greater China Region of CBRE, and worked as the general manager of Savills Valuation and Professional Services Limited and the general manager of Savills Real Estate Valuation (Beijing) Company Limited.

SENIOR MANAGEMENT

Mr. Cheung Ka Lung, aged 50, has been appointed as the deputy chief executive officer of the Company since April 2024. Mr. Cheung is primarily responsible for identifying and evaluating new business opportunities and executing new corporate transactions of the Group.

Mr. Cheung graduated with a Bachelor of Business Administration (Finance) from The Hong Kong University of Science and Technology. He is a CFA charterholder. He is also a member of The Hong Kong Society of Financial Analysts and a member of The Hong Kong Institute of Directors.

Mr. Cheung has over 25 years of working experience in the banking and finance industry. He previously worked for a number of investment banks and has extensive experience in handling various corporate transactions such as initial public offerings, mergers and acquisitions, reverse takeovers, restructuring and fund raising. During his career, he also had worked in the field of private equity investment for over 10 years including a senior position in the private equity arm of Ichigo Inc. (formerly known as Asset Managers Co., Ltd.), a company listed on the Tokyo Stock Exchange First Section (stock code: 2337.T) in which he managed a portfolio with assets under management over USD300 million in the Greater China region.

Mr. Cheung was an executive director of Virtual Mind Holding Company Limited (formerly known as CEFC Hong Kong Financial Investment Company Limited) from June 2019 to August 2023, a company whose shares are listed on the Stock Exchange (stock code: 1520).

Report of the Directors

The Directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The Group is principally engaged in property development and investment in the PRC which has not been changed during the year. Details of the principal activities of its principal subsidiaries are set out in note 40 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 and the Group’s financial position at that date are set out in the consolidated financial statements on pages 68 to 71.

The Directors do not recommend the payment of any dividend for the year ended 31 December 2025.

RESERVES

Movements in the reserves of the Company and the Group during the year are set out in note 33 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

BUSINESS REVIEW

The Group recorded a turnover of approximately HK\$63,442,000 and recorded a loss after tax of approximately HK\$226,739,000 for the year. Details of which, are set out in the paragraph headed “Management Discussion and Analysis” on pages 6 to 7.

SHARE CAPITAL

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

DISTRIBUTABLE RESERVES

The Company’s reserves available for distribution represent the aggregate of special reserve and share premium less accumulated losses. Under the Companies Law of the Cayman Islands, the special reserve and share premium of the Company is available for paying distributions or dividends to Shareholders subject to the provisions of its Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business.

As at 31 December 2025, the Company’s reserves available for distribution (2024: HK\$298,770,000) are as follows:

	HK\$’000
Share premium account	619,875
Special reserve	306,450
Accumulated losses	(874,011)
	52,314

Report of the Directors

DIRECTORS

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

Executive Directors

Mr. Han Junran (*Chairman*)
Mr. Luo Min

Independent Non-Executive Directors

Mr. Chan Yiu Tung, Anthony
Dr. Ouyang Qingru
Mr. Zhang Jing
Mr. Leung Kwai Wah Alex
Mr. Luo Zhen

In accordance with the Articles of Association, Mr. Luo Min and Dr. Ouyang Qingru shall retire from office. Mr. Luo Min and Dr. Ouyang Qingru being eligible, offer themselves for re-election at the forthcoming Annual General Meeting.

The Company has received annual confirmations of independence from each of the Independent Non-Executive Director of the Company and as at the date of this report still considers them to be independent.

DIRECTORS' SERVICE CONTRACTS

Mr. Han Junrun, the Chairman and Executive Director, has entered into a service agreement with the Company commencing 20 December 2023 for a period of three years and continuing thereafter until his Directorship is terminated.

Mr. Luo Min, an Executive Director, has entered into a service agreement with the Company for a period of one year commencing 1 March 2012 and continuing thereafter on a yearly basis until terminated by either party giving to the other not less than six months' notice.

The term of Independent Non-Executive Directors is from the date they were last elected to the date of their retirement by rotation in accordance with the Company's Articles of Association.

Apart from the above, no Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Report of the Directors

DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

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

Long position in the shares and underlying shares of the Company

Name of Director	Capacity/nature of interests	Number of shares and underlying shares held	Approximate %* of shareholding
Han Junran	Interest of controlled corporation	37,733,255 ⁽¹⁾	20.22
	Beneficial owner	63,856,595	34.22

Note:

(1) Junyi Investments Limited (a company wholly-owned by Mr. Han Junran) held 37,733,255 shares of the Company, representing 20.22% of the issued share capital. For the purposes of the SFO, Mr. Han Junran was deemed to be interested in the 37,733,255 shares of the Company held by Junyi Investments Limited.

* The percentage represents the number of shares of the Company divided by the number of the Company's issued shares as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, none of the Directors or Chief Executive of the Company and their respective associates had any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which had to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was taken or deemed to have under such provisions of the SFO) or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as the related party transactions and connected transactions disclosed in note 36 to the consolidated financial statements, there were no contract of significance to which the Company, its holding companies and any of its subsidiaries, was a party and in which a Director had a material interest, either directly or indirectly, subsisted at the end of the year or at any time during the year.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 14 June 2002 which will remain in force for a period of 10 years from the date of adoption, The share option scheme expired on 14 June 2012.

There were no share option scheme as at 31 December 2025.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and neither the Directors nor any of their spouse or children under the age of 18, had any rights to subscribe for the securities of the Company, or exercised any such rights.

Report of the Directors

MANAGEMENT CONTRACTS

Save as disclosed above, no contract of significance had been entered into between the Company or any of the subsidiaries and the controlling Shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSON'S INTEREST IN SHARES AND UNDERLYING SHARES

So far as is known to any Directors or Chief Executive of the Company, as at 31 December 2025, other than the interests and short positions of the Directors or Chief Executive of the Company as disclosed above, the following persons 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 required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange:

Long position in the shares of the Company

Name	Capacity	Number of shares and underlying shares held	Approximate %* of shareholding
Junyi Investments Limited (note 1)	Beneficial owner	37,733,255 ⁽¹⁾	20.22
Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP) (note 2 & 3)	Person having a security interest	86,485,742	46.35
Zhongtai International Asset Management Limited (note 2 & 3)	Investment manager	86,485,742	46.35
Lai Wing Lun (notes 3 & 4)	Agent	86,485,742	46.35
Osman Mohammed Arab (notes 3 & 4)	Agent	86,485,742	46.35

Notes:

- (1) Junyi Investments Limited, a company incorporated with limited liability in the British Virgin Islands, is wholly-owned by Mr. Han Junran who is an Executive Director of the Company.
- (2) The security interest of the 86,485,742 shares of the Company is held by Qilu International Funds SPC (acting for and on behalf of Zhongtai Dingfeng Classified Fund SP), an investment fund managed by Zhongtai International Asset Management Limited.
- (3) The information disclosed is based on the disclosure of interest notices filed by these substantial shareholders of the Company respectively.
- (4) The Company had been notified that on 8 January 2026, Osman Mohammed Arab and Lai Wing Lun of Acclime Corporate Advisory (Hong Kong) Limited were appointed as joint and several receivers and managers over 86,485,742 shares of the Company pursuant to two Share Charges dated 4 May 2018 and 25 July 2019 created by Junyi Investments Limited and Han Junran respectively in favour of Qilu International Funds SPC acting for and on behalf of Zhongtai Dingfeng Classified Fund SP.

* The percentage represents the number of shares of the Company divided by the number of the Company's issued shares as at 31 December 2025.

Report of the Directors

Save as disclosed above, as at 31 December 2025, there was no other person (other than the Directors or Chief Executive of the Company) who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

Fully exempt Continuing Connected Transactions

For the year ended 31 December 2025, the Group has the following continuing connected transactions which are exempt from the independent Shareholders' approval requirement under Rule 14A.34 of the Listing Rules:

On 13 May 2025, new tenancy agreements (the "**New Tenancy Agreements**") were respectively entered into (i) between New Rank Services Limited (a wholly-owned subsidiary of the Company) as tenant and Winrich Investments Limited as landlord for leasing of the office premises; (ii) between New Rank Services Limited as tenant and Goldrich Investments Limited as landlord for leasing of the office premises and car parking space; and (iii) between New Rank Services Limited as tenant and Jiacheng Jiaxin International Property Management (Hong Kong) Limited as landlord for leasing of the staff quarters and car parking space. The New Tenancy Agreements are for a term of one year commencing from 1 June 2025. All of Winrich Investments Limited, Goldrich Investments Limited and Jiacheng Jiaxin International Property Management (Hong Kong) Limited are companies indirectly wholly-owned by an associate of a connected person of the Company, and therefore the transactions contemplated under the New Tenancy Agreements constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The aggregate annual caps (the "**Aggregate Annual Caps**") for the New Tenancy Agreements, the consideration for the Tenancy Agreements on an annual basis falls within the threshold prescribed in Rule 14A.76 of the Listing Rules and that the transactions contemplated under the New Tenancy Agreements are conducted on normal commercial terms or better. The transactions contemplated under the New Tenancy Agreements are therefore fully exempt from the reporting, announcement and independent shareholders' approval requirements and shall be subject to annual review requirements under Chapter 14A of the Listing Rules.

The Independent Non-Executive Directors of the Company have reviewed the above continuing connected transactions and confirmed that the transactions have been entered into:

1. in the normal and usual course of the Group's business;
2. on normal commercial terms; and
3. have been carried out in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the Shareholders of the Company as a whole.

The auditors of the Company have reviewed the above continuing connected transactions and provided a letter to the Company confirming that the above continuing connected transactions:

1. have received the approval of the Board;
2. have been entered into in accordance with the relevant agreements governing the transactions; and
3. have not exceeded the Aggregate Annual Caps.

Report of the Directors

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company has maintained during the year the amount of public float as required under the Listing Rules.

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

Neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed shares during the year ended 31 December 2025.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, being the jurisdiction in which the Company was incorporated.

MAJOR SUPPLIERS

There is no property development project during the year and therefore no purchase payment was paid or payable to suppliers by the Group during the year ended 31 December 2025.

MAJOR CUSTOMER

The Group had no major customers during the year under review.

ENVIRONMENTAL PERFORMANCE AND COMPLIANCE WITH LAWS AND REGULATIONS

Details of which, are set out in the paragraph headed "Management Discussion and Analysis" on pages 6 to 7.

AUDITORS

The consolidated financial statements have been audited by McMillan Woods (Hong Kong) CPA Limited, who retire and being eligible, offer themselves for re-appointment.

On behalf of the Board

Han Junran
Chairman

31 March 2026, Hong Kong

Independent Auditor's Report



To the shareholders of New City Development Group Limited

(Incorporated in Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of New City Development Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 68 to 143, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“**HKSAs**”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (the “**Code**”), as applicable to audits of consolidated financial statements of public interest entities. We have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements which states that the Group incurred a net loss of approximately HK\$226,739,000 for the year ended 31 December 2025 and as at that date, the Group had a bank borrowing of approximately HK\$402,415,000, while its cash and bank balances amounted to only approximately HK\$2,889,000. These events or conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Independent Auditor's Report

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. The key audit matters we have identified are: 1. Fair value of the investment properties – Guangzhou Properties 1; 2. Impairment assessment of the investment properties – Luoyang Properties; 3. Impairment assessment on prepayments and properties under development of Zhuhai Properties; and 4. Impairment assessment for the deposits and other receivables.

Key Audit Matter

How our audit addressed the key audit matter

Fair value of the investment properties – Guangzhou Properties 1

Reference is made to notes 4 and 5 to the consolidated financial statements for the disclosures of the related accounting policies, judgements and estimates and note 20(a) to the consolidated financial statements for further information.

