



Hongkong Chinese Limited
香港華人有限公司*

(Incorporated in Bermuda with limited liability)
(Stock Code: 655)

2025 ANNUAL REPORT

* For identification purpose only

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Dr. Stephen Riady (*Chairman*)
Mr. John Luen Wai Lee, BBS, JP
(*Deputy Chairman*)
Mr. Davy Kwok Fai Lee
(*Chief Executive Officer*)
Mr. Brian Riady

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. King Fai Tsui
Mr. Edwin Neo
Ms. Min Yen Goh

COMMITTEES

Audit Committee

Mr. King Fai Tsui (*Chairman*)
Mr. Leon Nim Leung Chan
Mr. Edwin Neo

Remuneration Committee

Mr. King Fai Tsui (*Chairman*)
Dr. Stephen Riady
Mr. Leon Nim Leung Chan
Mr. Edwin Neo
Ms. Min Yen Goh

Nomination Committee

Mr. King Fai Tsui (*Chairman*)
Dr. Stephen Riady
Mr. Leon Nim Leung Chan
Mr. Edwin Neo
Ms. Min Yen Goh

SECRETARY

Ms. Millie Yuen Fun Luk

AUDITOR

Ernst & Young
Certified Public Accountants
Registered Public Interest Entity Auditor
under the Accounting and Financial
Reporting Council Ordinance

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
China CITIC Bank International Limited

SOLICITORS

Howse Williams

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Corporate Services (Bermuda) Limited
Canon's Court
22 Victoria Street
PO Box HM 1179
Hamilton HM EX
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

40th Floor, Tower Two
Lippo Centre
89 Queensway
Hong Kong

STOCK CODE

655

WEBSITE

www.hkchinese.com.hk

Chairman's Statement

I hereby present the annual report of the Company (together with its subsidiaries, the "Group") for the year ended 31 December 2025 (the "Year" or "2025").

In a year marked by heightened global uncertainty arising from evolving tariff tensions and geopolitical risks, the Group and its joint ventures continued to navigate these headwinds with resilience and determination.

Singapore, where the major operations of the Group's principal joint ventures are located, continued to show resilience of its economy. With investor confidence holding steady and interest rates easing, the Singapore real estate market remained buoyant, supported by healthy demand across key segments. These favourable attributes reinforce Singapore's position as a trusted investment destination and provide a stable platform for OUE Limited ("OUE", together with its subsidiaries, collectively, the "OUE Group"), a principal joint venture of the Company, to pursue disciplined growth while remaining vigilant to external headwinds.

OUE Group has leveraged the use of renewable energy and adopted a design concept that blends nature, local culture and sustainability into its iconic new airport development, Hotel Indigo Changi Airport, Singapore's first zero-energy hotel. Construction of the 255-room upper upscale lifestyle hotel commenced in May 2025 and is targeted for completion in 2028.

Sustainability remains a cornerstone of the strategy of OUE Real Estate Investment Trust ("OUE REIT"), a subsidiary of OUE. In 2025, four of its assets achieved higher Green Mark certifications from the Building and Construction Authority of Singapore, including Platinum ratings for OUE Bayfront and OUE Downtown Office. In line with its disciplined acquisition approach, OUE REIT continues to focus on Singapore as its core market, while evaluating accretive opportunities in key gateway cities. In March 2026, OUE REIT completed the acquisition of a 19.9% stake in Salesforce Tower, a 55-storey premium-grade commercial tower located in the prime centre business district in Sydney, Australia. This yield-accretive strategic expansion marks OUE REIT's first foray into the Australian market, further bolstering its next growth phase with enhanced portfolio quality and geographical diversity.

The hospitality division of OUE Group continued to strengthen its brand quality while curating distinctive experiences that resonate with today's travellers and diners. Crowne Plaza Changi Airport ("CPCA") once again distinguished itself on the global stage, earning the titles of "World's Best Airport Hotel" and "Best Airport Hotel in Asia" at the 2025 Skytrax World Airport Awards for the 10th consecutive year. Further affirming its leadership in green hospitality, CPCA was honored with the Singapore Sustainability Award 2025-2026 by the Singapore Hotel Association, in recognition of its continued efforts to advance sustainable practices. This award was also bestowed on Hilton Singapore Orchard for the third consecutive year, for dedication to sustainable luxury and service excellence.

In December 2025, OUE Group strengthened its healthcare portfolio with the acquisition of an additional 19.32% stake in OUE Healthcare Limited ("OUEH"), increasing its total interest to 89.68%. This deepens its exposure to a sector underpinned by favourable demographic trends and rising demand for quality medical services across Asia.

Chairman's Statement *(continued)*

Across the healthcare segment of OUE Group, 2025 was marked by operational excellence, community impact and strategic expansion. In Chinese Mainland, the Prince Bay Hospital, held under a joint venture of OUEH, has received its official license approval, a significant step towards delivering international-quality healthcare to the community in the Greater Bay Area. In Singapore, O2 Healthcare Group, positioned as a "Lung Centre", aims to reshape lung care in Asia through a multi-disciplinary, patient-centric approach, channelling its expertise in cardiac and thoracic surgery, pulmonary medicine and intensive care to address a diverse range of heart and lung conditions. In March 2026, O2 Healthcare Group officially launched O2 SleepWell Laboratory, the first private sleep laboratory in Singapore, which underscores its commitment to supporting full wellness living that starts from sleep.

OUE Group recorded a lower loss in 2025, mainly due to absence of fair value loss recognised for a non-core asset located in Chinese Mainland following its divestment in 2024, lower share of losses from an equity-accounted investee and lower finance expenses, offset partially by an impairment loss recorded on OUE Group's investment in an equity-accounted investee. The equity-accounted investee was adversely affected by the slow-down of the property market in the Chinese Mainland. Such losses are largely non-cash in nature with no material impact on OUE Group's operational cashflows and corporate funding requirements.

Against this backdrop, the Group recorded a consolidated loss attributable to shareholders of HK\$892 million for the Year, as compared to a consolidated loss of HK\$1,200 million for the year ended 31 December 2024. Such loss was mainly attributable to the share of loss of joint ventures for the Year.

Following the recent outbreak of the war in the Middle East which has led to a sharp rise in prices of oil and gas, shipping and air freight costs, and fertilizers. A more prolonged war will almost definitely disrupt the global economy. Amidst the escalating global challenges, the Group and its joint ventures will continue to exercise prudence in capital and expenditure management. We are confident in our ability to navigate changes and seize opportunities. We remain focused creating value to maximise returns for all our stakeholders.

I would like to extend my heartfelt appreciation to our shareholders, fellow directors, management and all staff for their contributions and continued support during the Year.

Stephen Riady
Chairman

31 March 2026

Report of the Directors

The Directors hereby present their report together with the audited financial statements for the year ended 31 December 2025 (the “Year”).

BUSINESS REVIEW

Overview

The economy in Singapore, where the major operations of the Company’s principal joint ventures are located, expanded by 5% in 2025. Singapore’s international visitor arrivals grew 2.3% in 2025 to 16.9 million. There was a strong momentum in the growth of tourism receipts in 2025 which reflected higher spendings per international visitor. The office market in Singapore continued to remain resilient in 2025 despite external macroeconomic and geopolitical headwinds, supported by stable demand and a tightening supply pipeline. Chinese Mainland’s economy has proved resilient and expanded by 5% in 2025 though slowing down towards the end of 2025. Despite its resilience, Chinese Mainland has been facing increasing challenges including subdued domestic demand and protracted property market downturn.

Results for the Year

The Company (together with its subsidiaries, collectively, the “Group”) recorded a consolidated loss attributable to shareholders of HK\$892 million for the Year, as compared to a consolidated loss of HK\$1,200 million for the year ended 31 December 2024 (“2024”). Such loss was mainly attributable to the share of loss of joint ventures for the Year, which was largely non-cash in nature.

Revenue for the Year amounted to HK\$53 million (2024 – HK\$73 million). Property investment business contributed to 93% (2024 – 97%) of total revenue for the Year.

The Group’s other operating expenses mainly included legal and professional fees and consultancy and service fees. Other operating expenses amounted to HK\$12 million for the Year (2024 – HK\$14 million). Finance costs decreased to HK\$23 million (2024 – HK\$32 million), which was largely driven by lower interest rates during the Year as compared with 2024.

Property investment

Segment revenue from the property investment business was mainly attributable to recurrent rental income from the Group’s investment properties and interest income from the loans to the Group’s joint ventures. During the Year, shareholders of a joint venture of the Group agreed to stop accrual of interest on part of the shareholder loans on a pro rata basis and accordingly, the share of loss of the joint venture shall be reduced in accordance with the respective shareholding in the joint venture. However, due to the drop in interest income, the segment revenue for the Year decreased to HK\$50 million (2024 – HK\$70 million). After taking into account net fair value loss on investment properties of the Group, provision for impairment loss on an associate carrying office leasing business and finance costs, segment profit before share of results from the Group’s joint ventures amounted to HK\$6 million for the Year (2024 – HK\$28 million).

Lippo ASM Asia Property Limited (“LAAPL”, together with its subsidiaries, collectively, the “LAAPL Group”), a principal joint venture of the Group, is the vehicle holding a controlling stake in OUE Limited (“OUE”, together with its subsidiaries, collectively, the “OUE Group”), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). OUE’s real estate activities include the development, investment and management of real estate assets across the commercial, hospitality, retail and residential sectors. As at 31 December 2025, the LAAPL Group had an equity interest of approximately 73.44% in OUE.

OUE Real Estate Investment Trust (“OUE REIT”), a subsidiary of OUE, is a REIT listed on the Mainboard of the SGX-ST. The property portfolio of OUE REIT includes OUE Bayfront, One Raffles Place, OUE Downtown Office, Hilton Singapore Orchard, the adjoining Mandarin Gallery and Crowne Plaza Changi Airport. LAAPL Group had an aggregate of approximately 49.82% interest in OUE REIT as at 31 December 2025.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Results for the Year *(continued)*

Property investment (continued)

During the Year, revenue from investment properties of OUE REIT declined due to the divestment of a non-core asset located in Chinese Mainland in December 2024. In Singapore, OUE REIT's high-quality commercial assets continued to deliver resilient performance, supported by high committed occupancy at 95.4% for its office portfolio and 95.7% for Mandarin Gallery as at 31 December 2025. The hospitality division of OUE REIT recorded lower revenue during the Year. The softer performance was mainly attributable to the high-base effect from last year's surge in concert-driven tourism and commencement of China-Singapore visa-free arrangement. In March 2026, OUE REIT completed the acquisition of a 19.9% interest in Salesforce Tower, a prime freehold and newly built commercial tower in Circular Quay, Sydney, Australia, with high actual occupancy of 99.2% as of 31 December 2025. This will enhance the portfolio quality and geographical diversity of OUE REIT.

Groundwork for Hotel Indigo Changi Airport, a 255-room hotel located at Changi Airport Terminal 2, commenced in May 2025. The hotel, in which OUE has a 51% interest, is expected to be completed and fully operational by 2028.

OUE Healthcare Limited ("OUEH", together with its subsidiaries, collectively, the "OUEH Group") is a subsidiary of OUE and listed on the Catalist, the sponsor-supervised listing platform of the SGX-ST. OUEH is a regional healthcare company that owns, operates and invests in high-quality healthcare businesses in high-growth Asian markets. Its ecosystem includes a respiratory and cardiothoracic specialist group in Singapore, three hospitals in Chinese Mainland and a network that includes hospitals, medical towers and clinics in Myanmar. Prince Bay Hospital, located in Shenzhen, obtained its license in 2025 and is ramping up its services and operations. The hospital is well-positioned to meet the needs of patients in the Greater Bay Area. In December 2025, OUE Group acquired an additional 19.32% stake in OUEH to strengthen its healthcare portfolio, increasing its equity interest in OUEH to approximately 89.68%.

As at 31 December 2025, OUE Group (including the units held through OUEH Group) held approximately 45.60% interest in First Real Estate Investment Trust ("First REIT"), which is listed on the Mainboard of the SGX-ST. First REIT specialises in income-generating real estate assets in Singapore, Japan and Indonesia primarily used for healthcare and healthcare-related purposes.

The Group recorded a share of loss of joint ventures of HK\$871 million from its investment in LAAPL for the Year (2024 – HK\$1,205 million). The loss was mainly attributable to share of losses of its equity-accounted investees which included an investee company whose business in Chinese Mainland was adversely impacted by the prevailing slow-down of the property market and the current economic environment in Chinese Mainland, an impairment loss recognised on interest in the equity-accounted investee and the net fair value loss of the investment properties of the LAAPL Group. Such losses are largely non-cash in nature and there is no material impact on the LAAPL Group's operational cashflows and corporate funding requirements. As at 31 December 2025, the Group's total interests in LAAPL amounted to HK\$8.6 billion (31 December 2024 – HK\$8.8 billion).

Property development

The sale of the remaining properties at Lippo Plaza in Beijing was stagnant during the Year due to the sustained downturn in the Chinese Mainland's property market. The segment recorded a loss of HK\$4 million for the Year (2024 – HK\$4 million) before accounting for the share of results from the Group's associates.

Report of the Directors *(continued)*

BUSINESS REVIEW *(continued)*

Financial Position

The Group's financial position remained healthy. Its total assets, mostly property-related assets, amounted to HK\$9.3 billion as at 31 December 2025 (31 December 2024 – HK\$9.5 billion). Total liabilities amounted to HK\$0.6 billion (31 December 2024 – HK\$0.6 billion). As at 31 December 2025, cash and cash equivalents amounted to HK\$0.1 billion (31 December 2024 – HK\$0.1 billion). Current ratio as at 31 December 2025 was 3.9 (31 December 2024 – 3.6).

As at 31 December 2025, the Group's bank loans amounted to HK\$505 million (31 December 2024 – HK\$501 million). All bank loans were non-current liabilities, denominated in Hong Kong dollars and carried interest at floating rate. Where appropriate, the Group would use interest rate swaps to modify the interest rate characteristics of its borrowings to limit interest rate exposure. The gearing ratio (measured as total borrowings to equity attributable to equity holders of the Company) was 5.8% as at 31 December 2025 (31 December 2024 – 5.6%).

The consolidated net asset value attributable to equity holders of the Company decreased to HK\$8.7 billion as at 31 December 2025 (31 December 2024 – HK\$9.0 billion), equivalent to HK\$4.4 per share (31 December 2024 – HK\$4.5 per share). The decrease was mainly attributable to the loss for the Year, offset by share of gain arising on equity transactions of the LAAPL Group directly in reserve and share of foreign exchange translation gain of the LAAPL Group.

The Group monitors the relative foreign exchange position of its assets and liabilities to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure.

The Group had neither material contingent liabilities outstanding nor charges on the Group's assets as at 31 December 2025 (31 December 2024 – Nil).

As at 31 December 2025, the Group's capital commitment amounted to HK\$0.5 million (31 December 2024 – Nil). The Group's investments or capital assets will be financed by its internal resources and external bank financing, as appropriate.

Staff and Remuneration

The Group had 23 full-time employees as at 31 December 2025 (31 December 2024 – 23 full-time employees). Staff costs (including directors' emoluments) charged to the statement of profit or loss for the Year amounted to HK\$18 million (2024 – HK\$11 million). The Group ensures that its employees are offered competitive remuneration packages. The Group also provides benefits such as medical insurance and retirement funds to employees to sustain competitiveness of the Group.

PROSPECTS

The GDP growth forecast for Singapore for 2026 has been upgraded from "1% to 3%" to "2% to 4%" whereas Chinese Mainland's GDP growth target for 2026 is set at "4.5% to 5%". However, risks to the outlook remain tilted to the downside. Trade and geopolitical tensions could erupt, introducing uncertainty and disrupting the global economy through their impact on financial markets, supply chains and commodity prices. The recent outbreak of the war in the Middle East has led to a sharp increase in the global oil and gas prices, potentially driving inflation higher and dampening economic activities. Amid the challenging operating environment, the Group and its joint ventures will continue to manage their businesses and monitor their assets and investments cautiously and exercise prudent capital management.

Report of the Directors *(continued)*

BUSINESS STRATEGY

The business activities of the Group are diversified. The Group is committed to achieving long term sustainable growth of its businesses in preserving and enhancing shareholder value. The Group is focused on selecting attractive investment opportunities to strengthen and extend its business scope and has maintained prudent and disciplined financial management to ensure its sustainability.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Its subsidiaries, associates and joint ventures are principally engaged in investment holding, property investment, property development, hotel operation, healthcare services, project management, securities investment and treasury investment.

The activities and other particulars of the principal subsidiaries, principal associates and principal joint ventures are set out in the financial statements on pages 154 to 156, page 157 and page 158, respectively.

There were no significant changes in the nature of these activities during the Year.

RESULTS AND DIVIDENDS

The results of the Group for the Year and the financial position of the Group and the Company as at 31 December 2025 are set out in the financial statements on pages 84 to 158.

No interim dividend was declared for the Year (2024 — Nil). The Directors have resolved not to recommend the payment of any final dividend for the Year (2024 — Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 161.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 26 to the financial statements.

DISTRIBUTABLE RESERVES

Details of the distributable reserves of the Company are set out in Note 36 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties during the Year are set out in Note 16 to the financial statements.

DONATIONS

During the Year, the Group did not make any charitable and other donations (2024 — Nil).

Report of the Directors *(continued)*

DIRECTORS

The Directors of the Company during the Year and up to the date of this report were as follows:

Executive Directors

Dr. Stephen Riady (*Chairman*)
Mr. John Luen Wai Lee, BBS, JP (*Deputy Chairman*)
Mr. Davy Kwok Fai Lee (*Chief Executive Officer*)
Mr. Brian Riady

Non-executive Director

Mr. Leon Nim Leung Chan

Independent non-executive Directors

Mr. King Fai Tsui
Mr. Edwin Neo
Ms. Min Yen Goh

In accordance with Bye-law 84 of the Company's Bye-laws (the "Bye-laws"), Dr. Stephen Riady, Mr. Edwin Neo and Mr. John Luen Wai Lee will retire from office by rotation and, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

Mr. Davy Kwok Fai Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 7 June 2024. Mr. King Fai Tsui entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30 September 2024. Ms. Min Yen Goh entered into a letter agreement with the Company for her appointment as a Director of the Company for a term of two years commencing from 30 December 2024. Each of Dr. Stephen Riady and Mr. John Luen Wai Lee entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 January 2025. Following the expiry of the term under their respective former letter agreements with the Company, (a) Mr. Brian Riady entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 30 March 2025; and (b) each of Messrs. Leon Nim Leung Chan and Edwin Neo entered into a letter agreement with the Company for his appointment as a Director of the Company for a term of two years commencing from 1 January 2026. All the above letter agreements are terminable by either party by giving three months' prior written notice. The term of office of the Directors is also subject to the provisions of the Bye-laws and/or the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). In accordance with the Bye-laws, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting and their re-election is subject to a vote of shareholders. Every Director is also subject to retirement at least once every three years.

Report of the Directors *(continued)*

DIRECTORS *(continued)*

In addition, Dr. Stephen Riady entered into an employment agreement (as supplemented) for his employment as an Executive President of the Company with effect from 1 January 2015. Mr. John Luen Wai Lee entered into an employment agreement (as supplemented) for his employment as the Chief Executive Officer of the Company with effect from 1 January 2015. Mr. Lee was re-designated from the Chief Executive Officer to the Deputy Chairman of the Company with effect from 7 June 2024. Mr. Davy Kwok Fai Lee entered into an employment agreement (as supplemented) for his employment as the Chief Executive Officer of the Company with effect from 7 June 2024. The above employment agreements are terminable by either party by giving three months' prior written notice.

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

After reviewing the independence of each independent non-executive Director in accordance with the guidelines under the Listing Rules, the Company considers such Directors to be independent.

Under the Company's Bye-laws, every Director or other officer of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto. A Directors' and officers' liability insurance is in place to protect the Directors and officers of the Group against any potential liability arising from the Group's activities which such Directors and officers may be held liable.

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Dr. Stephen Riady (former name: Stephen Tjondro Riady), aged 65, was appointed a Director of the Company in September 1992 and is the Chairman of the board of directors of the Company. Dr. Riady is also an executive director and the Chairman of the board of directors of Lippo China Resources Limited ("LCR"), a public listed company in Hong Kong. He has been the Executive President of each of the Company and LCR since January 2015. He is a member of the Remuneration Committee and Nomination Committee of each of the Company and LCR. In January 2026, Dr. Riady resigned as a director of Lippo Limited ("Lippo"), a former public listed company in Hong Kong which was privatised in September 2025. Dr. Riady also holds directorships in certain subsidiaries of the Company, LCR and Lippo. He is the Executive Chairman and Group Chief Executive Officer of OUE Limited ("OUE"), a company listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). Dr. Riady is a director of Lippo Capital Group Limited ("Lippo Capital Group"), Lippo Capital Holdings Company Limited ("Lippo Capital Holdings") and Lippo Capital Limited ("Lippo Capital") which, together with Lippo, have discloseable interests in the Company under the provisions of the Securities and Futures Ordinance (the "SFO"). Dr. Riady is a graduate of the University of Southern California, the United States of America and holds a Master of Business Administration from Golden Gate University, the United States of America and an Honorary Degree of Doctor of Business Administration from Edinburgh Napier University, the United Kingdom. He is one of the first Honorary University Fellows installed by the Hong Kong Baptist University in September 2006. Dr. Riady is the father of Mr. Brian Riady who is an executive Director of each of the Company and LCR. Dr. Riady is the spouse of Madam Shincee Leonardi ("Madam Leonardi") and a brother of Mr. James Tjahaja Riady ("Mr. James Riady"). Madam Aileen Hambali ("Madam Hambali") is the spouse of Mr. James Riady. Interests of Madam Leonardi, Mr. James Riady and Madam Hambali in the Company are disclosed in the section headed "Interests and short positions of shareholders discloseable under the Securities and Futures Ordinance" below.

Report of the Directors *(continued)*

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Mr. John Luen Wai Lee, BBS, JP, aged 77, was appointed a Director of the Company in September 1992 and was re-designated from the Chief Executive Officer to the Deputy Chairman of the Company in June 2024. Mr. Lee is an executive director and the Deputy Chairman of LCR, as well as an independent non-executive director of New World Development Company Limited and UMP Healthcare Holdings Limited, both are public listed companies in Hong Kong. He is a director of Lippo and Hennessy Holdings Limited (“Hennessy”) which have discloseable interests in the Company under the provisions of the SFO. Mr. Lee is an authorised representative of the Company and LCR. In addition, he holds directorships in certain subsidiaries of the Company, LCR and Lippo. Mr. Lee is a Fellow of The Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Lee is an Honorary Fellow of the City University of Hong Kong, a Justice of Peace in Hong Kong and an awardee of the Bronze Bauhinia Star by the Government of the Hong Kong Special Administrative Region. Mr. Lee is active in public service. Over the years, he served as a member or chairman of different government boards and committees in Hong Kong, including a member of the Hong Kong Hospital Authority and the Chairman of the Hospital Governing Committee of the Queen Elizabeth Hospital and Hong Kong Children’s Hospital.

Mr. Kwok Fai Lee (alias: Davy), aged 67, was appointed an executive Director and the Chief Executive Officer of the Company in June 2024. Mr. Lee is an executive director and the Chief Executive Officer of LCR. Mr. Lee is an alternate to authorised representative of the Company and LCR. In addition, he holds directorships in certain subsidiaries of the Company, LCR and Lippo. Mr. Lee is a fellow member of The Chartered Governance Institute and The Hong Kong Chartered Governance Institute. Mr. Lee has over 30 years’ experience in treasury investments, corporate administration and corporate governance field. Mr. Lee holds a Bachelor of Arts in Chinese Humanities (First Class Honours) from The Open University of Hong Kong (now known as Hong Kong Metropolitan University), a Master of Science in Investment Management from The Hong Kong University of Science and Technology, a Juris Doctor from the Chinese University of Hong Kong and a Doctor of Business and Administration from The Hong Kong Polytechnic University. Mr. Lee has served the Lippo group of companies for over 40 years. Mr. Lee is a director of Lippo, Hennessy and Lippo Capital as well as the Secretary of Lippo Capital, Lippo Capital Holdings and Lippo Capital Group which have discloseable interests in the Company under the provisions of the SFO. He is also a director and/or the Secretary of certain subsidiaries of the Company’s controlling shareholders.

Mr. Brian Riady, aged 35, was appointed an executive Director of the Company in March 2023. Mr. Riady holds a Bachelor of Science (Political Communication) and a Bachelor of Arts (Economics) from the University of Texas at Austin, the United States of America. He attended the Executive Education programs at the Harvard Business School. Mr. Riady is also an executive director of LCR. He resigned as a director of Lippo in January 2026. He is the Deputy Chief Executive Officer and Executive Director of OUE. Mr. Riady is also a non-independent non-executive director of OUE REIT Management Pte. Ltd. (the manager of OUE Real Estate Investment Trust which is listed on the SGX-ST). He is also a director of a subsidiary of LCR. Mr. Riady is the son of Dr. Stephen Riady and Madam Leonardi and a nephew of Mr. James Riady and Madam Hambali.