Included in the carrying amount of the Group's total investment properties of approximately HK\$545,391,000 were one of the investment properties located in Guangzhou (the "**Guangzhou Properties 1**") with an amount of approximately HK\$433,621,000, which were stated at fair value as at 31 December 2025.

For the purpose of assessing the fair value of the Guangzhou Properties 1, the management determined the fair value of the Guangzhou Properties 1 by income approach based on the Group's rental income and reference to external evidence such as current market rents for similar properties in the same location and condition, and a suitable discount rate in order to calculate the present value. The directors of the Company also engaged an independent professional valuer to assist in assessing the fair value of the Guangzhou Properties 1.

Because of the material balance to the Group, we have identified this as a key audit matter.

Our procedures in relation to management's assessment of the fair value of the Guangzhou Properties 1 included:

- Assessing the design and implementation of key controls in respect of the valuation of the Guangzhou Properties 1;
- Directly communicating with and challenging the independent professional valuer on the methodology and assumptions used in the valuation of the Guangzhou Properties 1 and assessing their competence, independence and integrity by considering the professional qualifications and market standing as valuer of investment properties;
- Engaging a valuation specialist to assist us to review the appropriateness of the valuation approach and methodology, the accuracy of the calculations in the valuation model and the relevancy of market data used in estimated average rental income on a sample basis;
- Evaluating the assumptions used in the valuation of the Guangzhou Properties 1 and recalculating the fair value of Guangzhou Properties 1; and
- Reviewing the appropriateness of the disclosure in the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key Audit Matter

How our audit addressed the key audit matter

Impairment assessment of the investment properties – Luoyang Properties

Reference is made to note 4 to the consolidated financial statements for the disclosures of the related accounting policies, judgements and estimates and note 20(c) to the consolidated financial statements for further information.

Included in the carrying amount of the Group's total investment properties of approximately HK\$545,391,000, the properties under development in Luoyang (the "**Luoyang Properties**") with an amount of approximately HK\$67,630,000 which were stated at cost less accumulated impairment losses, as at 31 December 2025.

For the purpose of assessing the recoverable amount of the Luoyang Properties, the management determined the recoverable amount of the Luoyang Properties by direct comparison method based on market observable transactions of similar properties with adjustments by reference to the location, area, size and usage. The management also engaged an independent professional valuer to assist in assessing the valuation and was of the opinion that the recoverable amount of the Luoyang Properties was higher than its carrying amount as at 31 December 2025.

Because of the significant assumptions and judgements involved, we have identified this as a key audit matter.

Our procedures in relation to management's assessment of the recoverable amount of the Luoyang Properties included:

- Engaging a valuation specialist to assist us to review the appropriateness of the valuation approach and methodology, the accuracy of the calculations in the valuation model and the relevancy of market data used on a sample basis;
- Assessing the assumptions used in the valuation of the Luoyang Properties and recalculating their recoverable amount;
- Directly communicating with and challenging the independent professional valuer on the methodology and assumptions used in the valuation of the Luoyang Properties and assessing their competence, independence and integrity by considering the professional qualifications and market standing as valuer of investment properties; and
- Reviewing the appropriateness of the disclosure in the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Impairment assessment on prepayments and properties under development of Zhuhai Properties</i></p> <p>Reference is made to notes 4 and 5 to the consolidated financial statements for the disclosures of related accounting policies, judgements and estimates and notes 24 and 25 to the consolidated financial statements for further information.</p> <p>The carrying amounts as at 31 December 2025 were approximately HK\$484,601,000 for properties under development and HK\$251,796,000 for prepayments. The properties located in Zhuhai (the “Zhuhai Properties”) were under development, and prepayments to contractors of the Zhuhai Properties, is identified by the director of the Company as a single cash-generating unit (“CGU”) as at 31 December 2025. The Zhuhai Properties reached its near-completion status triggered a shift from individual net realisable value assessments to CGU based impairment testing using by fair value less cost of disposal (“FVLCD”).</p> <p>The management used the gross development value method. This involved significant management judgement, in particular in validating key assumptions of the CGU valuation model, forecasting the future cash flow and in determining appropriate risk-adjusted factor.</p> <p>We identified this as a key audit matter because the total carrying amount represents a significant portion of the Group's assets.</p>	<p>Our procedures in relation to management's assessment of the FVLCD of the Zhuhai properties included:</p> <ul style="list-style-type: none"> - Assessed the external valuer's qualifications, expertise and experiences and considering the external valuer's objectivity and independence; - Engaged a valuation specialist to evaluate the appropriateness of the CGU valuation approach and methodology, the accuracy of the calculations in the valuation model and the basis of assumptions used on a sample basis; - Assessed management's rationale for grouping the property and prepayments into a single CGU, including reviewing contractual terms and project interdependencies; - Directly liaised with the independent valuer to understand adjustments made for market data and project-specific factors and challenged management on the reasonableness of cash flow projections and contractual terms affecting prepayment recoverability; and - Reviewing the appropriateness of the disclosure in the consolidated financial statements.

Independent Auditor's Report

KEY AUDIT MATTERS (Continued)

Key Audit Matter	How our audit addressed the key audit matter
<p><i>Impairment assessment for the deposits and other receivables</i></p>	
<p>Reference is made to notes 4 and 5 to the consolidated financial statements for the disclosures of the related accounting policies, judgements and estimates and note 24 to the consolidated financial statements for further information.</p> <p>The carrying amount of the Group's deposits and other receivables was approximately HK\$18,124,000 as at 31 December 2025.</p> <p>The recoverability as well as impairment of deposits and other receivables is estimated by the management through the application of judgement and estimation. The Group's policy for recognition of impairment loss for expected credit losses ("ECL") on deposits and other receivables is based on the credit risk of deposits and other receivables. A considerable amount of judgement is required in assessing the recoverability of these deposits and other receivables.</p> <p>Because of the significant assumptions and judgement involved, we have identified this as a key audit matter.</p>	<p>Our procedures in relation to management's assessment of the recoverability of the deposits and other receivables included:</p> <ul style="list-style-type: none"> - Obtaining an understanding of how management estimated the recoverability of deposits and other receivables and evaluating the design, implementation and operating effectiveness of key internal controls over credit control; - Assessing whether there is significant increase in credit risks; - Assessing the reasonableness of the Group's ECL models by examining the model input used by management to form such judgements and assessing whether there was an indication of management bias when recognising allowance for deposits and other receivables; - Recalculating the amount of the impairment on deposits and other receivables and assessing the appropriateness and adequacy of the impairment as at 31 December 2025; - Inspecting the settlements after the financial year end relating to the deposits and other receivables as at 31 December 2025; and - Reviewing the appropriateness of the disclosure in the consolidated financial statements.

Independent Auditor's Report

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company 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 of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

The Audit Committee assists the directors of the Company in discharging their responsibilities for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Independent Auditor's Report

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

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

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

Independent Auditor's Report

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

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

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

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

McMillan Woods (Hong Kong) CPA Limited

Certified Public Accountants

Yeung Man Sun

Audit Engagement Director

Practising Certificate Number – P07606

24/F., Siu On Centre
188 Lockhart Road
Wan Chai, Hong Kong

31 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	9	63,442	98,607
Cost of goods sold and services provided		(40,307)	(48,805)
Gross profit		23,135	49,802
Other income	10	59	1,880
Other (losses)/gains, net	11	(129,131)	29,747
Administrative and other operating expenses		(68,010)	(70,223)
Loss on write-off of property, plant and equipment		(4,444)	(38,585)
Impairment loss on intangible assets		-	(2,217)
Impairment loss on prepayments		(9,237)	(15,500)
Impairment loss on properties under development		(16,126)	(54,637)
Impairment losses on deposits and other receivables		(20,722)	(33,038)
Loss from operations		(224,476)	(132,771)
Finance costs	12	(36,787)	(13,913)
Loss before tax		(261,263)	(146,684)
Income tax credit	13	34,524	10,162
Loss for the year	14	(226,739)	(136,522)
Loss for the year attributable to:			
Owners of the Company		(220,955)	(127,649)
Non-controlling interests		(5,784)	(8,873)
		(226,739)	(136,522)
Loss per share (HK cents)			
Basic and diluted	17	(139.34)	(108.87)

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(226,739)	(136,522)
Other comprehensive income/expense for the year		
<i>Items that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translating foreign operations	19,233	38,264
Reclassification of translation reserve upon disposal of a subsidiary	-	(30)
	19,233	38,234
Total comprehensive expense for the year	(207,506)	(98,288)
Total comprehensive expense for the year attributable to:		
Owners of the Company	(202,208)	(78,089)
Non-controlling interests	(5,298)	(20,199)
	(207,506)	(98,288)

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	19	36,603	28,707
Investment properties	20	545,391	651,809
Right-of-use assets	21	–	–
Interest in an associate	22	–	–
Deferred tax assets	31	46,160	43,178
		628,154	723,694
Current assets			
Financial assets at fair value through profit or loss ("FVTPL")	23	41,323	61,866
Prepayments, deposits and other receivables	24	308,418	367,101
Properties under development	25	484,601	448,483
Amounts due from related parties	26	194	194
Cash and bank balances	27	2,889	8,459
		837,425	886,103
Current liabilities			
Accruals and other payables	28	188,198	145,865
Deposits received		23	15,056
Borrowings	29	402,415	420,878
Lease liabilities	30	–	46
Amounts due to non-controlling shareholders	26	5,112	5,112
Amounts due to related parties	26	59,779	59,779
Amount due to a director	26	15,054	20,238
		670,581	666,974
Net current assets		166,844	219,129
Total assets less current liabilities		794,998	942,823

Consolidated Statement of Financial Position

At 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Accruals and other payables	28	575,373	264,708
Borrowings	29	–	253,173
Deferred tax liabilities	31	119,992	151,534
		695,365	669,415
Net assets			
		99,633	273,408
Capital and reserve			
Equity attributable to owners of the Company			
Share capital	32	37,316	23,449
Reserves		122,148	304,492
		159,464	327,941
Non-controlling interests		(59,831)	(54,533)
Total equity		99,633	273,408

Approved and authorised for issue the consolidated financial statements by the Board of Directors of the Company on 31 March 2026 and signed on its behalf by:

Mr. Han Junran
Director

Mr. Luo Min
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company								
	Share capital	Share premium	Contributed surplus	Foreign currency translation reserve	Statutory reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	23,449	600,011	4,755	(112,135)	18,604	(128,624)	406,060	(34,334)	371,726
Total comprehensive income for the year	-	-	-	49,560	-	(127,649)	(78,089)	(20,199)	(98,288)
Release of foreign currency reserve upon disposal of a subsidiary	-	-	-	(30)	-	-	(30)	-	(30)
At 31 December 2024 and 1 January 2025	23,449	600,011	4,755	(62,605)	18,604	(256,273)	327,941	(54,533)	273,408
Total comprehensive income for the year	-	-	-	18,747	-	(220,955)	(202,208)	(5,298)	(207,506)
Issuance of new shares	13,867	19,864	-	-	-	-	33,731	-	33,731
At 31 December 2025	37,316	619,875	4,755	(43,858)	18,604	(477,228)	159,464	(59,831)	99,633