Mr. Leon Nim Leung Chan, aged 70, was appointed a Director of the Company in September 1992 and was re-designated from independent non-executive Director to non-executive Director of the Company in September 2004. He is a practising lawyer and presently the principal partner of Messrs. Y.T. Chan & Co. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1980 and was also admitted as a solicitor in England in 1984 and in Victoria, Australia in 1985. He was a member of the Solicitors Disciplinary Tribunal from May 1993 to April 2008. He is also a non-executive director of LCR. He resigned as a director of Lippo in January 2026. Mr. Chan is a member of the Audit Committee, Remuneration Committee and Nomination Committee of each of the Company and LCR. Mr. Chan is an independent non-executive director of Midland Holdings Limited, a public listed company in Hong Kong.

Report of the Directors *(continued)*

BRIEF BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT *(continued)*

Mr. King Fai Tsui, aged 76, was appointed an independent non-executive Director of the Company in September 2004. Mr. Tsui is an independent non-executive director of Newton Resources Ltd, a public listed company in Hong Kong. He has over 40 years of extensive experience in accounting, finance and investment management, particularly in investments in Chinese Mainland. Mr. Tsui worked for two of the Big Four audit firms in the United States of America and Hong Kong and served in various public listed companies in Hong Kong in a senior capacity. He is a Fellow of the Hong Kong Institute of Certified Public Accountants, a member of the Chartered Accountants Australia and New Zealand and a member of the American Institute of Certified Public Accountants. He graduated from the University of Houston, Texas, the United States of America and holds a Master of Science in Accountancy and a Bachelor of Business Administration with first class honours. Mr. Tsui is the Chairman of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. Mr. Tsui resigned as a director of Lippo in January 2026.

Mr. Edwin Neo, aged 76, was appointed an independent non-executive Director of the Company in January 2018. He was admitted as a solicitor of the Supreme Court of Hong Kong in 1976 and of the Supreme Court of England and Wales in 1993. Mr. Neo is a practising lawyer and a notary public and is presently the senior partner of Hoosenally & Neo, Solicitors & Notaries. Mr. Neo holds a Bachelor of Laws degree with honours and Post-graduate Certificate in Laws from The University of Hong Kong. He is an independent non-executive director of LCR. Mr. Neo is a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Company. He is also a member of the Audit Committee and the Chairman of the Remuneration Committee and Nomination Committee of LCR. He was an independent non-executive Director of the Company from 16 January 1995 to 10 March 1998.

Ms. Min Yen Goh, aged 65, was appointed an independent non-executive Director of the Company in December 2022. Ms. Goh obtained a Bachelor of Science in Economics and Finance with high distinction from Babson College in the United States of America. Ms. Goh is currently the managing director of Eng Wah Group and a director of Eng Wah Global Pte. Ltd. Ms. Goh was a director of Eng Wah Organization Limited, which was listed on the Mainboard of the SGX-ST before it was privatized in 2008. She is an independent director of OUE. Ms. Goh is also an independent non-executive director of LCR. Ms. Goh is a member of the Remuneration Committee and Nomination Committee of each of the Company and LCR. Ms. Goh resigned as a director of Lippo in January 2026.

Details of the interests of the Directors in the Company are disclosed in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below.

Save as disclosed herein and in the section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations" below, the Directors do not have any other relationships with any Directors, senior management or substantial or controlling shareholders of the Company.

Report of the Directors *(continued)*

DIRECTORS' AND FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

Details of the emoluments of the Directors on a named basis and the five highest paid employees in the Group are set out in Notes 10 and 11 to the financial statements, respectively.

The emoluments of the Directors are determined by reference to the market rates, time commitment and their duties and responsibilities as well as employment conditions elsewhere in the Group.

The emoluments of the Directors for the Year have been covered by their respective letter agreements and/or employment agreements (as applicable) with the Company and/or paid under the relevant statutory requirement save for the following:

- (a) The discretionary bonus of Dr. Stephen Riady in an amount of HK\$3,087,150; and
- (b) The discretionary bonus of Mr. Davy Kwok Fai Lee in an amount of HK\$1,036,400.

Dr. Stephen Riady, Mr. John Luen Wai Lee and Mr. Davy Kwok Fai Lee are entitled to receive salaries, discretionary bonuses and other fringe benefits for the executive roles in the Company under their respective employment agreements with the Company.

Further details of the above Directors' emoluments are disclosed in Note 10 to the financial statements.

Each of the Directors of the Company is entitled to receive a director's fee from the Company. The director's fee was adjusted from HK\$274,800 per annum to HK\$284,400 per annum with effect from 1 April 2025. The director's fee paid to each of the Directors of the Company (on a 12-month basis) was HK\$282,000 for the Year. A non-executive Director will also receive additional fees for duties assigned to and services provided by him/her as Chairmen and/or members of various board committees of the Company. The fees paid to the non-executive Directors (on a 12-month basis) for serving as the Chairmen and/or members of various board committees of the Company for the Year were as follows:

	HK\$
Chairman	93,900
Member	60,600

Report of the Directors *(continued)*

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

As at 31 December 2025, the interests or short positions of the Directors and chief executive of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") (the "Associated Corporations"), as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under the Rules Governing the Listing of Securities on the Stock Exchange (the "Model Code"), were as follows:

Interests in shares and underlying shares of the Company and Associated Corporations

Name of Director	Personal interests (held as beneficial owner)	Family interests (interest of spouse)	Corporate interests (interest of controlled corporations)	Other interests	Total interests	Approximate percentage of total interests in the issued shares
Number of ordinary shares of HK\$0.10 each in the Company						
Stephen Riady	–	–	1,179,199,264 <i>Notes (i) and (ii)</i>	–	1,179,199,264	59.01
John Luen Wai Lee	4,495,895	270	–	–	4,496,165	0.23
Davy Kwok Fai Lee	466	466	–	–	932	0.00
King Fai Tsui	600,000	75,000	–	–	675,000	0.03
Number of ordinary shares in Lippo China Resources Limited ("LCR")						
Stephen Riady	–	–	672,555,056 <i>Notes (i) and (iii)</i>	–	672,555,056	73.20
Min Yen Goh	–	–	–	200,000 <i>Note (iv)</i>	200,000	0.02

Note:

- (i) As at 31 December 2025, Lippo Capital Limited ("Lippo Capital"), an Associated Corporation of the Company, was a 60% owned subsidiary of Lippo Capital Holdings Company Limited ("Lippo Capital Holdings"), an Associated Corporation of the Company, which in turn was a wholly-owned subsidiary of Lippo Capital Group Limited ("Lippo Capital Group"), an Associated Corporation of the Company. Dr. Stephen Riady ("Dr. Riady") was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group.
- (ii) As at 31 December 2025, Lippo Capital was directly interested in 894,916,529 ordinary shares of HK\$0.10 each in the Company (the "Shares") and through its 100% owned subsidiaries, was indirectly interested in 284,282,735 Shares. Accordingly, Lippo Capital was directly and indirectly interested in an aggregate of 1,179,199,264 Shares, representing approximately 59.01% of the issued Shares.
- (iii) As at 31 December 2025, Lippo Capital and through its 100% owned subsidiaries, was directly and indirectly interested in an aggregate of 672,555,056 ordinary shares in, representing approximately 73.20% of the issued shares of, LCR.
- (iv) As at 31 December 2025, Ms. Min Yen Goh (in the capacity of an executor) was deemed to be interested in 200,000 ordinary shares in, representing approximately 0.02% of the issued shares of, LCR.

Report of the Directors *(continued)*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*

Interests in shares and underlying shares of the Company and Associated Corporations *(continued)*

As mentioned in Note (i) above, Dr. Riady was the beneficial owner of one ordinary share in, representing 100% of the issued share capital of, Lippo Capital Group. Through his interest in Lippo Capital Group, Dr. Riady was also interested or taken to be interested (through controlled corporations) in the issued shares of the following Associated Corporations of the Company as at 31 December 2025:

Name of Associated Corporation	Note	Class of shares	Number of shares interested	Approximate percentage of interest in the issued shares
Acematic Limited	(a)	Ordinary shares	1	100
Auric Digital Retail Pte. Ltd. ("Auric Digital")	(b)	Ordinary shares	10	100
Auric Pacific Group Limited ("Auric")	(c)	Ordinary shares	80,618,551	65.48
Bentham Holdings Limited	(d)	Ordinary shares	1	100
Boudry Limited	(a)	Ordinary shares	10	100
	(a)	Non-voting deferred shares	1,000	100
Broadwell Overseas Holdings Limited	(a)	Ordinary shares	1	100
Chung Po Investment Holding Co., Ltd.	(a)	Ordinary shares	1,200,000	60
Creaworld (Holdings) Company Limited 華陽機構股份有限公司	(a)	Ordinary shares	2	100
Ever Benefits Limited	(a)	Ordinary shares	2	100
Grand Peak Investment Limited	(a)	Ordinary shares	2	100
Healthway Medical Corporation Limited ("Healthway")	(e)	Ordinary shares	3,056,521,494	67.39
Hennessy Holdings Limited	(a)	Ordinary shares	1	100
Lippo Assets (International) Limited ("Lippo Assets")	(a)	Ordinary shares	1	100
	(a)	Non-voting deferred shares	15,999,999	100
Lippo Capital	(d)	Ordinary shares	423,414,001	60
Lippo Capital Holdings	(f)	Ordinary shares	1	100
Lippo Investments Limited	(a)	Ordinary shares	2	100
Lippo Limited	(a)	Ordinary shares	493,154,032	100
Lippo Realty (China) Limited	(a)	Ordinary shares	1	100
Lippo Realty Limited	(a)	Ordinary shares	2	100
LL Capital Holdings Limited	(a)	Ordinary shares	1	100
Multi-World Builders & Development Corporation	(a)	Ordinary shares	4,080	51
Orkney Development Ltd.	(a)	Ordinary shares	1	100
OUE Limited ("OUE")	(g)	Ordinary shares	552,834,800	73.60
PT Matahari Department Store Tbk.	(h)	Ordinary shares	1,549,633,796	68.56
Skyscraper Realty Limited	(a)	Ordinary shares	10	100
Superfood Retail Limited ("Superfood")	(i)	Ordinary shares	10,000	100
The HCB General Investment (Singapore) Pte Ltd	(a)	Ordinary shares	100,000	100
Valencia Development Limited	(a)	Ordinary shares	800,000	100
	(a)	Non-voting deferred shares	200,000	100
福建华阳湄洲开发有限公司	(a)	Equity interest	N/A	100

Report of the Directors *(continued)*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*

Interests in shares and underlying shares of the Company and Associated Corporations *(continued)*

Note:

- (a) Such share(s)/equity interest was/were 100% held directly or indirectly by Lippo Capital, a 60% owned indirect subsidiary of Lippo Capital Group.
- (b) Of these shares, 6 ordinary shares were held by Auric Bespoke I Pte. Ltd. ("Auric Bespoke") and 4 ordinary shares were held by OUE Retail Holdings Pte. Ltd. ("OUE Retail"). Auric Bespoke was a wholly-owned subsidiary of Auric Capital Holdings Limited which was owned as to 50% by Edgemont Hill Holdings Limited ("Edgemont"). Edgemont was wholly owned by Dr. Riady. OUE Retail was 100% owned direct subsidiary of OUE. OUE was indirectly owned as to approximately 73.44% by Fortune Crane Limited ("FCL"). The Company, through its 50% joint venture, Lippo ASM Asia Property Limited, held approximately 92.05% interest in FCL. Details of Dr. Riady's interest in the Company are disclosed in Notes (i) and (ii) above.
- (c) Of these shares, 4,999,283 ordinary shares were held by Jeremiah Holdings Limited ("Jeremiah"); 20,004,000 ordinary shares were held by Nine Heritage Pte Ltd ("Nine Heritage"), an 80% owned direct subsidiary of Jeremiah; 36,165,052 ordinary shares were held by Pantogon Holdings Pte Ltd ("Pantogon"); and 759,000 ordinary shares were held by Max Turbo Limited ("Max Turbo"). Jeremiah, Pantogon and Max Turbo were 100% owned indirect subsidiaries of LCR. Details of Dr. Riady's interest in LCR are disclosed in Notes (i) and (iii) above. In addition, as at 31 December 2025, 18,691,216 ordinary shares were held by Silver Creek Capital Pte. Ltd. ("Silver Creek"). Dr. Riady, through companies controlled by him, is the beneficial owner of 100% of the issued shares in Silver Creek. Accordingly, Dr. Riady was taken to be interested in an aggregate of 80,618,551 ordinary shares in, representing approximately 65.48% of the issued shares of, Auric.
- (d) Such share(s) was/were held directly by Lippo Capital Holdings which in turn was a direct wholly-owned subsidiary of Lippo Capital Group.
- (e) Of these shares, 253,865,182 ordinary shares were held by Continental Equity Inc. ("Continental Equity"); 1,594,776,083 ordinary shares were held by Gentle Care Pte. Ltd. ("Gentle Care"); and 1,207,880,229 ordinary shares were held by OUEH Investments Pte. Ltd., a 89.68% owned indirect subsidiary of OUE. Continental Equity and Gentle Care were 100% owned indirect subsidiaries of LCR. Accordingly, Dr. Riady was taken to be interested in an aggregate of 3,056,521,494 ordinary shares in, representing approximately 67.39% of the issued shares of, Healthway. Details of Dr. Riady's interest in LCR and OUE are disclosed in Notes (i), (iii) and (b) above.
- (f) Such share was 100% held directly by Lippo Capital Group.
- (g) Of these shares, 391,300 ordinary shares were held by the Company; 847,000 ordinary shares were held by Lippo Assets, a 100% owned indirect subsidiary of Lippo Capital; 103,742,200 ordinary shares were held by Golden Concord Asia Limited ("GCAL"); and 447,854,300 ordinary shares were held by OUE Realty Pte. Ltd. ("OUE"). OUE was a 100% owned direct subsidiary of GCAL which in turn was a 100% owned direct subsidiary of FCL. Accordingly, Dr. Riady was taken to be interested in an aggregate of 552,834,800 ordinary shares in, representing approximately 73.60% of the issued shares of, OUE. Details of Dr. Riady's interest in the Company and FCL are disclosed in Notes (i), (ii) and (b) above.
- (h) Of these shares, 209,992,000 ordinary shares were held by PT Multipolar Tbk. ("PT Multipolar"); 100,000,000 ordinary shares were held by PT Cahaya Investama ("PT Cahaya"); 100,000,000 ordinary shares were held by PT Surya Cipta Investama ("PT Surya"); 100,000,000 ordinary shares were held by PT Reksa Puspita Karya ("PT Reksa"); 960,021,796 ordinary shares were held by Auric Digital; and 79,620,000 ordinary shares were held by OUE Investments Pte. Ltd., a 100% owned direct subsidiary of OUE. PT Cahaya, PT Surya and PT Reksa were owned as to 99.99% by PT Multipolar. PT Multipolar was owned as to 42.03% by PT Inti Anugerah Pratama which in turn was owned as to 40% by Fullerton Capital Limited ("Fullerton"). Dr. Riady, through a company controlled by him, is the beneficial owner of 100% of the issued shares in Fullerton. Details of Dr. Riady's interest in Auric Digital and OUE are disclosed in Note (b) above.
- (i) Of these shares, 1,625 ordinary shares were held by Nine Heritage; 2,937 ordinary shares were held by Pantogon; 406 ordinary shares were held by Jeremiah; 62 ordinary shares were held by Max Turbo; and 4,970 ordinary shares were held by Oddish Ventures Pte. Ltd., a 100% owned indirect subsidiary of OUE. Nine Heritage, Pantogon, Jeremiah and Max Turbo were subsidiaries of LCR. Accordingly, Dr. Riady was taken to be interested in an aggregate of 10,000 ordinary shares in, representing 100% of the issued shares of, Superfood. Details of Dr. Riady's interest in LCR and OUE are disclosed in Notes (i), (iii) and (b) above.

As at 31 December 2025, none of the Directors or chief executive of the Company had any interests in the underlying shares in respect of physically settled, cash settled or other equity derivatives of the Company or any of its Associated Corporations.

All the interests stated above represented long positions. Save as disclosed herein, as at 31 December 2025, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its Associated Corporations which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors *(continued)*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ASSOCIATED CORPORATIONS *(continued)*

Interests in shares and underlying shares of the Company and Associated Corporations *(continued)*

As at 31 December 2025, none of the Directors or chief executive of the Company nor their spouses or minor children (natural or adopted) were granted or had exercised any rights to subscribe for any equity or debt securities of the Company or any of its Associated Corporations.

ARRANGEMENTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the Year was the Company or any of its subsidiaries, holding companies or fellow subsidiaries a party to any arrangement to enable a Director of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

PERMITTED INDEMNITY PROVISION

The Company's Bye-laws provides that the Directors shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts. A Directors' and Officers' Liability Insurance was taken out and maintained throughout the Year, which provides appropriate cover for, inter alia, the Directors of the Company and its subsidiaries.

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE

As at 31 December 2025, so far as is known to the Directors of the Company, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the Securities and Futures Ordinance (the "SFO") as follows:

Interests of substantial shareholders in shares of the Company

Name of substantial shareholder	Number of ordinary shares	Approximate percentage of the issued shares
Hennessy Holdings Limited ("Hennessy")	284,282,735	14.23
Lippo Limited ("Lippo")	284,282,735	14.23
Lippo Capital Limited ("Lippo Capital")	1,179,199,264	59.01
Lippo Capital Holdings Company Limited ("Lippo Capital Holdings")	1,179,199,264	59.01
Lippo Capital Group Limited ("Lippo Capital Group")	1,179,199,264	59.01
Madam Shincee Leonardi	1,179,199,264	59.01
PT Trijaya Utama Mandiri ("PT TUM")	1,179,199,264	59.01
Mr. James Tjahaja Riady	1,179,199,264	59.01
Madam Aileen Hambali	1,179,199,264	59.01

Report of the Directors *(continued)*

INTERESTS AND SHORT POSITIONS OF SHAREHOLDERS DISCLOSEABLE UNDER THE SECURITIES AND FUTURES ORDINANCE *(continued)*

Interests of substantial shareholders in shares of the Company *(continued)*

Note:

1. Hennessy, as beneficial owner, directly held 284,282,735 ordinary shares in, representing approximately 14.23% of the issued shares of, the Company.
2. Lippo directly owned 100% of the issued share capital of Hennessy.
3. Lippo Capital, as beneficial owner, directly held 894,916,529 ordinary shares and through Lippo, a 100% owned subsidiary, was indirectly interested in 284,282,735 ordinary shares, amounting to an aggregate of 1,179,199,264 ordinary shares in, representing approximately 59.01% of the issued shares of, the Company.
4. Lippo Capital Holdings owned 60% of the issued shares in Lippo Capital. Lippo Capital Group owned 100% of the issued share capital of Lippo Capital Holdings. Dr. Stephen Riady was the beneficial owner of 100% of the issued share capital of Lippo Capital Group. Madam Shincee Leonardi is the spouse of Dr. Stephen Riady.
5. PT TUM owned the remaining 40% of the issued shares in Lippo Capital. PT TUM was wholly owned by Mr. James Tjahaja Riady who is a brother of Dr. Stephen Riady. Madam Aileen Hambali is the spouse of Mr. James Tjahaja Riady.
6. Hennessy's interests in the ordinary shares of the Company were recorded as the interests of Lippo and Lippo Capital. Lippo Capital's interests in the ordinary shares of the Company were recorded as the interests of Lippo Capital Holdings, Lippo Capital Group, Madam Shincee Leonardi, PT TUM, Mr. James Tjahaja Riady and Madam Aileen Hambali. The above 1,179,199,264 ordinary shares in the Company related to the same block of shares that Dr. Stephen Riady was interested, details of which are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations".

All the interests stated above represented long positions. Save as disclosed herein, as at 31 December 2025, none of the substantial shareholders or other persons (other than the Directors or chief executive of the Company) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

The Lippo Group (a general reference to the companies in which Dr. Stephen Riady and his family members have a direct or indirect interest) is not a legal entity and does not operate as one. Each of the companies in the Lippo Group operates within its own legal, corporate and financial framework. As at 31 December 2025, the Lippo Group might have had or developed interests in business in Hong Kong and other parts in Asia similar to those of the Group and there was a chance that such businesses might have competed with the businesses of the Group.

Save for Mr. King Fai Tsui, all the Directors of the Company are also directors of Lippo China Resources Limited ("LCR"), a fellow subsidiary of the Company. Further details of the Directors' interests in LCR are disclosed in the above section headed "Directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company and associated corporations". Subsidiaries of LCR are also engaged in property investment and property development.

Report of the Directors *(continued)*

DIRECTORS' INTERESTS IN COMPETING BUSINESS *(continued)*

The Directors of the Company are fully aware of, and have been discharging, their fiduciary duty to the Company. The Company and its Directors would comply with the relevant requirements of the Company's Bye-laws and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") whenever a Director has any conflict of interest in the transaction(s) with the Company.

Save as disclosed herein, during the Year and up to the date of this report, none of the Directors are considered to have interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group required to be disclosed under the Listing Rules.

DISCLOSURE PURSUANT TO RULE 13.20 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

The Group has granted financial assistance to Fortune Crane Limited ("FCL"), a subsidiary of Lippo ASM Asia Property Limited which in turn is a principal joint venture of the Company. The relevant advances disclosed pursuant to rule 13.13 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and remained outstanding as at 31 December 2025 were granted under the following loan agreements:

- (i) a loan agreement dated 29 May 2015 between FCL and Pacific Landmark Holdings Limited ("PLH"), a then subsidiary of the Company, pursuant to which PLH agreed to advance a loan of S\$53,920,839.43 (the "Loan") to FCL;
- (ii) a loan agreement dated 28 August 2015 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S\$7,000,000 (the "Interim Loan") to FCL;
- (iii) a loan agreement dated 28 August 2015 between FCL and PLH pursuant to which PLH agreed to advance a further loan of S\$100,000,000 (the "Further Loan") to FCL;
- (iv) a loan agreement dated 12 October 2015 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of S\$2,000,000 (the "Second Interim Loan") to FCL;
- (v) a loan agreement dated 30 November 2015 between FCL and PLH pursuant to which PLH agreed to make available a new loan facility of S\$38,000,000 (the "New Loan") to FCL;
- (vi) a loan agreement dated 19 July 2016 between FCL and PLH pursuant to which PLH agreed to make available a loan facility of approximately S\$14,959,000 (the "July 2016 Loan") to FCL; and
- (vii) a loan agreement dated 20 October 2016 between FCL and Polar Step Limited ("PSL"), a subsidiary of the Company, pursuant to which PSL agreed to make available a loan facility in the maximum principal amount of S\$155,000,000 (the "October 2016 Facility") to FCL.

Report of the Directors *(continued)*

DISCLOSURE PURSUANT TO RULE 13.20 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED *(continued)*

In addition, an unsecured loan of approximately S\$10,314,000 (the "June 2013 Loan") was advanced by PLH to FCL on 20 June 2013.

On 20 October 2016, PLH assigned all of its rights, interests, benefits and title in the June 2013 Loan, the Loan, the Further Loan and the July 2016 Loan to PSL. On 4 January 2017, PLH assigned all of its rights, interests, benefits and title in the Interim Loan, the Second Interim Loan and the New Loan to PSL.

As at 31 December 2025, the outstanding balance of the above advances amounted to approximately S\$380,420,000 (equivalent to approximately HK\$2,303,367,000). During the Year, shareholders of FCL ceased to charge interest on part of the shareholder loans in proportion to their respective shareholding and accordingly, PSL agreed to waive interest accrued on the loans owed by FCL to it of approximately S\$312,410,000 with effect from 1 July 2025. Save as disclosed herein, all the above advances to FCL are unsecured, carried interest at 2.25% per annum and repayable on demand.

DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in Note 32 to the financial statements, there were no other contracts of significance in relation to the Company's business, to which the Company or any of its subsidiaries, holding companies or fellow subsidiaries was a party, subsisting at the end of the Year or at any time during the Year, and in which a Director or the controlling shareholders or any of their respective subsidiaries, directly or indirectly, had a material interest.

During the Year, no contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries has been made.

MANAGEMENT CONTRACTS

No contracts concerning the management and/or administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

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

During the Year, there was no purchase, sale or redemption of the Company's listed securities by the Company or any of its subsidiaries.

Report of the Directors *(continued)*

MAJOR SUPPLIERS AND CUSTOMERS

During the Year, the percentage of revenue attributable to the Group's five largest customers combined was 84% of the Group's aggregate revenue and revenue attributable to the largest customer included therein amounted to 62%. During the Year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's aggregate purchases.

None of the Directors of the Company, their close associates or any shareholder (which to the best knowledge and belief of the Directors own more than 5% of the Company's issued shares) had any beneficial interest in the Group's five largest suppliers and customers.

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group understands that employees are valuable assets. The Group provides competitive remuneration package to attract and motivate the employees. The Group regularly reviews the remuneration package of employees and makes necessary adjustments to conform to the market standard.

The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. To maintain its brand competitiveness and dominant status, the Group aims at delivering constantly high standards of quality in the products and services to its customers. During the Year, there was no material and significant dispute between the Group and its suppliers and/or customers.

RETIREMENT BENEFITS SCHEMES

Details of the retirement benefits schemes of the Group and the employer's retirement benefits costs charged to the consolidated statement of profit or loss for the Year are set out in Notes 2.4(v) and 7 to the financial statements, respectively.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. The Company's Corporate Governance Report is set out on pages 23 to 33.

KEY RISKS AND UNCERTAINTIES

The Group's financial condition, results of operation, businesses and prospects may be affected by a number of risks and uncertainties. Key risks and uncertainties were identified by the Group, details of which are disclosed in the Company's Risk Management Report as set out on pages 34 to 39. There may be other risks and uncertainties in addition to those shown in the above report which are not known to the Group or which may not be material now but could turn out to be material in the future.

ADOPTION OF DIVIDEND POLICY

The Board had approved and adopted a dividend policy for the Company in January 2019 that aims to set out the approach to determine the dividend to be payable by the Company, enhance transparency of the Company and facilitate shareholders and investors of the Company to make informed investment decisions. Such policy was revised and updated in March 2026. Details of the Company's dividend policy are disclosed in the Corporate Governance Report as set out on pages 23 to 33.

Report of the Directors *(continued)*

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Environmental, social and governance (“ESG”) issues are fundamental to the Group’s sustainability. The conscientious use of resources and adoption of best practices across the Group’s businesses underlie its commitment to safeguarding the environment.

The Group obliges itself to maintain business integrity and uphold ethical standards. Guided by a belief in a fair business environment where labour, competition, privacy and intellectual property are respected, the Group makes every effort to communicate its expectations and standards to its business partners, customers and staff.

The development and opinion of staff are highly valued at the Group. By engaging staff in training opportunities and ongoing dialogues, the Group keeps its ears open for suggestions. The Group has incorporated a sound employment management system to ensure a fair, safe, healthy and diverse working environment.

In times of rapid change, competitiveness is defined by flexibility and adaptability. To answer the needs of the current and future generations, the Company carefully manages its environmental impacts according to its Environmental Policy. By optimising its operational practices, the Group continues to improve its use of resources.

Striving forward, the Company will adhere to its belief in sustainable development and improve its ESG performances with time. Capitalising on a wide scope of business, the Company will aim at spreading awareness and influence in different sectors to bring us closer to sustainability.

By publishing the Company’s ESG Report, the Company seizes the opportunity to disclose its sustainability performance and solicit stakeholder feedback. The Company’s ESG Report is set out on pages 40 to 78.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operations of the Company.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

PRE-EMPTIVE RIGHTS

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

AUDITOR

The financial statements for the Year were audited by Ernst & Young who will retire at the conclusion of the forthcoming annual general meeting and, being eligible, will offer itself for re-appointment.

On behalf of the Board
Davy Kwok Fai Lee
Chief Executive Officer

Hong Kong, 31 March 2026

Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

The Company is committed to ensuring high standards of corporate governance practices. The Board of Directors of the Company (the “Board”) believes that good corporate governance practices are increasingly important for maintaining and promoting investor confidence. Corporate governance requirements keep changing, therefore the Board reviews its corporate governance practices from time to time to ensure they meet public and shareholders’ expectation, comply with legal and professional standards and reflect the latest local and international developments. The Board will continue to commit itself to achieving a high quality of corporate governance so as to safeguard the interests of shareholders and enhance shareholder value.

During the year ended 31 December 2025 (the “Year”), the Company continued to take measures to closely monitor and enhance its corporate governance practices so as to comply with the requirements of the code provisions of the Corporate Governance Code (the “CG Code”) set out in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

To the best knowledge and belief of the Directors, the Directors consider that, save as disclosed below, the Company has complied with the code provisions of the CG Code for the Year. Under the code provision F.2.2 (which has been re-numbered as code provision F.1.3 since 1 July 2025) of the CG Code, the chairman of the board should attend the annual general meeting. The Chairman of the Board was unable to attend the annual general meeting of the Company held on 23 June 2025 (the “2025 AGM”) as he was travelling overseas and not contactable at that time. The Deputy Chairman of the Board chaired the 2025 AGM for the effective communication between the Company and its shareholders.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix C3 of the Listing Rules as the code for securities transactions by Directors. Having made specific enquiry of all Directors, all Directors have fully complied with the required standard set out in the Model Code throughout the Year.

To enhance corporate governance, the Company has also established written guidelines no less exacting than the Model Code for the employees of the Group in respect of their dealings in the Company’s securities.

BOARD OF DIRECTORS

The Board currently comprises eight members (the composition of the Board is shown on page 9), including four executive Directors and four non-executive Directors of whom three are independent as defined under the Listing Rules (brief biographical details of the Directors are set out on pages 10 to 12). A list containing the names of the Directors and their roles and functions can also be found on the Company’s website (www.hkchinese.com.hk) and the Stock Exchange’s website (www.hkexnews.hk).

Dr. Stephen Riady, an executive Director and the Chairman of the Board of the Company, is the father of Mr. Brian Riady, an executive Director of the Company. Save as disclosed herein, to the best knowledge of the Directors, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Company has three independent non-executive Directors, representing more than one-third of the Board. One of the independent non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise under rule 3.10 of the Listing Rules. After reviewing the independence of each independent non-executive Director pursuant to rule 3.13 of the Listing Rules, the Company considers that all independent non-executive Directors to be independent.

Corporate Governance Report *(continued)*

BOARD OF DIRECTORS *(continued)*

Mr. King Fai Tsui has served as an independent non-executive Director of the Company for more than nine years. In addition to his confirmation of independence in accordance with rule 3.13 of the Listing Rules, he continues to demonstrate the attributes of an independent non-executive Director by providing independent views and advice. He also continues to demonstrate his ability to exercise independent judgment and provide a balanced and objective view in relation to the Group's affairs. There is no evidence that his tenure has had any impact on his independence. The Directors have discussed and are of the opinion that Mr. King Fai Tsui remains independent notwithstanding the length of his service and they believe that his valuable knowledge and experience in the Group's business and his external experience continues to generate significant contribution to the Company and its shareholders as a whole. The continuous appointment of Mr. King Fai Tsui as an independent non-executive Director of the Company will help to maintain the stability of the Board.

To facilitate the gender diversity, Ms. Min Yen Goh was appointed as an independent non-executive Director of the Company and a member of the Remuneration Committee and Nomination Committee of the Board in December 2022.

Under the Company's Bye-laws (the "Bye-laws"), one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation at each annual general meeting and their re-election is subject to a vote of shareholders. In addition, every Director is subject to retirement at least once every three years. Under the Listing Rules, if an independent non-executive Director serves more than nine years, his/her further appointment should be subject to a separate resolution to be approved by shareholders. All the Directors have entered into letter agreements and/or employment agreements (as applicable) with the Company setting out the key terms and conditions of their respective appointment as Directors and/or executive role in the Company.

The Board oversees the Group's strategic development and determines the objectives, strategies and policies of the Group. The Board also monitors and controls the operating and financial performance in pursuit of the Group's strategic objectives. The Board has delegated certain functions to the relevant Board committees, details of which are disclosed below. Day-to-day management of the Group's business is delegated to the management of the Company under the supervision of the executive Directors. The functions and powers that are so delegated are reviewed periodically to ensure that they remain appropriate. Matters reserved for the Board are those affecting the Group's overall strategic policies, dividend policy, material policies and decisions, significant changes in accounting policies, material contracts, major investments and approval of interim reports, annual reports and announcements of interim and annual results. Management provides the Directors with management updates of the Group's operation, performance and position. All Directors are kept informed of and duly briefed of major changes and information that may affect the Group's businesses in a timely manner. Legal and regulatory updates are provided to the Directors from time to time for their information so as to keep them abreast of the latest rule requirements and assist them in fulfilling their responsibilities. The Company Secretary may advise the Directors on queries raised or issues which arise in performance of their duties as directors. The Board members have access to appropriate business documents and information about the Group on a timely basis. All Directors and Board committees have recourse to external legal counsel and other professionals for independent advice at the Group's expense upon their request. The Board will review the implementation and effectiveness of such mechanisms on an annual basis to ensure independent views and input are available to the Board.

Corporate Governance Report *(continued)*

BOARD OF DIRECTORS *(continued)*

The Board plays a leading role in defining the purpose, values and strategies of the Group and in fostering a culture that is forward looking. The Board sets the tone and shapes the corporate culture of the Group. The Group instils a culture that respects all the Group's stakeholders including, but not limited to, its customers, employees, shareholders and communities where the Group operates. The Group runs its businesses responsibly and sustainably. The Group also promotes a diverse and inclusion culture which inspires ideas and creates an environment where every employee feels valued, respected and heard. The Group aims for the highest standards of integrity and honesty and strives for innovative breakthroughs and leadership in all businesses.

Three Board committees, namely, the Audit Committee, Remuneration Committee and Nomination Committee, have been established to oversee particular aspects of the Group's affairs.

The Board meets regularly to review the financial and operating performance of the Group and other business units, and formulate future strategy. Four Board meetings were held during the Year.

During the Year, the Chairman held a meeting with the independent non-executive Directors without the presence of other Directors.

Individual attendance of each Director at the Board meetings and general meeting and each committee member at meetings of the Audit Committee, Remuneration Committee and Nomination Committee during the Year are set out below:

Directors	Attendance/Number of Meetings				
	Board	Audit Committee	Remuneration Committee	Nomination Committee	General Meeting*
Executive Directors					
Dr. Stephen Riady (<i>Chairman</i>)	4/4	N/A	3/3	3/3	0/1
Mr. John Luen Wai Lee (<i>Deputy Chairman</i>)	4/4	N/A	N/A	N/A	1/1
Mr. Davy Kwok Fai Lee (<i>Chief Executive Officer</i>)	4/4	N/A	N/A	N/A	1/1
Mr. Brian Riady	4/4	N/A	N/A	N/A	0/1
Non-executive Director					
Mr. Leon Nim Leung Chan	4/4	3/3	3/3	3/3	1/1
Independent Non-executive Directors					
Mr. King Fai Tsui (<i>Chairman of the Audit Committee, Remuneration Committee and Nomination Committee</i>)	4/4	3/3	3/3	3/3	1/1
Mr. Edwin Neo	4/4	3/3	3/3	3/3	1/1
Ms. Min Yen Goh	4/4	N/A	3/3	3/3	1/1

* the only general meeting of the Company held during the Year was the 2025 AGM.

Corporate Governance Report *(continued)*

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and the Chief Executive Officer of the Company are segregated. Dr. Stephen Riady is the Chairman of the Board. The primary role of the Chairman is to provide leadership for the Board and to ensure that it works effectively in the discharge of its responsibilities. Mr. Davy Kwok Fai Lee is the Chief Executive Officer of the Company. The Chief Executive Officer is responsible for the day-to-day management of the Group's business. The respective roles and responsibilities of the Chairman and the Chief Executive Officer are set out in writing which have been approved by the Board.

NON-EXECUTIVE DIRECTORS

There are currently four non-executive Directors of whom three are independent. Under the Company's Bye-laws, every Director, including the non-executive Directors, shall be subject to retirement by rotation at least once every three years. All the non-executive Directors have a fixed term of contract of two years with the Company.

REMUNERATION OF DIRECTORS

A Remuneration Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference were revised in January 2023 and the updated version can be found on the Company's website (www.hkchinese.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Remuneration Committee has been delegated with the authority and responsibility to determine the remuneration packages of individual Directors and senior management. Senior management of the Company comprises Directors of the Company only.

The principal role of the Remuneration Committee is to exercise the powers of the Board to review and determine or make recommendations to the Board on the remuneration policy and remuneration packages of individual Directors and senior staff, including salaries, bonuses and benefits in kind. Salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group have been considered in determining the remuneration packages so as to align management incentives with shareholders' interests. During the Year, the Remuneration Committee reviewed and determined, with delegated responsibility, inter alia, (i) the remuneration packages of the Directors and senior staff; and (ii) service contracts of certain Directors (including the executive Directors). The Remuneration Committee also assessed the performance of the executive Directors.

Majority of the Remuneration Committee members are non-executive Directors and three of them are independent. The Remuneration Committee currently comprises five members including three independent non-executive Directors, namely Mr. King Fai Tsui (being the Chairman of the Remuneration Committee), Mr. Edwin Neo and Ms. Min Yen Goh, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Dr. Stephen Riady. The composition of the Remuneration Committee meets the requirements of chairmanship and independence of the Listing Rules. Three meetings were held during the Year and the individual attendance of each member is set out above.

Details of Directors' emoluments and retirement benefits are disclosed in Notes 10 and 2.4(v) to the financial statements, respectively.

NOMINATION OF DIRECTORS

The Board has the power to appoint Director(s) pursuant to the Company's Bye-laws. No new Director was appointed during the Year.