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

Note	2025 HK\$'000	2024 HK\$'000
Operating activities		
Loss before tax	(261,263)	(146,684)
Adjustments for:		
Finance costs	36,787	13,913
Interest income	–	(348)
Depreciation of property, plant and equipment	2,961	13,562
Depreciation of right-of-use assets	–	13
Amortisation of intangible assets	–	1,057
Loss on write-off of property, plant and equipment	4,444	38,585
Fair value gain on financial assets at FVTPL	(3,600)	(34,585)
Gain on disposal of financial asset through profit or loss	(3,059)	–
Fair value loss/(gain) on investment properties	123,659	(1,206)
Impairment losses on deposits and other receivables	20,722	33,038
Impairment loss on intangible assets	–	2,217
Impairment loss on prepayments	9,237	15,500
Impairment loss on properties under development	16,126	54,637
Gain on disposal of a subsidiary	–	(1,294)
	(53,986)	(11,595)
Operating profit before working capital changes	(53,986)	(11,595)
Decrease in inventories	–	2,250
Increase in properties under development	(47,157)	(33,757)
Decrease in prepayments, deposits and other receivables	28,724	9,634
Increase in accruals and other payables	363,190	78,790
Decrease in deposits received	(15,033)	(4,253)
Increase in amounts due to non-controlling shareholders	–	2,026
Increase in amounts due to related parties	–	5,907
(Decrease)/increase in amount due to a director	(5,184)	13,614
	270,554	62,616
Net cash generated from operating activities	270,554	62,616
Cash flow from investing activities		
Purchases of property, plant and equipment	(15,068)	(3,919)
Cash outflow from disposal of a subsidiary	–	(297)
Interest received	–	348
Proceeds from disposal of financial assets at FVTPL	27,202	–
	12,134	(3,868)
Net cash used in investing activities	12,134	(3,868)

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Cash flow from financing activities		
Principal elements of lease payments	-	(58)
Repayment of borrowings	(277,729)	(14,745)
Interest paid	(43,981)	(45,490)
Proceeds from issue of shares	33,731	-
Net cash used in financing activities	(287,979)	(60,293)
Net decrease in cash and cash equivalents	(5,291)	(1,545)
Effect of foreign exchange rate changes	(279)	463
Cash and cash equivalents at beginning of year	8,459	9,541
Cash and cash equivalents at end of year	2,889	8,459
Analysis of cash and cash equivalents		
Cash and bank balances	27 2,889	8,459

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 10 August 1998. The address of its registered office is P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The principal place of business in Hong Kong is located at Flat D, 17/F., MG Tower, 133 Hoi Bun Road, Kowloon, Hong Kong. The shares of the Company are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) since 24 May 2000.

The Company is an investment holding company. The Group is principally engaged in property development and investment, retail and consumer spending related businesses operation and construction materials supply chain in the People’s Republic of China (the “**PRC**”).

In the opinion of the directors of the Company, as at 31 December 2025, Junyi Investments Limited, a company incorporated in the British Virgin Islands (the “**BVI**”), was the immediate and ultimate parent of the Company and Mr. Han Junran (“**Mr. Han**”), a director of the Company, was the ultimate controlling party of the Company.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with HKFRS Accounting Standards issued by the HKICPA. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“**HKFRS**”); Hong Kong Accounting Standards (“**HKAS**”); and Interpretations (“**Ints**”). The consolidated financial statements of the Group also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange and with the disclosure requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these new and amendments to HKFRS Accounting Standards to the extent that they are relevant to the Group for the current and prior accounting periods reflected in the consolidated financial statements of the Group.

Going concern basis

The Group incurred a net loss of approximately HK\$226,739,000 for the year ended 31 December 2025 and as at that date, the Group had a bank borrowing of approximately HK\$402,415,000, while its cash and bank balances amounted to only approximately HK\$2,889,000. These events or conditions indicate a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

2. BASIS OF PREPARATION (Continued)

Going concern basis (Continued)

These events and conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

In order to stabilise the Group's cash flows, the Company has been actively negotiating with the government in relation to land resumption compensation, and further updates on the latest progress will be announced as and when appropriate.

The Group's operating cash flows for the forthcoming eighteen months will depend on the progress of its existing projects, including the development of Zhuhai New Jin Du Plaza and the development of the Luoyang land. The Company has revisited the construction timetable and expects that the projects will be able to benefit from the positive impact of the consumption-stimulating measures to be introduced by the PRC government at the Fourth Session of the Fourteenth National People's Congress scheduled to be convened in March 2026. The Company expects to expedite the development and sale of the relevant projects during Years 2026 and 2027.

At the same time, through its ongoing follow-up with the government in respect of the land resumption compensation project, the Company believes that these measures will help stabilise its cash flows and enable the Group to repay its bank borrowings and maintain its normal operations.

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

(a) Application of new and amendments to HKFRS Accounting Standards

The Group has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21 and HKFRS 1 Lack of Exchangeability

The application of the amendments to HKFRS Accounting Standards in the current year had no material impact on the Group's consolidated financial positions and performance for the current year and on the disclosures set out in the consolidated financial statements of the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

3. ADOPTION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (Continued)

(b) New and amendments to HKFRS Accounting Standards in issue but not yet effective

Up to the date of issue of the consolidated financial statements, the HKICPA has issued a number of new standards and amendments to standards and interpretation, which are not effective for the year ended 31 December 2025 and which have not been adopted in the consolidated financial statements. The Group has not early applied the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9 and HKFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
Amendments to HKFRS 9 and HKFRS 7 – Contracts Referencing Nature – dependent Electricity	1 January 2026
HKFRS 18 – Presentation and Disclosure in Financial Statements	1 January 2027
Amendments to HK Int 5 – Presentation of Financial Statements – Classification by Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendment to HKAS 21 – Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by the HKICPA

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group presents and discloses financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The application of HKFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain investment properties and financial instruments that are measured at fair value).

The preparation of financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5.

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

(a) Consolidation

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(a) Consolidation (Continued)

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

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) Associates

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

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date.

The Group's share of an associate's post-acquisition profits or losses and other comprehensive income is recognised in consolidated statement of profit or loss and other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Foreign currency translation

(i) *Functional and presentation currency*

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

(ii) *Transactions and balances in each entity's financial statements*

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

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(c) Foreign currency translation (Continued)

(iii) Translation on consolidation

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

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

(d) Property, plant and equipment

Property, plant and equipment are held for use in production or supply of goods or services, or for administrative purposes.

Property, plant and equipment are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

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

Leasehold building	Over the term of the lease
Leasehold improvements	Over the term of the lease
Furniture, fixtures and equipment	7–20%
Motor vehicles	20%

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(d) Property, plant and equipment (Continued)

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

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

(e) Investment properties

Investment properties are land and/or buildings held to earn rentals and/or for capital appreciation. An investment property is measured initially at its cost including all direct costs attributable to the property.

After initial recognition, the investment property is stated at its fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Gains or losses arising from changes in fair value of the investment property are recognised in profit or loss for the period in which they arise.

Rental income from investment properties is accounted for as described in note 4(o).

(f) Leases

At inception of a contract, the Group assesses whether the contract is, or contains, 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. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *The Group as a lessee*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily laptops and office furniture. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Leases (Continued)

(i) *The Group as a lessee (Continued)*

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses, except for the right-of-use assets that meet the definition of investment properties are carried at fair value in accordance with note 4(e).

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 lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(f) Leases (Continued)

(i) *The Group as a lessee (Continued)*

The Group presents right-of-use assets that do not meet the definition of investment properties and lease liabilities separately in the consolidated statement of financial position.

(ii) *The Group as a lessor*

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. If this is not the case, the lease is classified as an operating lease.

(g) Properties under development

Properties under development are stated at the lower of cost and net realisable value. Costs include the acquisition cost of interest in leasehold land, construction costs, borrowing costs capitalised and other direct costs attributable to such properties. Net realisable value is the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

On completion, the properties are reclassified to properties held for sale at the then carrying amount.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(h) Recognition and derecognition of financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and 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 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.

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, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(i) Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Debt investments

Debt investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method.
- FVTOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses (“ECL”), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVTPL if the investment does not meet the criteria for being measured at amortised cost or FVTOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer’s perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVTPL or FVTOCI, are recognised in profit or loss as other income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(j) Other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses.

(k) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL.

(l) Financial liabilities and equity instruments

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

(m) Borrowings

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(n) Other payables

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

(o) Revenue and other income

Revenue is recognised when control over a product or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Revenue from the sale of retail merchandise is recognised when control of the goods has transferred, being when the goods have been delivered to the customer's specific location (delivery). Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility when 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, as only the passage of time is required before payment is due.

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVTOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset.

Dividend income is recognised when the shareholders' rights to receive payment are established.

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(p) Employee benefits

(i) Employee leave entitlements

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

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

(ii) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) Termination benefits

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

(q) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(r) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items 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 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 and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

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

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

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(r) Taxation (Continued)

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

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

(s) Impairment of non-financial assets

Intangible assets that have an indefinite useful life or that are not yet available for use are reviewed for impairment annually and whenever events or changes in circumstances indicate the carrying amount may not be recoverable.

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(s) Impairment of non-financial assets (Continued)

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(t) Impairment of financial assets

The Group recognises a loss allowance for ECL on investments in debt instruments that are measured at amortised cost or at FVTOCI. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

- 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 for a particular financial instrument;
- 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;
- significant increases in credit risk on other financial instruments of the same 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 on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

- (i) The financial instrument has a low risk of default,
- (ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Group considers a financial asset to have low credit risk when the asset has an external credit rating of "investment grade" in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of "performing". Performing means that the counterparty has a strong financial position and there is no past due amounts.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the counterparty; or
- 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 analysis, 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.

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:

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(t) Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, including when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

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 adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the ECL is estimated as 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 original effective interest rate. 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.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(u) Provisions and contingent liabilities

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

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

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

(v) Events after the reporting period

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

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements (apart from those involving estimations, which are dealt with below).

(a) *Classification between investment properties and owner-occupied properties*

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Critical judgements in applying accounting policies (Continued)

(b) *Deferred tax for investment properties*

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amount of investment properties measured using the fair value model is recovered entirely through sale is rebutted. As a result, the Group has recognised the deferred taxation on changes in fair value of investment properties on the basis that the Group is subject to enterprise income tax. The carrying amount of deferred taxation on investment properties before net-off of deferred tax assets and liabilities for the same companies at 31 December 2025 was approximately HK\$126,995,000 (2024: HK\$158,537,000).

(c) *Significant increase in credit risk*

The provision for ECL on deposits and other receivables are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. HKFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information.

Key sources of estimation uncertainty

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

(a) *Impairment of property, plant and equipment*

Property, plant and equipment are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgment and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belong. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the net present value used in the impairment test.

The carrying amount of property, plant and equipment as at 31 December 2025 were approximately HK\$36,603,000 (2024: HK\$28,707,000). No impairment loss was recognised for the year ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(b) Fair value of investment properties

The Group appointed an independent professional valuer to assess the fair value of the investment properties. In determining the fair value, the valuer applied valuation methods appropriate to the nature and circumstances of the properties, including the income approach (for income-generating properties) and the direct comparison method (for properties under development or without active income streams). For the income approach, fair value was derived by discounting projected rental income using market-based assumptions, including observable market rents for comparable properties in similar locations and a suitable discount rate reflective of current market conditions. For the direct comparison method, adjustments were made to observable market transactions of similar properties, considering factors such as location, size, usage, and market trends.

The directors exercised their judgement to evaluate the appropriateness of these methods and inputs, ensuring alignment with prevailing market conditions. They also engaged independent professional valuers to validate key assumptions, including rental growth rates, vacancy rates, and discount rates, and to corroborate adjustments applied in the income approach and direct comparison method.

The carrying amount of investment properties as at 31 December 2025 was approximately HK\$477,761,000 (2024: HK\$585,362,000).

(c) Impairment of deposits and other receivables

The management of the Group estimates the amount of impairment loss for ECL on deposits and other receivables based on the credit risk of deposits and other receivables. The amount of the impairment loss based on ECL model is measured as 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. Where the future cash flows are less than expected, or being amendments to downward due to changes in facts and circumstances, a material impairment loss may arise.