A Nomination Committee was established by the Board in June 2005. It has clear terms of reference and is accountable to the Board. Its terms of reference were revised in December 2025 and the updated version can be found on the Company's website (www.hkchinese.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The principal role of the Nomination Committee includes, inter alia, review of the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually, assist the Board in maintaining a Board skills matrix and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy and having regard to the Board diversity policy of the Company (the "Board Diversity Policy"); assessment of the independence of independent non-executive Directors and make recommendations to the Board for the appointment of independent non-executive Directors; making recommendations to the Board on the appointment or re-election of Directors and succession planning for Directors in particular the Chairman of the Board and the chief executive; review and assess regularly the time commitment and contribution to the Board by the Directors; support the regular evaluation of the performance of the Board; assist the Board in the development of and review the implementation and effectiveness of the workforce diversity policy of the Company (the "Workforce Diversity Policy") and to review from time to time the terms of reference of the Nomination Committee, the Board Diversity Policy, the Workforce Diversity Policy and the Directors' nomination policy and recommend to the Board any necessary changes required. Only the most suitable candidates who are experienced and competent and able to fulfill the fiduciary duties and duties of skill, care and diligence would be recommended to the Board for selection. Appointments are first considered by the Nomination Committee and recommendation of the Nomination Committee are then put to the Board for decision. During the Year, the Nomination Committee reviewed, inter alia, the eligibility of the Directors seeking for re-election at the 2025 AGM and assessed the independence of the independent non-executive Directors. The Nomination Committee also reviewed the existing structure, size, composition, diversity and efficiency of the Board and reviewed the terms of reference of the Nomination Committee and assisted in the development of the Workforce Diversity Policy. In addition, the Nomination Committee reviewed and recommended to the Board on the re-election of retiring Directors at the forthcoming 2026 annual general meeting of the Company (the "2026 AGM").

With the support and recommendation of the Nomination Committee, the Board adopted the Directors' nomination policy (the "Nomination Policy") in January 2019. The Nomination Policy aims to, inter alia, set out the criteria and process in the nomination, appointment and re-election of Directors and ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company. The Nomination Committee is responsible to identify, evaluate and recommend potential candidates to the Board. The ultimate responsibility for selection and appointment of Directors rests with the entire Board and, where applicable, subject to the approval of the shareholders in general meeting.

Any Directors or shareholders may nominate any individuals as candidates for directorship for the consideration of the Nomination Committee in accordance with the Company's Bye-laws, any applicable policies or procedures of the Company and/or the Listing Rules from time to time. The procedures for such shareholders' nomination are published on the Company's website (www.hkchinese.com.hk). When assessing the suitability of a proposed candidate, the Nomination Committee will take into consideration various factors including, but not limited to, character and integrity, qualification, skills and knowledge, experience, potential contributions, board diversity, number of directorships in other listed companies, independence requirements (for independent non-executive Directors) as set out in the Listing Rules and such other perspectives that are appropriate to the Company's business and succession plan.

NOMINATION OF DIRECTORS *(continued)*

Retiring Directors eligible for re-election at general meeting and proposed candidates are requested to submit the necessary information together with their written consents to be re-elected or appointed as Directors. The Nomination Committee may use any process it deems appropriate for the purpose of evaluating the retiring Director or the proposed candidate which may include, without limitation, personal interviews, background checks, written submissions by the candidate and/or third-party references. The Nomination Committee shall then recommend the proposed re-election or appointment of Director to the Board for the Board's consideration and, where applicable, the Board will make recommendation to shareholders. The Nomination Committee may nominate a suitable candidate to fill a casual vacancy on the Board for the Board's consideration and approval. A circular containing the requisite information of candidates recommended by the Board to stand for election at the general meeting (whether as new appointment or re-election) will be sent to shareholders as required under the Listing Rules.

The Company sees increasing diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and substantial and balanced development. The Board Diversity Policy was adopted by the Board in August 2013 and revised in January 2019. The revised Board Diversity Policy can be found on the Company's website (www.hkchinese.com.hk). The Board Diversity Policy sets out the approach to achieve diversity on the Board which will include and make good use of the difference in skills, professional experience, cultural and educational background, gender, age, knowledge, length of service and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and all board appointments will be based on merit and contribution, having regard to the benefits of diversity on the Board and also the needs of the Board without focusing on a single diversity aspect. The Company will also take into account factors based on its own business model and specific needs from time to time. The Nomination Committee monitors the implementation of the Board Diversity Policy and will at appropriate time set measurable objectives for achieving diversity under the Board Diversity Policy. It will review objectives for the implementation of the Board Diversity Policy and monitor progress towards the achievement thereof. In carrying out its responsibility for identifying suitable candidates to become members of the Board, the Nomination Committee will give adequate consideration to the Board Diversity Policy and the Nomination Policy. The Nomination Committee will review the Board Diversity Policy from time to time as appropriate to ensure its continued effectiveness and the Board will review the implementation and effectiveness of the Board Diversity Policy on an annual basis. The Company believes that diversity can strengthen the performance of the Board, and promote effective decision-making and better corporate governance and monitoring.

The Company is committed to improving gender diversity based on its needs and as and when suitable candidates are identified. In December 2022, a female director was appointed. In order to maintain gender diversity, similar considerations will be taken when recruiting and selecting senior staff and other employees. A Workforce Diversity Policy was adopted by the Group in December 2025 which applies to all employees including senior management and aims to set out the approach to achieve a diverse workforce and an inclusive culture, and to achieve a sustainable and balanced development. The Nomination Committee will review the Workforce Diversity Policy from time to time as appropriate to ensure its continued effectiveness and to recommend any revisions to the Board. As at 31 December 2025, the Group maintained a balance of male and female ratio in the workplace, details of which are set out in the Environmental, Social and Governance Report on pages 40 to 78.

Majority of the Nomination Committee members are non-executive Directors and three of them are independent. The Nomination Committee currently comprises five members including three independent non-executive Directors, namely Mr. King Fai Tsui (being the Chairman of the Nomination Committee), Mr. Edwin Neo and Ms. Min Yen Goh, a non-executive Director, namely Mr. Leon Nim Leung Chan and an executive Director, namely Dr. Stephen Riady. The composition of the Nomination Committee meets the requirements of chairmanship and independence of the Listing Rules. Three meetings were held during the Year and the individual attendance of each member is set out above.

Corporate Governance Report *(continued)*

DIRECTORS' TIME COMMITMENT AND TRAINING

The Company has received confirmation from each Director that he/she had sufficient time and attention to the affairs of the Company for the Year. Directors are encouraged to participate in professional, public and community organisations. Directors have disclosed to the Company the number and nature of offices held in Hong Kong or overseas listed public companies or organisations and other significant commitments, with the identity of the public companies and organisations and an indication of the time involved. They are also reminded to notify the Company in a timely manner of any change of such information. In respect of those Directors who would stand for re-election at the 2026 AGM, all their directorships held in listed public companies in the past three years are to be set out in the circular to shareholders regarding, inter alia, proposed re-election of retiring Directors. Other details of Directors are set out in the brief biographical details of the Directors and senior management on pages 10 to 12.

Directors are also encouraged to attend seminars and conferences to enrich their knowledge in discharging their duties as a director. The Company has arranged from time to time at its cost seminars and/or conferences conducted by professional bodies for the Directors relating to, inter alia, director's duties, corporate governance and regulatory updates. Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

- (1) participation in continuous professional training seminars and/or conferences and/or courses and/or workshops on subjects relating to, inter alia, corporate governance, directors' duties and legal and regulatory changes organised and/or arranged by the Company and/or professional bodies and/or lawyers;
- (2) reading materials provided from time to time by the Company to Directors regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties; and
- (3) reading news, journals, magazines and/or other reading materials regarding legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

According to the training records provided by the Directors to the Company, all Directors participated in continuous professional development during the Year through the above means (1), (2) and (3). Records of the Directors' training during the Year are as follows:

Directors	Training received
Executive Directors	
Dr. Stephen Riady (<i>Chairman</i>)	(1), (2) and (3)
Mr. John Luen Wai Lee (<i>Deputy Chairman</i>)	(1), (2) and (3)
Mr. Davy Kwok Fai Lee (<i>Chief Executive Officer</i>)	(1), (2) and (3)
Mr. Brian Riady	(1), (2) and (3)
Non-executive Director	
Mr. Leon Nim Leung Chan	(1), (2) and (3)
Independent Non-executive Directors	
Mr. King Fai Tsui	(1), (2) and (3)
Mr. Edwin Neo	(1), (2) and (3)
Ms. Min Yen Goh	(1), (2) and (3)

Corporate Governance Report *(continued)*

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company has arranged directors' and officers' liability insurance for years to indemnify the directors and officers of the Group against any potential liability arising from the Group's activities which such directors and officers may be held liable.

AUDITOR'S REMUNERATION

Ernst & Young has been appointed by the shareholders annually as the Company's auditor. During the Year, the fees charged to the financial statements of the Group for the statutory audit and non-statutory audit services provided by Ernst & Young (which for the purpose includes any entity under common control, ownership or management with the auditor or any entity that a reasonable and informed third party having knowledge of all relevant information would reasonably conclude as part of the auditor nationally and internationally) amounted to approximately HK\$2.4 million (2024 — HK\$2.6 million) and approximately HK\$4,000 (2024 — HK\$4,000), respectively.

AUDIT COMMITTEE

The Board established an Audit Committee in December 1998. The Audit Committee has clear terms of reference and is accountable to the Board. Its terms of reference were revised in December 2025 and the updated version can be found on the Company's website (www.hkchinese.com.hk) and the Stock Exchange's website (www.hkexnews.hk). The Audit Committee assists the Board in meeting its responsibilities for ensuring an effective system of internal control and compliance, and in meeting its external financial reporting objectives. The Audit Committee is also responsible for the Company's corporate governance functions. All Committee members are non-executive Directors and two of them including the Chairman are independent. The Audit Committee comprises three members including two independent non-executive Directors, namely Mr. King Fai Tsui (being the Chairman of the Audit Committee) and Mr. Edwin Neo and a non-executive Director, namely Mr. Leon Nim Leung Chan. Three meetings were held during the Year and the individual attendance of each member is set out above.

The Committee members possess diversified industry experience and the Chairman of the Audit Committee has appropriate professional qualifications and experience in accounting matters. Under its current terms of reference, the Committee will meet at least twice each year. Management and auditor shall normally attend the meetings. In addition, the Audit Committee holds regular meetings with external auditor without the presence of executive Directors and/or management.

During the Year, the Audit Committee discharged its duties by reviewing and/or monitoring financial, audit, risk management, internal control and corporate governance matters of the Group, including management accounts, financial statements, interim and annual reports, corporate governance report, risk management report and internal audit reports and discussing with executive Directors, management, external auditor and internal audit and risk management department (the "IA & RM Department") regarding financial matters, corporate governance policies and practices and internal audit, control and risk management matters of the Group, and making recommendations to the Board including, inter alia, financial-related matters. The Audit Committee reviewed the Company's compliance with the CG Code and disclosure in the corporate governance report, the Company's corporate governance policies and practices, the training and continuous professional development of Directors and senior management, the Company's policies and practices in compliance with legal and regulatory requirements and the code of conduct applicable to employees and Directors. The Audit Committee also recommended to the Board that, subject to the shareholders' approval at the 2026 AGM, Ernst & Young be re-appointed as the Company's external auditor for the ensuing year; and reviewed the fees charged by the Company's external auditor. The Audit Committee also assisted the Board in reviewing and updating the terms of reference of the Audit Committee.

Corporate Governance Report *(continued)*

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board recognises its responsibility for maintaining adequate systems of risk management and internal control and is responsible for evaluating and determining the nature and extent of the risks (including risks relating to environmental, social and governance (“ESG”)) it is willing to take in achieving the Group’s strategic objectives, and ensuring that the Group establishes and maintains appropriate and effective risk management and internal control systems. The Board should oversee management in the design, implementation and monitoring of the risk management and internal control systems. It also reviews and monitors the effectiveness of the risk management and internal control systems on an ongoing basis.

During the Year, a review of the effectiveness of the Group’s risk management and internal control systems covering the risk management functions and all material controls, including financial, operational and compliance controls was conducted, details of which are set out in the Risk Management Report on pages 34 to 39. Such review will be conducted on an annual basis.

An Inside Information Policy was adopted by the Company which sets out guidelines to the Directors, officers and all relevant employees of the Group to ensure inside information (as defined in the Listing Rules) (the “Inside Information”) of the Group would be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations. The Company also established Group Internal Notification Policies and Procedures for setting out guidelines for identification and notification of Inside Information and notifiable transactions (as defined in the Listing Rules). A Whistleblowing Policy and an Anti-corruption Policy were also adopted by the Group. The Anti-corruption Policy was revised in March 2026. The updated version of each of the Whistleblowing Policy and the Anti-corruption Policy can be found on the Company’s website (www.hkchinese.com.hk).