As at 31 December 2025, the carrying amount of deposits and other receivables is approximately HK\$18,124,000 (2024: HK\$35,559,000) (net of allowance for doubtful debts of approximately HK\$53,760,000 (2024: HK\$41,830,000)).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

5. CRITICAL JUDGEMENTS AND KEY ESTIMATES (Continued)

Key sources of estimation uncertainty (Continued)

(d) *Impairment assessment on prepayments and properties under development of Zhuhai properties*

The Group identified prepayments to a contractor and properties under development of Zhuhai properties as a single CGU. The recoverable amount is determined based on FVLCD, used the gross development value method, forecasting total revenue from the completed project, deducting all associated development costs, financing expenses and developer profit margins. The Group makes estimates regarding future cash flows, incorporating assumptions such as unit selling price, proposed floor area and plot ratio, which reflect risks specific to the project's completion and market conditions. Estimation uncertainties arise from factors including the recoverability of prepayments linked to a contractor performance, fluctuations in market demand impacting occupancy and construction costs, and regulatory changes. Sensitivity to changes in key assumptions, such as adjustments to unit selling price, location or size, could materially affect the recoverable amount. These uncertainties require significant judgement, and revisions to estimates will impact on the carrying value of the CGU and future profit or loss.

The carrying amounts as at 31 December 2025 were approximately HK\$ 484,601,000 (2024:HK\$448,483,000) for properties under development and approximately HK\$251,796,000 (2024: HK\$293,611,000) for prepayments. This resulting in an impairment loss of approximately HK\$40,863,000 (2024: HK\$70,137,000) allocated pro rata to the properties under development and prepayments. (net of allowance on properties under development and prepayments approximately HK\$16,126,000 and HK\$24,737,000 respectively) (2024: HK\$54,637,000 and HK\$15,500,000 respectively).

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For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, price risk, credit risk, interest rate risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has certain exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in HK\$, or New Taiwan Dollar ("NT\$"). The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group monitors its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate of NT\$, with all other variables held constant, of the Group's loss before tax.

	Change in exchange rate	(Increase)/ decrease in loss before tax
	%	HK\$'000
At 31 December 2025		
If the HK\$ against NT\$	5	2,066
If the HK\$ against NT\$	(5)	(2,066)
At 31 December 2024		
If the HK\$ against NT\$	5	3,093
If the HK\$ against NT\$	(5)	(3,093)

(b) Price risk

The Group is exposed to equity price risk mainly through its investment in equity securities. The management manages this exposure by maintaining a portfolio of investments with different risk and return profiles. Mainly through its equity investment listed on The Taiwan Stock Exchange.

The sensitivity analysis below has been determined based on the exposure to price risk at the end of the reporting period.

If equity price had been 10% higher, loss after tax for the year ended 31 December 2025 would decrease by HK\$4,132,000(2024: HK\$6,187,000). If equity price had been 10% lower, loss after tax for the year ended 31 December 2025 would increase by HK\$4,132,000 (2024: HK\$6,187,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-rating assigned by international credit-rating agencies, for which the Group considers to have low credit risk.

For deposits and other receivables, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the deposits and other receivables has not increased significantly since initial recognition, the Group measures the loss allowance for the deposits and other receivables at an amount equal to 12-month ECL.

The following table provides information about the Group's exposure to credit risk and ECL for deposits and other receivables:

At 31 December 2025

	Average expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Carrying amount HK\$'000
Deposits and other receivables	75%	71,884	(53,760)	18,124

At 31 December 2024

	Average expected loss rate	Gross carrying amount HK\$'000	Loss allowance HK\$'000	Carrying amount HK\$'000
Deposits and other receivables	54%	77,389	(41,830)	35,559

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(c) Credit risk (Continued)

These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance for deposits and other receivables during the year is as follows:

	2025	2024
	HK\$'000	HK\$'000
At 1 January	41,830	29,578
Impairment losses recognised for the year	20,722	33,038
Write-off	(8,668)	(20,435)
Exchange realignment	(124)	(351)
	53,760	41,830
At 31 December	53,760	41,830

Amounts due from related parties are closely monitored by the directors. They are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12-month ECL. The instruments are considered to be low credit risk when they have a low of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

(d) Interest rate risk

The Group's exposure to interest-rate risk arises from its bank borrowings. The bank borrowings bear interests at variable rates that vary with the then prevailing market conditions.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variable held constant, of the Group's loss before tax.

	Change in interest rate	(Increase)/ decrease in loss before tax
		HK\$'000
At 31 December 2025		
If the interest rate increases	1%	(4,024)
If the interest rate decreases	1%	4,024
At 31 December 2024		
If the interest rate increases	1%	(6,741)
If the interest rate decreases	1%	6,741

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(e) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

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

The maturity analysis of the Group's financial liabilities based on contractual undiscounted cash flow is as follows:

31 December 2025

	Carrying amount HK\$'000	On demand or less than 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000
Accruals and other payables	763,571	196,877	583,798	–	780,675
Borrowings	402,415	424,606	–	–	424,606
Amounts due to non-controlling shareholders	5,112	5,112	–	–	5,112
Amounts due to related parties	59,779	59,779	–	–	59,779
Amount due to a director	15,054	15,054	–	–	15,054

31 December 2024

	Carrying amount HK\$'000	On demand or less than 1 year HK\$'000	1 to 5 years HK\$'000	Over 5 years HK\$'000	Total undiscounted cash flows HK\$'000
Accruals and other payables	401,846	137,138	264,708	–	401,846
Borrowings	674,051	449,181	213,091	108,358	770,630
Lease liabilities	46	58	–	–	58
Amounts due to non-controlling shareholders	5,112	5,112	–	–	5,112
Amounts due to related parties	59,779	59,779	–	–	59,779
Amount due to a director	20,238	20,238	–	–	20,238

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(f) Categories of financial instruments at 31 December

	2025 HK\$'000	2024 HK\$'000
Financial assets:		
Financial assets at FVTPL	41,323	61,866
Financial assets at amortised cost	21,207	44,213
Financial liabilities:		
Financial liabilities at amortised cost	1,245,931	1,169,753

(g) Capital management

The primary objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The externally imposed capital requirements for the Group that in order to maintain its listing on the Stock Exchange is to have a public float of at least 25% of the shares of the Company throughout the year. Based on the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float of at least 25% throughout the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

6. FINANCIAL RISK MANAGEMENT (Continued)

(g) Capital management (Continued)

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital plus net debt. Net debt includes accruals and other payables, borrowings, lease liabilities, amounts due to non-controlling shareholders, related parties and a director less cash and bank balances. Capital includes equity attributable to owners of the Company. The gearing ratios as at the end of reporting periods were as follows:

	2025 HK\$'000	2024 HK\$'000
Accruals and other payables	763,571	410,573
Borrowings	402,415	674,051
Lease liabilities	–	46
Amounts due to non-controlling shareholders	5,112	5,112
Amounts due to related parties	59,779	59,779
Amount due to a director	15,054	20,238
Less: Cash and bank balances	(2,889)	(8,459)
Net debt	1,243,042	1,161,340
Total capital: Equity attributable to owners of the Company	159,464	327,941
Capital and net debt	1,402,506	1,489,281
Gearing ratio	89%	78%

7. FAIR VALUE MEASUREMENT

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

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENT (Continued)

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

(a) Disclosures of level in fair value hierarchy at 31 December

Description	Fair value measurements using			Total 2025 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Investment properties				
Commercial properties	-	-	477,761	477,761
Zhuhai properties	-	-	736,397	736,397
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL:				
Listed equity securities	41,323	-	-	41,323
Total	41,323	-	1,214,158	1,255,481

Description	Fair value measurements using			Total 2024 HK\$'000
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	
Investment properties				
Commercial properties	-	-	585,362	585,362
Zhuhai properties	-	-	742,094	742,094
Recurring fair value measurements:				
Financial assets				
Financial assets at FVTPL:				
Listed equity securities	61,866	-	-	61,866
Total	61,866	-	1,327,456	1,389,322

During the year, there were no transfers in the fair value hierarchy between Level 1 and Level 2, or transfers into or out of Level 3 (2024: Nil).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENT (Continued)

(b) Reconciliation of assets measured at fair value based on level 3

	Investment properties HK\$'000	Zhuhai Properties HK\$'000	Total HK\$'000
1 January 2025	585,362	742,094	1,327,456
Movements during the year	–	14,579	14,579
Total gains or losses recognised in profit or loss	(125,830)	(25,363)	(151,193)
Exchange differences	18,229	5,087	23,316
	477,761	736,397	1,214,158
31 December 2025	477,761	736,397	1,214,158
	Investment properties HK\$'000	Zhuhai Properties HK\$'000	Total HK\$'000
1 January 2024	594,229	793,706	1,387,935
Movements during the year	–	27,250	27,250
Total gains or losses recognised in profit or loss	1,183	(70,137)	(68,954)
Exchange differences	(10,050)	(8,725)	(18,775)
	585,362	742,094	1,327,456
31 December 2024	585,362	742,094	1,327,456

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

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

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

7. FAIR VALUE MEASUREMENT (Continued)

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

The valuation techniques and the key unobservable input to the Level 3 fair value measurements are set out below:

Description	Fair value HK\$'000	Valuation technique	Unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties	433,621 (2024: 526,995)	Income approach	Estimated average rental income (per square metre and per month) RMB66.50 (2024: RMB67.00)	The higher the rental income, the higher the fair value
			Discount rate at 6.50% (2024: 5.50%)	The higher the discount rate, the lower the fair value
Investment properties	44,140 (2024: 58,367)	Direct comparison	Adjusted market value (RMB5,596-7,300 per square metre) (2024: RMB7,268-9,500 per square metre)	The higher the market unit rate, the higher the fair value
Properties under development and prepayments on Zhuhai ("Zhuhai CGU")	736,397 (2024: 742,094)	Market-based approach using gross development value	Taking into account the time, location, and individual factors, such as adjusted unit selling price and size, between the comparables and the property	The higher the gross development value, the higher the fair value.

There were no changes in the valuation techniques used.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. OPERATING SEGMENT INFORMATION

The Group is principally engaged in property development and investment, retail and consumer spending related businesses operation and construction materials supply chain in the PRC. Accordingly, there are three reportable segments to be presented for the directors of the Company, the chief operating decision maker to allocate resource and assess performance.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different resource technology and marketing strategies.

The accounting policies of the operating segments are the same as those accounting policies of the Group to the consolidated financial statements. Segment profits or losses do not include unallocated other income, other (loss)/gains, net, administrative and other operating expenses, impairment losses on deposits and other receivables, impairment loss on prepayments, impairment loss on properties under development, impairment loss on intangible assets and finance costs. Segment assets do not include unallocated property, plant and equipment, intangible assets, right-of-use assets, deferred tax assets, financial assets at FVTPL, prepayments, deposits and other receivables, amounts due from related parties and cash and bank balances. Segment liabilities do not include unallocated accruals and other payables, lease liabilities, amounts due to non-controlling shareholders, related parties and a director and deferred tax liabilities.

Information about reportable segment revenue, profit or loss, assets and liabilities

	Property development and investment HK\$'000	Retail and consumer spending related businesses operation HK\$'000	Construction materials supply chain HK\$'000	Total HK\$'000
Year ended 31 December 2025				
Revenue from external customers	50,674	–	12,768	63,442
Segment profit	20,580	–	2,555	23,135
As at 31 December 2025				
Segment assets	1,052,705	–	12,528	1,065,233
Segment liabilities	781,552	–	14,434	795,986
	Property development and investment HK\$'000	Retail and consumer spending related businesses operation HK\$'000	Construction materials supply chain HK\$'000	Total HK\$'000
Year ended 31 December 2024				
Revenue from external customers	54,587	44,020	–	98,607
Segment profit	38,861	10,941	–	49,802
As at 31 December 2024				
Segment assets	1,444,790	34,771	–	1,479,561
Segment liabilities	872,266	7,880	–	880,146

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. OPERATING SEGMENT INFORMATION (Continued)

Reconciliations of segment profit or loss

	2025 HK\$'000	2024 HK\$'000
Profit or loss		
Total profit of reportable segments	23,135	49,802
Other income	1,204	1,880
Other (losses)/gains, net	(132,190)	29,747
Administrative and other operating expenses	(66,096)	(70,223)
Loss on write-off of property, plant and equipment	(4,444)	(38,585)
Impairment losses on deposits and other receivables	(20,722)	(33,038)
Impairment loss on prepayments	(9,237)	(15,500)
Impairment loss on properties under development	(16,126)	(54,637)
Impairment loss on intangible assets	-	(2,217)
Finance costs	(36,787)	(13,913)
Consolidated loss before tax	(261,263)	(146,684)

Reconciliations of segment assets or liabilities

	2025 HK\$'000	2024 HK\$'000
Assets		
Total assets of reportable segments	1,065,233	1,479,561
Property, plant and equipment	1,362	93
Deferred tax assets	46,160	43,178
Financial assets at FVTPL	41,323	61,866
Prepayments, deposits and other receivables	308,418	16,446
Amounts due from related parties	194	194
Cash and bank balances	2,889	8,459
Consolidated total assets	1,465,579	1,609,797
Liabilities		
Total liabilities of reportable segments	795,986	880,146
Accruals and other payables	370,023	219,534
Lease liabilities	-	46
Amounts due to non-controlling shareholders	5,112	5,112
Amounts due to related parties	59,779	59,779
Amount due to a director	15,054	20,238
Deferred tax liabilities	119,992	151,534
Consolidated total liabilities	1,365,946	1,336,389

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

8. OPERATING SEGMENT INFORMATION (Continued)

Geographical information

The Group's revenue from external customers were solely derived from the PRC.

Over 90% of the Group's non-current assets (excluding interest in an associate and deferred tax assets) are located in the PRC. Accordingly, no further geographical information of non-current assets was disclosed.

Revenue from major customers

There was no revenue from individual customers of the Group contributing over 10% of the Group's revenue during the year ended 31 December 2025 (2024: Nil).

9. REVENUE

An analysis of the Group's revenue for the year is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers within the scope of HKFRS 15:		
Products transferred at a point in time:		
Sales from retail and consumer spending related businesses operation in the PRC	–	44,020
Service transferred over time:		
Related management service income	21,555	24,812
Construction materials supply chain income	12,768	–
Revenue from other sources:		
Rental income from investment properties	29,119	29,775
	63,442	98,607

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

10. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Interest income	–	348
Other income	59	1,532
	59	1,880

11. OTHER (LOSSES)/GAINS, NET

	2025 HK\$'000	2024 HK\$'000
Net foreign exchange loss	(85)	(1,731)
Fair value (loss)/gain on investment properties	(123,659)	1,183
Fair value gain on financial assets at FVTPL	3,600	34,585
Gain on disposal of financial assets at FVTPL	3,059	–
Gain on disposal of investment in a subsidiary (note 38c)	–	1,294
Loss on write-off of deposit and other receivables	(12,046)	(5,584)
	(129,131)	29,747

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

12. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank borrowings	7,194	45,482
Interest on other payables	36,787	–
Interest on lease liabilities	–	8
Total borrowing costs	43,981	45,490
Less: amounts capitalised in the cost of properties under development	(7,194)	(31,577)
	36,787	13,913

The weighted average capitalization rate on funds borrowed generally is at a rate of 7.25% per annum (2024: 6.75%).

13. INCOME TAX CREDIT

	2025 HK\$'000	2024 HK\$'000
Deferred tax (<i>note 31</i>)	34,524	10,162

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit derived from Hong Kong for the years ended 31 December 2025 and 2024.

PRC Enterprise Income Tax has been provided at a rate of 25% (2024: 25%).

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For the year ended 31 December 2025

13. INCOME TAX CREDIT (Continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries in which the Group and its subsidiaries are domiciled to the tax expense at effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to effective tax rates, is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(261,263)	(146,684)
Tax at applicable tax rates	(62,231)	(32,270)
Tax effect of income that is not taxable	(189)	(266)
Tax effect of expenses that are not deductible	16,069	16,337
Tax effect of temporary differences not recognised	(296)	(291)
Tax effect of tax losses not recognised	12,123	6,328
Income tax credit	(34,524)	(10,162)

14. LOSS FOR THE YEAR

The Group's loss for the year is arrived at after charging:

	2025 HK\$'000	2024 HK\$'000
Auditor's remuneration		
– Audit services	950	880
– Non-audit services	–	–
Cost of goods sold and services provided	40,307	48,805
Depreciation of property, plant and equipment	2,961	13,562
Depreciation of right-of-use assets	–	13
Amortisation of intangible assets	–	1,057
Short-term lease expenses	2,006	26,790
Staff costs (including directors' emoluments)		
– Salaries, bonuses and allowances	20,169	20,369
– Contributions to defined contribution retirement plan	703	728
	20,872	21,097

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. BENEFITS AND INTERESTS OF DIRECTORS

Directors' remuneration, including that of Mr. Han Junran, the chief executive for the year, disclosed pursuant to the Listing Rules, Sections 383(1)(a), (b), (c), (e) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance are as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	1,200	1,200
Other emoluments		
salaries, wages and other benefits	2,340	2,340
contributions to defined contribution retirement plan	18	18
	2,358	2,358
	3,558	3,558

31 December 2025

	Fees HK\$'000	Salaries and allowance contribution HK\$'000	Pension scheme Total HK\$'000	Total HK\$'000
Executive directors				
Mr. Han Junran	-	1,300	-	1,300
Mr. Luo Min	-	1,040	18	1,058
	-	2,340	18	2,358
Independent non-executive directors				
Mr. Chan Yiu Tung, Anthony	240	-	-	240
Dr. Ouyang Qingru	240	-	-	240
Mr. Leung Kwai Wah, Alex	240	-	-	240
Mr. Zhang Jing	240	-	-	240
Mr. Luo Zhen	240	-	-	240
	1,200	-	-	1,200
	1,200	2,340	18	3,558

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

31 December 2024

	Fees HK\$'000	Salaries and allowance contribution HK\$'000	Pension scheme Total HK\$'000	Total HK\$'000
Executive directors				
Mr. Han Junran	–	1,300	–	1,300
Mr. Luo Min	–	1,040	18	1,058
	–	2,340	18	2,358
Independent non-executive directors				
Mr. Chan Yiu Tung, Anthony	240	–	–	240
Dr. Ouyang Qingru	240	–	–	240
Mr. Leung Kwai Wah, Alex	240	–	–	240
Mr. Zhang Jing	240	–	–	240
Mr. Luo Zhen	240	–	–	240
	1,200	–	–	1,200
	1,200	2,340	18	3,558

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).

During the year, no emoluments have been paid to the directors as an inducement to join or upon joining the Group; or as compensation for loss of office (2024: Nil).

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The independent non-executive directors' emoluments shown above were for their services as directors of the Company.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

15. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors' emoluments (Continued)

The number of directors, whose remuneration fell within the following bands, is as follows:

	2025	2024
Nil to HK\$1,000,000	5	5
HK\$1,000,001 to HK\$1,500,000	2	2
	7	7

(b) Directors' material interests in transactions, arrangements or contracts

Save for disclosed in note 36 to the consolidated financial statements, no significant transaction, arrangement and contract in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

16. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2024: two) directors, details of whose remuneration are set out in note 15 above. Details of the remuneration of the remaining three (2024: three) non-director, highest paid employees for the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and allowances	2,011	2,179
Pension scheme contributions	54	51
	2,065	2,230

During the year, no emoluments have been paid to these individuals as an inducement to join or upon joining the Group; or as compensation for loss of office (2024: Nil).

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16. FIVE HIGHEST PAID EMPLOYEES (Continued)

The number of non-directors, highest paid employees, whose remuneration fell within the following bands, is as follows:

	2025	2024
Nil to HK\$1,000,000	3	3

17. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculation of basic loss per share is based on:

	2025	2024
	HK\$'000	HK\$'000
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	(220,955)	(127,649)
	Number of shares	
	2025	2024
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	158,568,232	117,245,044

The diluted loss per share is the same with the basic loss per share as there were no potentially dilutive ordinary shares in issue during the year ended 31 December 2025 (2024: Nil).

18. DIVIDENDS

The directors of the Company did not recommend any dividend for the year ended 31 December 2025 (2024: Nil).

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For the year ended 31 December 2025

19. PROPERTY, PLANT AND EQUIPMENT

	Leasehold building HK\$'000	Leasehold improvement HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Total HK\$'000
Cost					
At 1 January 2024	958	63,330	63,259	4,342	131,889
Additions	–	–	3,543	376	3,919
Written off	–	–	(55,161)	(457)	(55,618)
Disposal of a subsidiary	–	–	(3,520)	(376)	(3,896)
Exchange differences	(16)	(3,024)	(5,989)	(8)	(9,037)
At 31 December 2024 and 1 January 2025	942	60,306	2,132	3,877	67,257
Additions	–	–	1,417	13,651	15,068
Written off	–	(6,450)	(268)	–	(6,718)
Exchange differences	32	1,038	80	333	1,483
At 31 December 2025	974	54,894	3,361	17,861	77,090
Accumulated depreciation					
At 1 January 2024	958	28,133	18,930	3,978	51,999
Charge for the year	–	6,434	6,657	471	13,562
Written off	–	–	(16,576)	(457)	(17,033)
Disposal of a subsidiary	–	–	(1,075)	(338)	(1,413)
Exchange differences	(16)	(2,566)	(5,977)	(6)	(8,565)
At 31 December 2024 and 1 January 2025	942	32,001	1,959	3,648	38,550
Charge for the year	–	–	1,429	1,532	2,961
Written off	–	(2,014)	(260)	–	(2,274)
Exchange differences	32	987	31	200	1,250
At 31 December 2025	974	30,974	3,159	5,380	40,487
Carrying amount					
At 31 December 2025	–	23,920	202	12,481	36,603
At 31 December 2024	–	28,305	173	229	28,707

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For the year ended 31 December 2025

20. INVESTMENT PROPERTIES

	Properties at fair value		Properties at cost		Total	
	2025	2024	2025	2024	2025	2024
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Completed project						
Investment properties in Guangzhou (notes (a) and (b))						
At 1 January	585,362	594,229	-	-	585,362	594,229
Fair value (losses)/gains	(125,830)	1,183	-	-	(125,830)	1,183
Exchange differences	18,229	(10,050)	-	-	18,229	(10,050)
At 31 December	477,761	585,362	-	-	477,761	585,362
Incomplete project						
Investment properties in Luoyang (note (c))						
At 1 January	-	-	66,447	67,590	66,447	67,590
Exchange differences	-	-	1,183	(1,143)	1,183	(1,143)
At 31 December	-	-	67,630	66,447	67,630	66,447
Carrying amount at 31 December	477,761	585,362	67,630	66,447	545,391	651,809

Notes:

- (a) Investment properties in Guangzhou (the "Guangzhou Properties 1") are situated at Nos. 20–22 Chigang West Road, Haizhu District, Guangzhou City, Guangdong Province, the PRC and are held under medium term leases. The Guangzhou Properties 1 were leased to tenants under operating leases for earning rental income and management service income and were stated at fair value at the end of the reporting period.

The fair value of the Guangzhou Properties 1 has been assessed by Ravia Global Appraisal Advisory Limited ("Ravia Global"), an independent valuer, by using the income approach to be RMB390,000,000 (equivalent to approximately HK\$433,621,000 (2024: RMB490,000,000 (equivalent to approximately HK\$526,995,000)) as at 31 December 2025.