During the Year, the Board reviewed the adequacy of resources, qualifications and experience of staff of the Company’s internal audit function as well as its accounting and financial reporting function, and their training programmes and budgets, as well as those relating to the ESG performance and reporting. The review will be conducted annually in accordance with the requirements of the CG Code.

INTERNAL AUDIT

The IA & RM Department was set up in 2007 to perform internal audit and to review the internal control and risk management systems of the Group.

The principal roles of the internal audit are to ensure the effectiveness of internal control procedures and compliance with different standards and policies across different businesses and operations of the Group. The IA & RM Department audits and evaluates the Group’s internal control operation and risk management process so as to address the financial, operational and compliance risks in the Group. The Board and the Audit Committee will actively take actions based on the findings from the IA & RM Department. The IA & RM Department is also responsible for providing improvement recommendations to different operation teams and departments so as to minimise the risk exposure in the future.

COMPANY SECRETARY

The Company Secretary is responsible for facilitating the Board’s processes and communications among Board members, with shareholders and with management. During the Year, the Company Secretary had taken over 15 hours of relevant professional training to update her skills and knowledge.

Corporate Governance Report *(continued)*

COMMUNICATION WITH SHAREHOLDERS

The Company has established a shareholders' communication policy (the "Shareholders' Communication Policy") and will review it annually to ensure its effectiveness. The Shareholders' Communication Policy was revised and updated in December 2025.

The Company's Annual General Meeting (the "AGM") is one of the principal channels of communication with its shareholders. It provides an opportunity for shareholders to ask questions about the Company's performance. Separate resolutions will be proposed for each substantially separate issue at the AGM. Board members, including the Chairmen of the Board committees and Board committee members, and the Company's external auditor attended the 2025 AGM and were available to answer questions from shareholders.

Under the Listing Rules, all resolutions proposed at shareholders' meetings must be voted by poll except where the chairman of a general meeting, in good faith and in compliance with the Listing Rules, decides to allow resolutions to be voted on by the shareholders on a show of hands. Details of the poll procedures will be explained during the proceedings of shareholders' meetings. The poll voting results will be released and posted on the websites of the Company (www.hkchinese.com.hk) and the Stock Exchange (www.hkexnews.hk).

For efficient communication with shareholders and environmental protection, shareholders can choose to receive the Company's corporate communications by electronic means through the Company's website (www.hkchinese.com.hk). The manner in which the Company has adopted for the dissemination of its corporate communications is set out in the document named "Corporate Communication Requests" on the Company's website. All the financial information and other disclosures including, inter alia, annual reports, interim reports, announcements, circulars, notices, the Memorandum of Association (the "Memorandum") and the Bye-laws and other documents as required by the Listing Rules and any other relevant laws and regulations are available on the Company's website. In order to enable shareholders to make queries that they may have with respect to the Company, contact details of the Company such as telephone number and facsimile number are available on the Company's website.

Shareholders may direct their questions about their shareholdings to the Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong (the "Registrar") or contact the Customer Service Hotline of the Registrar at (852) 2980 1333 or by email to 655-ecom@vistra.com. Shareholders may send their enquiries to the Board or the Company Secretary in written form to the principal place of business of the Company at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

During the Year, the Company maintained an on-going dialogue with its shareholders and the Board reviewed and considered the Shareholders' Communication Policy to have been effectively implemented.

SHAREHOLDERS' RIGHTS

Under Bye-law 58 of the Company's Bye-laws, members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held in the form of a hybrid meeting, an electronic meeting or a physical meeting and within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit, the Board fails to proceed to convene such meeting, the requisitionists themselves may convene such hybrid, electronic or physical meeting in accordance with the provisions of the Companies Act 1981 of Bermuda. Shareholders may send the requisition and request to the Board or the Company Secretary in written form to the principal place of business of the Company at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong.

Corporate Governance Report *(continued)*

DIVIDEND POLICY

The Company considers stable and sustainable returns to the shareholders and investors of the Company to be its goal and endeavours to achieve a progressive dividend policy where appropriate. The Board had approved and adopted a dividend policy for the Company (the “Dividend Policy”) in January 2019 that aims to set out the approach to determine the dividend to be payable by the Company, enhance transparency of the Company and facilitate shareholders and investors of the Company to make informed investment decisions. The Dividend Policy was revised and updated in March 2026.

In deciding whether to propose a dividend and in determining the dividend amount or form, the Board will take into account, inter alia, the Group’s earnings performance, financial position, investment and funding requirements, economic conditions, business environment and future prospects, and the interests of shareholders. The Company may declare or pay dividends by way of cash or scrip or other forms that the Board considers appropriate. The Company does not have any pre-determined dividend payment ratio and there is no assurance that a dividend will be proposed or declared in any given year.

The Board will review the Dividend Policy from time to time to ensure its continued effectiveness.

FAIR DISCLOSURE AND INVESTOR RELATIONS

The Company uses its best endeavours to distribute material information about the Group to all interested parties as widely as possible. When announcements are made through the Stock Exchange, the same information will be available to the public on the Company’s website. The Company recognises its responsibility to disclose its activities to those with a legitimate interest and to respond to their questions. In all cases, great care has been taken in handling Inside Information of the Group. An Inside Information Policy was adopted by the Company which sets out guidelines to ensure Inside Information of the Group is to be disseminated to the public in equal and timely manner in accordance with applicable laws and regulations.

Management of the Group maintains regular contacts with the investment community. A shareholders’ communication policy was adopted by the Group.

During the Year, no amendments were made to the Company’s Memorandum and the Bye-laws. The latest consolidated version of the Company’s Memorandum and the Bye-laws is available on the Company’s website (www.hkchinese.com.hk) and the Stock Exchange’s website (www.hkexnews.hk).

FINANCIAL REPORTING

The Board recognises its responsibility to prepare the Company’s financial statements which give a true and fair view and are in compliance with Hong Kong Financial Reporting Standards, Listing Rules and other regulatory requirements. As at 31 December 2025, the Board was not aware of any material misstatement or uncertainties that might put doubt on the Group’s financial position or continue as a going concern. The Board selected appropriate accounting policies and applied consistently. Judgments and estimates were reasonably and prudently made. The external auditor is responsible for audit and report, if any, material misstatement or non-compliance with Hong Kong Financial Reporting Standards or other regulations. The Board uses its best endeavours to ensure a balanced, clear and understandable assessment of the Group’s performance, position and prospects in financial reporting.

The responsibilities of the auditor with respect to financial reporting are set out in the Independent Auditor’s Report on pages 79 to 83.

CORPORATE SOCIAL RESPONSIBILITY

The Group is conscious of its role as a socially responsible group of companies. It cares for and supports the communities where it operates. The Group has made donations for community well-being from time to time.

Risk Management Report

Effective risk management is essential for the Company and its subsidiaries (together, the “Group”) to take the appropriate level of risks and opportunities in pursuing its strategic and business goals. The Group is committed to the continuous improvement of the enterprise risk management (“ERM”) system in order to facilitate the long-term growth and sustainability of its businesses. Given the increasing significance of Environmental, Social and Governance (“ESG”) risks, the Group has integrated ESG risk factors into risk management process since 2018.

The Group’s ERM framework is established with reference to the Enterprise Risk Management — Integrated Framework issued by COSO and the ISO 31000 Risk Management — Principles and Guidelines, which comprises 3 key components:

1. Risk Management Strategy
2. Risk Governance Structure
3. Risk Management Process

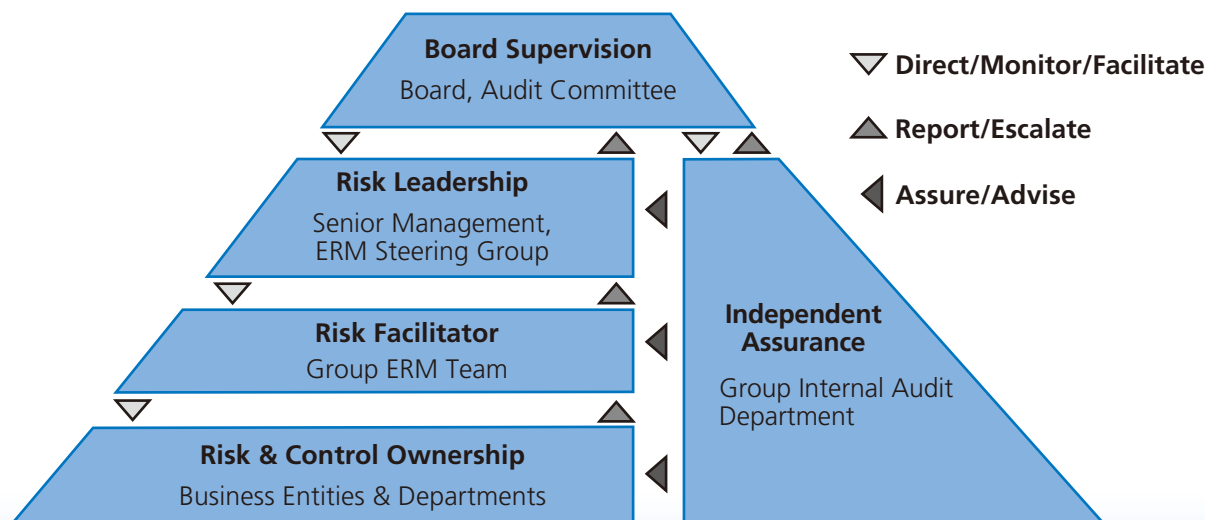
RISK MANAGEMENT STRATEGY

The Group recognises the importance of a proactive risk culture to the effective implementation of ERM system. In order to foster the desired risk culture, the Group has integrated the ERM system into various parts of the business and day-to-day operation processes and the Group aims to achieve the following objectives through the risk management activities:

- Promote corporate governance with a sound system of internal controls
- Embed a systematic approach to identify risks
- Enable the Group to strike the right balance between risks and rewards by making risk informed decisions in accordance with the Group’s business objectives and risk appetite
- Ensure the adequacy and effectiveness of risk controls in place to manage key risks
- Ensure compliance with the relevant legal and regulatory requirements

RISK GOVERNANCE STRUCTURE

The Group’s risk governance structure provides the foundation for an effective risk monitoring and management. The roles and responsibilities of each layer are clearly established to ensure a thorough understanding among all the personnel within the Group.



Risk Management Report *(continued)*

RISK GOVERNANCE STRUCTURE *(continued)*

Board Supervision

The Board of Directors (the “Board”)

- Maintains ultimate responsibility for risk management and internal control systems (the “RMIC systems”).
- Approves the overall risk appetite statement and tolerance levels.
- Oversees management’s design, implementation and monitoring of RMIC systems.
- Ensures the effectiveness of the RMIC systems is reviewed at least annually, and adequate resources are allocated.

Audit Committee (delegated by the Board)

- Advises the Board on the overall ERM strategy, risk governance framework, risk appetite, and risk culture.
- Oversees the identification, assessment and monitoring of principal risks (including ESG and climate-related risks) and the mitigation strategies.
- Oversees the RMIC systems, including their annual effectiveness review.
- Reviews whistleblowing concerns and effectiveness of the whistleblowing policy.

Risk Leadership

Senior Management

- Provides overall leadership for risk management activities through ERM Steering Group.

ERM Steering Group (led by Senior Management)

- Establishes risk criteria and assessment methodologies.
- Assesses Group-level significant risks and reviews entity-level risk profiles periodically.
- Allocates sufficient resources to implement the Group’s ERM framework.
- Updates the Audit Committee periodically on the Group’s risk profile and status of key risk treatment plans.
- Monitors the effectiveness of the RMIC systems on an ongoing basis and reports findings.

Risk Facilitator

The Group ERM Team

- Implements the Group’s risk management policies and plans as endorsed by ERM Steering Group, and facilitates the ERM process across all business entities using standardized tools and templates for risk assessment, treatment, and reporting.
- Monitors the progress of risk treatment plans to ensure that internal controls and mitigation measures are properly designed and effectively implemented.
- Provides regular updates on the Group’s risk profile and risk management progress to the Board via senior management and the Audit Committee.

Risk Management Report *(continued)*

RISK GOVERNANCE STRUCTURE *(continued)*

Risk and Control Ownership

Business Entities and Departments

- Review and identify changes in risks and emerging risks in light of changes in the business environment.
- Analyse risks and design appropriate controls or risk treatment plans to address those risks.
- Take responsibility for risk management activities and reporting within their respective businesses or operations.
- Perform regular risk and control self-assessments.