- (b) Investment properties in Guangzhou (the "Guangzhou Properties 2") are situated at Nos. 186–256 Niuzaichengheng Road, Xintang Town, Zengcheng District, Guangzhou City, Guangdong Province, the PRC and are held under medium term leases. The Guangzhou Properties 2 were leased to tenants under operating leases for earning rental income and management service income and were stated at fair value at the end of the reporting period.

The fair value of the Guangzhou Properties 2 has been assessed by Ravia Global, an independent valuer, by using the direct comparison approach to be RMB39,700,000 (equivalent to approximately HK\$44,140,000) (2024: RMB54,270,000 (equivalent to approximately HK\$58,367,000)) as at 31 December 2025.

At 31 December 2025, the Guangzhou Properties 2 with carrying amount of approximately HK\$44,140,000 (2024: HK\$58,367,000) were pledged as security to other payable details of which are set out in note 28 to the consolidated financial statements.

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20. INVESTMENT PROPERTIES (Continued)

Notes: (Continued)

- (c) On 26 July 2017, the Group replied and explained that the delay of the construction of the Luoyang Properties was due to the changing of land policy by the Luoyang government. The Group expected to commence work at the end of 2017.

On 5 December 2017, the Group submitted a construction plan of the Luoyang Properties to 洛陽規劃局. After reviewed by 洛陽規劃局, the Group was instructed to modify certain aspects of the construction plan. On 23 June 2018, the Group has been further instructed by 洛陽新區中央商務區規劃建設辦公室 to submit a amendments to construction plan to 洛陽市城鄉一體化示範區商務中心區辦公室 for approval and the document was submitted on 17 July 2018.

On 27 September 2023, 洛陽市自然資源和規劃局 issued an approval document (建設用地許可證) on the amendments to construction plan submitted by the Group in early period. The Group expected to commence the work within 12 months after the date of the approval documents.

In September 2024, taking advantage of the recent adjustment of the municipal leadership team of Luoyang, the team submitted an application to the local government to change the project land use to mixed residential and commercial use.

As of 21 October 2024, the public notice period for the land use change has concluded, and the planning conditions have been confirmed.

On 31 December 2025, the Group continues to actively engage with the relevant government authorities, awaiting the official approval necessary to commence the project. The Group remains committed to maintaining this communication once the official license is granted.

At 31 December 2025, the Luoyang Properties with carrying amount of approximately HK\$67,630,000 (2024: HK\$66,447,000) were pledged to secure bank borrowings, details of which are set out in note 29 to the consolidated financial statements.

Impairment assessment of the Luoyang Properties

The recoverable amount of the Luoyang Properties has been assessed by Ravia Global, as at 31 December 2025 and 2024. The recoverable amount is assessed based on fair value less costs of disposal by using direct comparison method based on market observable transactions or similar properties with adjustments by reference to the location, area, size and usage under level 3 fair value measurement. The key assumptions are accommodation value and discount of bulk purchasing and location difference of both lands. No impairment in respect of the Luoyang Properties has been provided as the recoverable amount of the Luoyang Properties was higher than its carrying amount as at 31 December 2025 (2024: Nil).

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21. RIGHT-OF-USE ASSETS

	2025	2024
	HK\$'000	HK\$'000
At 1 January	-	13
Depreciation	-	(13)
At 31 December	-	-
	2025	2024
	HK\$'000	HK\$'000
Depreciation	-	13
Interest expense on lease liabilities	-	8
Expenses relating to short-term lease	2,006	26,790

The Group leases various offices for its operations. Lease contracts are entered into for fixed term of 1 year.

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22. INTEREST IN AN ASSOCIATE

	2025 HK\$'000	2024 HK\$'000
Unlisted investment: Share of net assets	–	–

Details of the Group's associate is as follows:

Name	Place of incorporation	Issued and paid up capital	Percentage of ownership interest	Principal activities
New City Fortune Medicare Group Limited ("New City Fortune Medicare") (note)	Hong Kong	HK\$100	34% (2024: 34%)	Investment holding

Note: New City Fortune Medicare was incorporated in Hong Kong on 26 September 2014, with issued share capital of HK\$100. The investment cost in an associate has been presented as "–" as a result of rounding as at 31 December 2025 and 2024. The associate did not have any material assets and liabilities as at 31 December 2025 and 2024 and therefore, the Group did not share its net assets during the years ended 31 December 2025 and 2024.

23. FINANCIAL ASSETS AT FVTPL

	2025 HK\$'000	2024 HK\$'000
Listed equity investment in Taiwan (note)	41,323	61,866

Note:

The fair value of the listed equity investment as at 31 December 2025 and 2024 was determined based on the quoted market bid prices (Level 1 fair value measurement) available on The Taiwan Stock Exchange.

The carrying amounts of the Group's financial assets at FVTPL are denominated in NT\$.

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24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2025 HK\$'000	2024 HK\$'000
Prepayments		
– Prepaid for the Luoyang Properties (<i>note (a)</i>)	7,009	6,773
– Prepaid for the Zhuhai Properties (<i>note (b)</i>)	276,533	309,111
– Others	31,489	31,158
Less: Impairment loss on prepayments (<i>note (b)</i>)	(24,737)	(15,500)
	290,294	331,542
Deposits held by		
– 新澳中世紀國際貿易(北京)有限公司 (<i>note (c)</i>)	20,000	20,000
– Others	993	993
Other receivables		
– Others (<i>note (d)</i>)	50,891	56,396
Less: Loss allowance for deposits and other receivables (<i>note 6(c)</i>)	(53,760)	(41,830)
	18,124	35,559
	308,418	367,101

Notes:

- (a) As at 31 December 2025, an aggregate amount of approximately RMB6,304,000 (equivalent to approximately HK\$7,009,000) (2024: RMB6,304,000 (equivalent to approximately HK\$6,773,000)) has been prepaid by the Group to the construction of Luoyang Properties.
- (b) As at 31 December 2025, an aggregate amount of approximately RMB248,715,000 (equivalent to approximately HK\$276,533,000) (2024: RMB287,411,000 (equivalent to approximately HK\$309,111,000)) has been prepaid by the Group to the construction of Zhuhai Properties.

Details of impairment assessment of the prepayments and properties under development of Zhuhai properties in note 25.

The net realisable value of the Zhuhai Properties and related prepayments has been assessed by Ravia Global, an independent valuer, by using the gross development value method based on forecasting the total revenue from the completed project, deducting all associated development costs, financing expenses and developer profit margins, while incorporating risk-adjusted discounting to reflect project specific uncertainties.

Based on this valuation, the prepayment was determined to be approximately RMB226,466,000 (equivalent to approximately HK\$251,796,000) as at 31 December 2025. An impairment loss of approximately HK\$24,737,000 (2024: HK\$15,500,000) was recognized for the prepayment to contractors for the Zhuhai Properties, as the recoverable amount was lower than its carrying amount.

- (c) Deposits of HK\$20,000,000 has been paid to 新澳中世紀國際貿易(北京)有限公司 as escrow monies for the due diligence exercise on the exploration of project investment opportunity in the near future.
- (d) Included in the other receivables, there were:
- Approximately HK\$20,000,000 has been paid for the project development for the “New Life, New Day, New City” theme concept. The amount would be refundable if the project does not proceed.
- Approximately HK\$10,000,000 has been paid for the renovation of 暢流 project. The amount would be refundable if the project does not proceed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

25. PROPERTIES UNDER DEVELOPMENT

	2025 HK\$'000	2024 HK\$'000
At 1 January	448,483	478,088
Additions	47,157	33,757
Impairment loss on properties under development	(16,126)	(54,637)
Exchange differences	5,087	(8,725)
	484,601	448,483
At 31 December	484,601	448,483

Net realisable value of the Zhuhai Properties

Properties under development represented properties in Zhuhai (the "Zhuhai Properties") which construction in progress of a parcel of land which are situated at the south side of Jindao Road, the west side of Hongyang Road, Sanzao, Jinwan District, Zhuhai City, Guangdong Province the PRC. The Zhuhai Properties were acquired through the acquisition of a subsidiary during the year ended 31 December 2019. The Zhuhai Properties comprise a parcel of land held under medium term leases with a site area of 11,956.46 square metres under State-owned Land Use Rights Certificate (國有土地使用證). It comprised the land use right and directly attributable costs. The directors are of the opinion that the construction of the Zhuhai Properties has not yet been completed as at 31 December 2025.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

25. PROPERTIES UNDER DEVELOPMENT (Continued)

Impairment assessment on prepayments and properties under development of Zhuhai properties

During the year ended 31 December 2025, the carrying amounts of the Group's Zhuhai's properties, comprising properties under development and prepayments to contractors, were subject to impairment testing. This assessment was triggered by the near-completion status of the project, which necessitated a shift from individual NRV assessments to CGU based impairment testing under HKAS 36, given the interdependency of these assets on the project's commercial viability.

The recoverable amount of the Zhuhai CGU was determined based on FVLCD prepared by the management. They used the gross development value method which involved forecasting total revenue from the completed project, deducting all associated development costs, financing expenses and developer profit margins, while applying risk-adjusted discounting to account for project specific uncertainties. Management also engaged an independent professional valuer which required significant judgement in validating the following key assumptions.

Basis for assumptions:

Market data	Adjusted comparable transactions in Zhuhai's commercial property market
Historical information	Precedent occupancy rates and rental yields for similar properties located in the same district
Adjustments factor	Adjusted unit selling price, location, size and nature

Impairment loss recognition

Based on the above assessment, the management of the Group have assessed the recoverable amount of the CGU amounting to approximately RMB662,317,000 (equivalent to HK\$736,397,000) (2024: RMB690,000,000 (equivalent to HK\$742,094,000)) under level 3 fair value measurement used unobservable inputs. The recoverable amount of the CGU was determined to be, resulting in an impairment loss of approximately HK\$40,863,000 (2024: HK\$70,137,000). Details of impairment loss on prepayment to contractors for Zhuhai properties was shown in note 24.

Sensitivity analysis

As part of the impairment assessment for the Zhuhai Properties CGU of the carrying amount: approximately RMB662,317,000 (equivalent to HK\$736,397,000) as at 31 December 2025, management performed sensitivity analysis on key assumption used in determining the FVLCD. A 1% increase/decline in unit selling price would increase/reduce FVLCD by HK\$7,671,000.

The Zhuhai Properties were pledged to secure bank borrowings, details of which are set out in note 29 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

26. AMOUNTS DUE FROM/TO NON-CONTROLLING SHAREHOLDERS, RELATED PARTIES AND A DIRECTOR

The amounts due are unsecured, interest-free and repayable/payable on demand.

Amount due from a related company disclosed pursuant to section 383(1)(d) to the Hong Kong Companies Ordinance is as follows:

	Maximum outstanding balance during the year	2025	2024
	HK\$'000	HK\$'000	HK\$'000
New City (China)	14	14	14

Mr. Han, a director of the Company and is also a director of New City (China).

27. CASH AND BANK BALANCES

At the end of reporting period, cash and bank balances of the Group are denominated in the following currencies:

	2025	2024
	HK\$'000	HK\$'000
HK\$	2,049	492
NT\$	106	8
RMB	734	7,959
	2,889	8,459

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

28. ACCRUALS AND OTHER PAYABLES

	2025 HK\$'000	2024 HK\$'000
Accrued expenses	15,238	13,418
Amount due to a former shareholder of Guangdong Changliu	4,169	4,033
Amount due to non-controlling shareholder of Zhuhai Teng Shun Industrial Company Limited	272,543	264,708
Other payables		
– Payables of Guangdong Changyang loan (note (a))	16,011	–
– Payables of Guangdong Changliu loan (note (b))	300,200	–
– Others	155,410	128,414
	763,571	410,573
Less: Non-current portion	(575,373)	(264,708)
Current portion	188,198	145,865

Notes:

- (a) On 31 October 2025, GZRCBANK transferred the bank loan as set out in note 29(b), (including related security interests) to Zhuhai City Xinji Petrochemical Co., Ltd. (珠海市鑫吉石化有限公司, "Zhuhai Xinji"), a third party. The unpaid principal balance of this debt was RMB14,400,000, (equivalent to approximately HK\$16,100,000) and the unpaid interest balance was approximately RMB300,000 (equivalent to approximately HK\$330,000). The Group has acknowledged this debt transfer.

On 31 December 2025, due to the change in creditor to a non-financial institution, this loan payable to the original bank was reclassified to "other payables". This amount is payable to Zhuhai Xinji, with terms (including interest rate and security) remaining unchanged from the original loan agreement. The interest is calculated at 135 basis points, based on the 5-year loan prime rate of the annual lending and deposit rate of the People's Bank of China, which is repayable on a monthly basis and will mature on 18 June 2028.

- (b) In late October 2025, while Guangzhou Changliu continued to follow up with the government regarding the progress of the land requisition agreement approval, Guangzhou Changliu received an advance payment of RMB270 million (equivalent to approximately HK\$300 million) from the government, specifically designated for the principal and interest of bank loans to release property mortgages, arranging for tenants to vacate the premises and conducting site clearance and other preliminary work. This served as Guangzhou Changliu's compliance with the government's requirements for preliminary preparations during the land requisition process, in order to implement the government's relevant land requisition policies. Guangzhou Changliu sought legal advice on this matter and confirmed that the disbursement of this advance payment did not constitute the government's implementation of the land requisition compensation agreement but was merely an administrative measure by the government to advance the land requisition process.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. BORROWINGS

	Effective interest rates	Year of maturity	2025 HK\$'000	2024 HK\$'000
Secured borrowings:				
Bank loan 1 (note (a))	7.784%	2026	402,415	391,947
Bank loan 2 (note (b))			-	28,286
Bank loan 3 (note (c))			-	253,818
			402,415	674,051
Repayable:				
- Within one year or on demand			402,415	420,878
- In the second to fifth years, inclusive			-	123,037
- Over five years			-	130,136
Total			402,415	674,051
Less: repayable after twelve months and classified as non-current liabilities			-	(253,173)
Repayable within twelve months and classified as current liabilities			402,415	420,878

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

29. BORROWINGS (Continued)

Notes:

- (a) On 9 October 2020, Zhuhai Teng Shun entered into a loan agreement with Bank of Guangzhou Co., Ltd. ("GZBANK"), pursuant to which, GZBANK agreed to grant a loan (the "GZBANK Loan") in the amount of RMB98,932,000 (equivalent to HK\$117,918,000) and RMB80,000,000 (equivalent to HK\$95,352,000) on 12 November 2020 and 8 December 2020 respectively to Zhuhai Teng Shun for a term of 5 years, which is secured by legal charges over the Luoyang Properties, Zhuhai Properties and entire issued share capital of Zhuhai Teng Shun and Luoyang Wan Heng, corporate guarantee provided by Guangdong Changliu, Guangzhou Chang Yang Investment Company Limited (廣州暢揚投資股份有限公司) ("Guangdong Changyang") and non-controlling shareholders, personal guarantee provided by Mr. Han and a legal representative of a subsidiary and a key management personnel of a related company. The GZBANK Loan bears interest rate from 7.0332% to 7.153% and the benchmark annual lending and deposit rate of the People's Bank of China, which is repayable on a monthly basis. The principal amount of the GZBANK Loan is repayable by instalments starting from 24th month from the first withdrawal date or the 6th month after the project obtains the first time pre-sale certificate, which is earlier, and will mature on 12 November 2025. On 8 May 2025, the maturity date has been extended to 20 November 2026.

On 20 February 2021, subject to the terms of the above mentioned loan agreement with GZBANK, GZBANK granted a further loan in the amount of RMB80,000,000 (equivalent to HK\$97,960,000) to Zhuhai Teng Shun for a term of 49 months. The principal amount of the GZBANK Loan is repayable once on the maturity date and will mature on 20 March 2025. On 8 May 2025, the maturity date has been extended to 20 November 2026.

On 20 May 2021, subject to the terms of the above mentioned loan agreement with GZBANK, GZBANK granted a further loan in the amount of RMB160,000,000 (equivalent to approximately HK\$195,920,000) to Zhuhai Teng Shun for a term of 48 months. The principal amount of the GZBANK Loan is repayable once on the maturity date and will mature on 19 May 2025. On 8 May 2025, the maturity date has been extended to 20 November 2026.

- (b) On 19 June 2021, the Group's subsidiary Guangdong Chang Yang entered into a loan agreement with Guangzhou Rural Commercial Bank Co., Ltd. ("Guangzhou Rural Commercial Bank") for a principal amount of RMB29,400,000.

On 31 October 2025, Guangzhou Rural Commercial Bank transferred the aforementioned loan claim (including related security interests) to Zhuhai Xinji, a third party as set out in Note 28 (a). The unpaid principal balance of this debt was RMB14,400,000 (equivalent to HK\$16,011,000), and the unpaid interest balance was approximately RMB300,000 (equivalent to HK\$334,000).

- (c) On 21 June 2022, the Group's subsidiary Guangdong Changliu entered into a loan agreement with Guangzhou Rural Commercial Bank Co., Ltd. (referred to as "GZRCBANK") with an original term of twelve years and a principal amount of RMB320,000,000.

On 31 October 2025, the Group fully repaid the principal and interest of the aforementioned loan to GZRCBANK. The Group has no outstanding balance in respect of this loan, and the related financial liability was derecognised upon repayment. The asset mortgage established for this loan and the personal guarantee provided by the related party Mr. Han have also been fully released following the settlement of the principal debt.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

30. LEASE LIABILITIES

At 31 December 2025 and 2024, the lease liabilities were repayable as follows:

	2025	2024
	HK\$'000	HK\$'000
Within 1 year	–	46

All lease liabilities are denominated in the following currencies.

	2025	2024
	HK\$'000	HK\$'000
RMB	–	46

The weighted average incremental borrowing rate applied to lease liabilities is 4.75% (2024: 4.75%).

31. DEFERRED TAX

The following are the deferred tax liabilities and assets recognised by the Group.

Deferred tax liabilities	Fair value changes on the investment properties	Total
	HK\$'000	HK\$'000
At 1 January 2024	152,213	152,213
Charged to profit or loss	296	296
Exchange differences	6,028	6,028
Net-off (<i>note (d)</i>)	(7,003)	(7,003)
At 31 December 2024 and 1 January 2025	151,534	151,534
Credited to profit or loss	(31,542)	(31,542)
At 31 December 2025	119,992	119,992

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

31. DEFERRED TAX (Continued)

Deferred tax assets	Impairment losses on deposits and other receivables	Tax losses	Total
	HK\$'000	HK\$'000	HK\$'000
1 January 2024	–	39,723	39,723
Credited to profit or loss	10,458	–	10,458
Net-off (note (d))	(7,003)	–	(7,003)
31 December 2024 and 1 January 2025	3,455	39,723	43,178
Credited to profit or loss	2,982	–	2,982
At 31 December 2025	6,437	39,723	46,160

Notes:

- (a) At the end of the reporting period the Group has unused tax losses of approximately HK\$103,566,000 (2024: HK\$55,074,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB95,281,000 (equivalent to HK\$104,456,000) (2024: RMB49,998,000 (equivalent to HK\$54,813,000)) that will expire in five years from the year they originate. Other tax losses may be carried forward indefinitely.
- (b) At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately RMB19,214,000 (equivalent to HK\$21,363,000) (2024: RMB19,214,000 (equivalent to HK\$24,992,000)). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.
- (c) The Group has not recognised deferred tax assets in respect of impairment losses on prepayments and properties under development of Zhuhai properties of approximately HK\$10,216,000 (2024: HK\$17,534,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.
- (d) This represents the net-off of deferred tax assets and liabilities for the same companies.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

32. SHARE CAPITAL

	Number of shares	Amount HK\$'000
Authorised:		
Ordinary shares of HK\$0.20 each		
At 1 January 2024, 31 December 2024, 1 January 2025	200,000,000	40,000
Addition	1,800,000,000	360,000
At 31 December 2025	2,000,000,000	400,000
Issued and fully paid:		
Ordinary shares of HK\$0.20 each		
At 1 January 2024, 31 December 2024 and 1 January 2025	117,245,044	23,449
Issue of new shares (note (a))	21,000,000	4,200
Issue of new shares (note (b))	31,334,841	6,267
Issue of new shares (note (c))	17,000,000	3,400
At 31 December 2025	186,579,885	37,316

Note:

- (a) On 17 January 2025, the Company entered into a subscription agreement with an independent third party for the allotment and issue of 21,000,000 new ordinary shares of HK\$0.20 each at a subscription price of HK\$0.325 per share under the general mandate granted to the directors of the Company. The subscription was completed during the year and gross proceeds of approximately HK\$6,825,000 were received, of which approximately HK\$4,200,000 and HK\$2,625,000 were credited to share capital and share premium, respectively.
- (b) On 18 June 2025, the Company entered into a subscription agreement with a connected person for the allotment and issue of 31,334,841 new ordinary shares of HK\$0.20 each at an issue price of HK\$0.442 per share under a specific mandate for the purpose of capitalising the shareholder's loan of approximately HK\$13,850,000 due by the Company to the subscriber. Upon completion, approximately HK\$6,267,000 and HK\$7,583,000 were credited to share capital and share premium, respectively.
- (c) On 30 September 2025, the Company allotted and issued 17,000,000 new ordinary shares of HK\$0.20 each at an issue price of HK\$0.768 per share under the general mandate as consideration shares pursuant to the purchase agreement dated 24 May 2024 and the supplemental agreement dated 27 May 2024. The fair value of the shares issued, being approximately HK\$13,056,000, was credited as to approximately HK\$3,400,000 to share capital and as to the balance of approximately HK\$9,656,000 to the share premium account.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

33. RESERVES

The amounts of the Group's reserves and the movements therein for the current year are presented in the consolidated statement of changes in equity of the consolidated financial statements.

Nature and purpose of reserves

(a) *Share premium*

Share premium is the excess of the proceeds received over the nominal value of the shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the shares.

(b) *Contributed surplus*

Contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net asset value of subsidiaries acquired through an exchange of shares pursuant to the reorganisation.

(c) *Foreign currency translation reserve*

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in note 4(c) to the consolidated financial statements.

(d) *Statutory reserve*

In accordance with the PRC Company Law and the Group's PRC subsidiaries' articles of association, the Group's PRC subsidiaries are required to allocate 10% of its profit after tax as determined in accordance with the relevant accounting principles and financial regulations applicable to PRC companies to the statutory reserve until such reserve reaches 50% of the registered capital. The appropriation to the reserve must be made before any distribution of dividends to equity holders. The statutory surplus reserve can be used to offset previous years' losses, if any, and part of the statutory surplus reserve can be capitalised as paid-in capital provided that the amount of such reserve remaining after the capitalisation shall not be less than 25% of the paid-in capital of the Group's subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Investments in subsidiaries	76,001	86,001
Current assets		
Financial assets at FVTPL	41,323	61,866
Prepayments, deposits and other receivables	33,298	20,095
Amounts due from subsidiaries	47,886	215,526
Cash and bank balances	302	10
	122,809	297,497
Current liabilities		
Accruals and other payables	12,350	12,050
Amounts due to subsidiaries	87,236	87,236
Amount due to a director	9,594	14,778
	109,180	114,064
Net current assets	13,629	183,433
Net assets	89,630	269,434
Equity		
Share capital (note 32)	37,316	23,449
Reserves (note 34(b))	52,314	245,985
Total equity	89,630	269,434

Approved and authorised for issue by the Board of Directors on 31 March 2026.

Mr. Han Junran
 Director

Mr. Luo Min
 Director

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

34. STATEMENT OF FINANCIAL POSITION AND RESERVES MOVEMENT OF THE COMPANY (Continued)

(b) Reserves movement of the Company

A summary of the Company's reserves is as follows:

	Share premium HK\$'000	Special reserve HK\$'000	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	600,011	306,450	(607,691)	298,770
Loss and total comprehensive expense for the year	–	–	(52,785)	(52,785)
At 31 December 2024 and 1 January 2025	600,011	306,450	(660,476)	245,985
Issuance of new shares	19,864	–	–	19,864
Loss and total comprehensive expense for the year	–	–	(213,535)	(213,535)
At 31 December 2025	619,875	306,450	(874,011)	52,314

35. CONTINGENT LIABILITIES

The subsidiaries of the Group, Guangdong Changyang and Guangdong Changliu, were the defendants in two legal actions involved a claim on breach of contract in relation to the acquisition of the entire equity interest for Guangzhou Lianwei Property Limited and Guangzhou Youchang Business Management Limited.

The first case has been made by 廣州市增城區人民法院 (Zengcheng People's Court*) ("Zengcheng Court") that the Group has been adjudicated to pay the plaintiffs approximately RMB57 million (the "Judgment Sum"). The Group has appealed to 廣州市中級人民法院 (Guangzhou Secondary People's Court*) ("Guangzhou Secondary Court"), the court has upheld the decision.

The second case has been made by Zengcheng Court that the Group has been adjudicated to pay the plaintiffs the additional overdue amount of approximately RMB24 million on top of the Judgment Sum.

In respect of the above, for the first case, the Group has applied to the 廣州市高級人民法院 (Guangzhou High People's Court*) ("Guangzhou High Court") for a retrial, and the Guangzhou High Court has accepted the application and granted a stay of execution and held a hearing. As at the date of approval of the consolidated financial statements, a decision has yet to be made. For the second case, the Group had applied to the Guangzhou Secondary Court, the Guangzhou Secondary Court has accepted the application and granted a stay of execution. A hearing has been held, a decision has yet to be made as of the date of this report.

The Group has consulted its PRC legal adviser, and considered that, the Group has good merits in defending the actions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

36. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group

	2025 HK\$'000	2024 HK\$'000
Fees	228	180
Other emoluments		
Salaries, wages and other benefits	3,000	4,239
contributions to defined contribution retirement plan	36	30
	3,036	4,269
	3,264	4,449

Further details of directors' and the chief executive's emoluments are set out in notes 15 to the consolidated financial statements.

37. OPERATING LEASE COMMITMENTS

(a) As lessor

Operating leases relate to investment property owned by the Group with lease terms of 1 to 10 years. The lessee does not have an option to purchase the property at the expiry of the lease period.

Undiscounted minimum lease payments receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within first year	927	25,255
In the second year	927	22,783
In the third year	927	11,505
In the fourth year	849	5,960
In the fifth year	4,633	5,091
After five years	4,633	23,090
	12,896	93,684

(b) As lessee

The portfolio of short-term leases for certain of its offices which are regularly entered into by the Group during the years ended 31 December 2025 and 2024. As at 31 December 2025, the outstanding lease commitments are approximately HK\$642,000 (2024: HK\$642,000).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

38. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Total cash outflow for lease

Amounts included in the cash flow statements for lease comprise the following:

	2025 HK\$'000	2024 HK\$'000
Within operating cash flows	2,006	26,798
Within financing cash flows	-	66
	2,006	26,864

These amounts related to the following:

	2025 HK\$'000	2024 HK\$'000
Lease rental paid	2,006	26,864

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

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

(b) Reconciliation of liabilities arising from financing activities

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

For the purpose of this reconciliation, only the financing-related components of accruals and other payables are included.

	Accruals and other payables	Borrowings	Lease liabilities	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2024	–	700,414	112	700,526
Cash flow	–	(60,227)	(66)	(60,293)
Interest expenses	–	45,482	8	45,490
Exchange differences	–	(11,618)	(8)	(11,626)
At 31 December 2024 and 1 January 2025	–	674,051	46	674,097
Cash flow	(36,787)	(284,923)	–	(321,710)
Interest expenses	36,787	7,194	–	43,981
Exchange differences	–	6,093	(46)	6,047
At 31 December 2025	–	402,415	–	402,415

Notes to the Consolidated Financial Statements

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

(c) Disposal of a subsidiary

During the year ended 31 December 2024, the Group disposed of its entire interest in Changna, a wholly-owned subsidiary, on 25 December 2024. Changna was primarily engaged in receiving rental income. The disposal was undertaken as part of the Group's strategy to reduce debt. The disposal was completed for a total consideration of HK\$999, resulting in a gain on disposal recognized in the consolidated statement of profit or loss.

The net liabilities of Changna at the date of disposal were as follows:

Description	Amount (HK\$'000)
Property, plant and equipment	2,483
Prepayments, deposits and other receivables	806
Cash and bank balances	298
Accruals and other payables	(4,852)
	<hr/>
Net liabilities disposed of	(1,265)

The following amounts were recognized in connection with the disposal:

Description	Amount (HK\$'000)
Consideration satisfied by sales proceeds	1
Net liabilities disposed of	(1,265)
Release of foreign currency translation reserve	(30)
	<hr/>
Gain on disposal of a subsidiary	(1,294)
	<hr/>
Net outflows of cash and cash equivalents included in cash flows from investing activities	(297)

39. EVENT AFTER THE REPORTING PERIOD

On 15 February 2026, subsequent to the reporting period, due to the government's expropriation of the Changliu Industrial Park, the lease agreement between Changliu and Changna was forced to terminate. After negotiations, all parties reached a settlement consensus under which Changliu will pay compensation of RMB 180,000,000 to Changna and its partners. The Company has decided to settle the compensation by issuing a one-year RMB note bearing an annual interest rate of 4%. Simultaneously, the Board has instructed that the issue of the note be arranged in compliance with relevant laws and regulations of Hong Kong and the Mainland China, to reach a consensus and assist the Guangzhou Changliu in continuing to strive for and complete the land acquisition compensation arrangement with the government as early as possible.

For further details, please refer to the announcements of the Company dated 15 February 2026.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest		Principal activities and place of operation
			Direct	Indirect	
New City Aviation Investment Holdings Limited	Hong Kong	HK\$100	100%	–	Investment holding, Hong Kong
New City Green Property Development Limited	Hong Kong	HK\$100	100%	–	Investment holding, Hong Kong
New Rank Services Limited	Hong Kong	HK\$2	–	100%	General management, Hong Kong
Brilliant Centre Limited	Hong Kong	HK\$1	–	100%	Inactive, Hong Kong
Fudi International Holding Co., Limited	Hong Kong	HK\$10,000	–	100%	Investment holding, Hong Kong
Novel Apex Investments Limited	Hong Kong	HK\$1	–	100%	Investment holding, Hong Kong
New City Trading Investment Limited	Hong Kong	HK\$100	–	100%	Inactive, Hong Kong
Faith Onward (Hong Kong) Investments Limited	Hong Kong	HK\$1	–	100%	Investment holding, Hong Kong
Guangdong Changliu (note (a))	PRC	RMB55,000,000	–	97.27%	Property development and investment, PRC
Xincheng (Luoyang) Hotel Property Management Co., Ltd. (note (b))	PRC	RMB2,000,000	–	90%	Investment holding, PRC
Luoyang Wan Heng (note (c))	PRC	RMB8,000,000	–	90%	Property development and investment, PRC

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. PRINCIPAL SUBSIDIARIES (Continued)

Name	Place of incorporation/ establishment	Registered/ issued and paid up capital	Percentage of ownership interest		Principal activities and place of operation
			Direct	Indirect	
Guangdong Changyang (note (d))	PRC	RMB10,000,000	–	70%	Investment holding, PRC
Guangzhou Changying Film Production Co., Ltd. (note (e))	PRC	RMB3,000,000	–	60%	Property development and investment, PRC
Zhuhai Teng Shun (note (e))	PRC	RMB3,000,000	–	70%	Property development, PRC
Huizhou Xinsheng An Urban Development Construction Co., Ltd	PRC	RMB3,000,000	–	100%	Construction materials supply chain, PRC

Notes:

- (a) This subsidiary is registered as a limited liability company (foreign joint venture) under the PRC Law.
- (b) This subsidiary is registered as a limited liability company (Taiwan, Hong Kong or Macau and domestic joint venture) under the PRC Law.
- (c) This subsidiary is registered as a limited liability company (foreign-invested enterprise sole investment) under the PRC Law.
- (d) This subsidiary is registered as a limited liability company (foreign-invested enterprise investment) under the PRC Law.
- (e) These subsidiaries are registered as other limited liability company under the PRC Law.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2025

40. PRINCIPAL SUBSIDIARIES (Continued)

The following table shows information on the subsidiaries that has non-controlling interests material to the Group. The summarised financial information represents amounts before inter-company eliminations.

Name	Zhuhai Teng Shun		Luoyang Wan Heng	
	2025	2024	2025	2024
Principal place of business/country of incorporation	PRC/PRC		PRC/PRC	
% of ownership interests/voting rights held by non-controlling interests	30%/30%	30%/30%	10%/10%	10%/10%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 31 December				
Non-current assets	8	8	79,526	76,774
Current assets	887,801	824,186	639	673
Current liabilities	(152,714)	(29,191)	(60,668)	(56,430)
Non-current liabilities	(826,660)	(868,713)	(34,666)	(34,049)
Net liabilities	(91,565)	(73,710)	(15,169)	(13,032)
Accumulated non-controlling interests	(27,470)	(22,113)	(1,517)	(1,303)
Year ended 31 December				
Revenue	-	-	-	-
Loss for the year	(17,858)	(14,673)	(2,135)	(1,251)
Total comprehensive expense	(17,858)	(14,673)	(2,135)	(1,251)
Loss allocated to non-controlling interests	(5,357)	(6,603)	(214)	(125)
Net cash generated from operating activities	3,727	14,479	258	576
Net cash used in investing activities	(676)	(439)	(253)	(237)
Net cash used in financing activities	(3,049)	(14,382)	-	-
Net increase/(decrease) in cash and bank balances	1	(342)	5	339

41. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are approved and authorised for issue by the Board of Directors on 31 March 2026.

Five-Year Financial Summary

31 December 2025

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited consolidated financial statements and restated/reclassified as appropriate, is set out below.

RESULTS

	Year ended 31 December				
	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
REVENUE	63,442	98,607	172,926	180,190	197,817
GROSS PROFIT	23,135	49,802	79,871	81,807	93,756
LOSS BEFORE TAX	(261,263)	(146,684)	(200,785)	(125,055)	(69,402)
INCOME TAX CREDIT/(EXPENSE)	34,524	10,162	59,019	(2,728)	(9)
LOSS FOR THE YEAR	(226,739)	(136,522)	(141,766)	(127,783)	(69,411)
LOSS FOR THE YEAR					
ATTRIBUTABLE TO:					
Owners of the Company	(220,955)	(127,649)	(125,946)	(76,228)	(64,419)
Non-controlling interests	(5,784)	(8,873)	(15,820)	(51,555)	(4,992)
	(226,739)	(136,522)	(141,766)	(127,783)	(69,411)

ASSETS AND LIABILITIES

	2025 HK\$'000	2024 HK\$'000	2023 HK\$'000	2022 HK\$'000	2021 HK\$'000
TOTAL ASSETS	1,465,579	1,609,797	1,728,153	1,965,280	2,285,650
TOTAL LIABILITIES	(1,365,946)	(1,336,389)	(1,356,427)	(1,442,068)	(1,552,077)
NON-CONTROLLING INTERESTS	59,831	54,533	34,334	20,976	(27,150)
	159,464	327,941	406,060	544,188	706,423