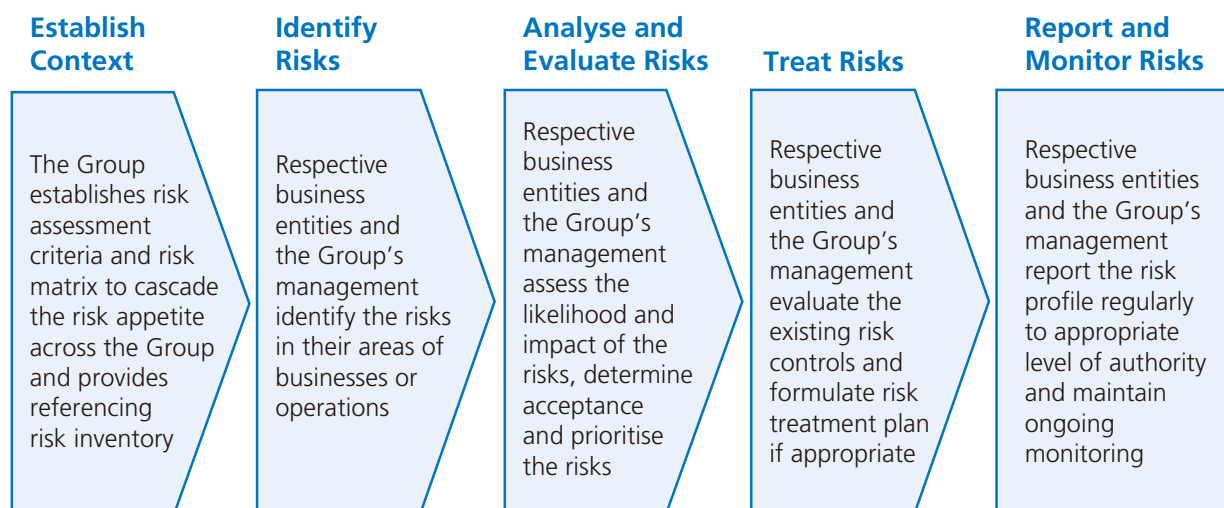
Independent Assurance

Group Internal Audit Department

- Provides independent assurance on the effectiveness of the RMIC systems by conducting risk-based audits and compliance reviews across major entities and functions in accordance with an annual plan approved by the Audit Committee, and performing ad hoc reviews when necessary.
- Reports audit results regularly to the Audit Committee and submits an annual summary report to the Board.
- Conducts follow-up reviews to ensure effective implementation of improvement actions.

RISK MANAGEMENT PROCESS

The Group's risk management process provides a systematic approach to manage risks. The following diagram illustrates the key activities in the process.



Risk Management Report *(continued)*

CONTINUOUS IMPROVEMENT

The Group is committed to enhancing its RMIC systems and implemented the following key initiatives for the year ended 31 December 2025 (the “Year”):

1. A comprehensive review and update of the Risk Management Framework Manual to enhance guidance, align practices, and clarify terminology and processes.
2. Updated the ERM reporting template to incorporate climate-related risks and sustainability challenges relevant to the Group.
3. Evaluated annual risk and control self-assessments from business entities and department heads to identify any significant changes of risks (including ESG risks) and assess proposed risk management enhancements.
4. Reviewed the Company’s policies, updated the Shareholders’ Communication Policy, adopted a new Workforce Diversity Policy, and revised the terms of reference of the Audit Committee and Nomination Committee to strengthen risk oversight.
5. Performed internal audits of selected business entities and departments to assess compliance, identify control weaknesses, and evaluate remedial actions.
6. Delivered targeted training to risk owners and staff on occupational health and safety, IT security awareness and ESG principles.
7. Conducted Climate Scenario Analysis to identify material physical and transition risks, assess financial impacts, test business model resilience, inform mitigation strategies, optimise capital allocation, and support forward-looking climate disclosures.

SIGNIFICANT RISKS

The Group faces a number of risks and uncertainties that, if not properly managed, could lead to potential losses for the Group. These risks are classified into four main categories:

- | | |
|--------------------|---|
| Strategic | — Risk resulting from suboptimal determination and execution of business strategies or changes in external business environment |
| Operational | — Risk of potential financial losses and/or business instability arising from failures in internal controls, operational processes, or in the system that supports them |
| Financial | — Risk resulting from financial and reporting activities and/or use of financial instruments |
| Compliance | — Risk of non-compliance with any internal requirements/standards, legal/regulatory requirements and/or any related third party legal actions/disputes |

Each of these categories encompasses ESG and climate-related risk factors to varying degrees.

During the Year, the Group reviewed risk profiles reported by business entities and department heads, and conducted Group-level risk analysis. Through this combined top-down and bottom-up approach, the Group identified significant risks across business segments and functions, including ESG-related risks, and implemented mitigation measures with ongoing monitoring.

Risk Management Report *(continued)*

SIGNIFICANT RISKS *(continued)*

The major risks identified for the Year and their corresponding mitigation measures are summarized below:

A. Property Investment in Chinese Mainland

Major Risks Description	Key Mitigations
<p>1. Market Dynamics Risk (Strategic Risk)</p> <p>The risk of unfavourable conditions in the market demand, supply and pricing of the product or service offered by the Group, impacting sale revenue target.</p>	<ol style="list-style-type: none"> Engaging additional leasing agencies to expand market presence and diversify tenant sources. Implementing robust tenant support systems, including maintenance and communication, to enhance satisfaction and retention. Regularly reviewing market trends and tenant demand to support timely management action. Conducting ongoing marketing effectiveness assessments using data analytics to align with market dynamics.
<p>2. Competitor Risk (Strategic Risk)</p> <p>The risk of competitors' actions or new entrants to the market, impacting market share target and/or sale revenue target.</p>	<ol style="list-style-type: none"> Regularly adjusting rental prices to remain competitive while preserving profitability. Accommodating reasonable tenant requests for renovations and workstations to attract quality occupants. Offering competitive commissions to leasing agencies to accelerate occupancy. Conducting ongoing competitor analysis to benchmark commission rates and lease terms against market peers, identifying differentiation opportunities.

B. Group Operation

Major Risks Description	Key Mitigations
<p>1. Natural Disaster and Climate-related Physical Risk (Operational Risk)</p> <p>The risk of typhoon, earthquake, tsunami, heavy storm, landslide, floods, and other extreme weather events, impacting the business operation.</p>	<ol style="list-style-type: none"> Maintaining appropriate insurance coverage for different disaster scenarios. Crisis management plans in place for addressing potential threats. Establishing Business Continuity Plans with scheduled testing and drills to ensure resilience of the critical systems. Conducting regular backups of accounting and IT systems.
<p>2. Business Investment Risk (Strategic Risk)</p> <p>The risk associated with the underperformance of investments in other companies or business which may reduce target returns.</p>	<ol style="list-style-type: none"> Treasury and securities investment decisions are guided by the investment criteria and process outlined in the Investment Committee's terms of reference. Thoroughly review business case, conduct due diligence, using comprehensive financial and legal information, and evaluate exit strategy before making any investment commitments.

Risk Management Report *(continued)*

REVIEW OF THE EFFECTIVENESS OF THE RMIC SYSTEMS

During the Year, the Board reviewed the adequacy and effectiveness of the Group's RMIC systems taking into account, among other things, the following:

1. Updated the Risk Management Framework Manual to enhance guidance and clarity.
2. Revised the ERM reporting template to incorporate additional climate-related risks and sustainability challenges.
3. Reviewed and updated key policies including the Anti-corruption Policy.
4. Strengthened the terms of reference of Audit Committee for enhanced risk oversight.

The Audit Committee, delegated by the Board, conducted a detailed review considering:

1. The regular reports on the progress of risk management implementation.
2. The reports on the Group's significant risks, including the risk profile and mitigation measures of major business entities.
3. The results of risk and control self-assessments performed by business entities and department heads.
4. The findings and recommendations from internal audits of business entities and functions, including assessments of the effectiveness of internal controls.
5. The adequacy of resources for designing, implementing and monitoring the RMIC systems, including staff qualifications and experience, training programmes and budget of the Company's accounting, financial reporting, internal audit and risk management functions, as well as ESG-related functions.
6. The scope and quality of management's ongoing monitoring of the RMIC systems.
7. The regular review of Group policies to implement updates as necessary.
8. The extent and frequency of management's communication and reporting to the Board and the Audit Committee on risk management matters and issues identified.

Based on these reviews and the confirmations provided by management, the Board concluded that the Group's RMIC systems were appropriate and effective throughout the Year. The RMIC systems are designed to mitigate risks and provide reasonable, but not absolute, assurance against material misstatement or loss.

Environmental, Social and Governance Report

1. ABOUT THIS REPORT

This Environmental, Social and Governance (“ESG”) Report (the “ESG Report”) presents the performance of the Company and its subsidiaries (together, the “Group”) on ESG aspects for the year ended 31 December 2025 (the “Year” or “2025”). By reporting the policies, measures and performance of the Group in ESG aspects, it allows all stakeholders to better understand the progress of the Group towards sustainability.

1.1 Reporting Boundary

The ESG Report covers the operation of the Company’s head office in Hong Kong and its subsidiaries in property development, property investment and property management and management services for the Year, details of which are as disclosed hereinbelow. While the ESG Report does not cover all of the Group’s operations, the aim of the Group is to consistently upgrade the internal data collection procedure and gradually expand the scope of disclosure.

Segments	Subsidiaries covered in the reporting boundary
Property development, property investment and property management	<ul style="list-style-type: none">北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.)成都力寶置業有限公司 (Chengdu Lippo Realty Limited)Fairseas 1 Pte. Ltd.One Realty Pte. Limited
Management services	<ul style="list-style-type: none">HCL Management Limited

1.2 Reporting Standard and Principles

The ESG Report was prepared in accordance with the “comply or explain” provisions of the Environmental, Social and Governance Reporting Code (the “ESG Reporting Code”) in Appendix C2 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Environmental, Social and Governance Report *(continued)*

1. ABOUT THIS REPORT *(continued)*

1.2. Reporting Standard and Principles *(continued)*

In preparation for the ESG Report, the Group adheres to the reporting principles as set out in the ESG Reporting Code:

Reporting Principles	The Group's Applications
Materiality	Material ESG issues were identified and prioritised through stakeholder engagement, review of local and international standards and issues of significance to peers. The materiality assessment was presented to the Board of Directors (the "Board"). Relevant contents are disclosed in the ESG Report.
Quantitative	The Group records and discloses key performance indicators in quantitative terms as appropriate.
Balance	The ESG Report discloses information in an objective manner, giving stakeholders an unbiased picture of the Group's overall ESG performance.
Consistency	As far as practicable and unless stated otherwise, the Group employs consistent measurement methodology to allow for meaningful comparison of ESG data over time.

1.3 Confirmation and Approval

Information in the ESG Report was sourced from the official documents, statistical data and management and operational information collected by the Group. The ESG Report was approved by the Board of the Company on 31 March 2026.

1.4 Opinion and Feedback

The Group values the opinions of stakeholders. If any stakeholder has any feedback or suggestions on the ESG Report, please send them to the principal place of business of the Company at 40th Floor, Tower Two, Lippo Centre, 89 Queensway, Hong Kong or the Company's email address at hkc.ir@lippohk.com. Your feedback or suggestions would greatly help the Group continuously improve its ESG performance.

Environmental, Social and Governance Report *(continued)*

2. APPROACH TO ESG

Sustainability is a key component of the Group's long-term business strategy, contributing to value creation and operational resilience. The Group is committed to incorporating ESG into its business decisions through robust governance and risk management practices. Fostering a strong ethical corporate culture is essential for driving performance and the Group strives to conduct operations with principles of integrity and responsibility. Going forward, the Group will continue to amplify efforts in creating long-term value for various stakeholders with unwavering ethical conduct and robust governance.

2.1 Governance Structure

Robust governance is essential for effectively implementing business strategies and creating sustainable value. The Board oversees the Group's ESG-related matters, including climate-related issues. In regular board meetings, the Board assesses and reviews policies, strategies, measures, performance, risks, and impacts related to ESG and climate as needed.

The ESG Working Group, comprising senior management, assists the Board in identifying, assessing, and managing critical ESG issues, as well as developing appropriate ESG strategies. It ensures that policies comply with relevant regulations and works closely with various departments to track ESG performance, review materiality assessments, and report to the Board annually. The Group will continue to seek improvement in its ESG governance and sustainability strategies.

2.2 ESG Risk Management and Internal Control Systems

ESG and climate-related considerations are integrated into the enterprise risk management ("ERM") process. A robust internal control system and formal review process are in place to enhance the accuracy and reliability of information in the ESG report.

The Board maintains ultimate responsibility for the Group's risk management and internal control systems (the "RMIC systems"), approves the risk appetite, and reviews the effectiveness of the RMIC systems at least annually. The Audit Committee, as delegated by the Board, oversees the identification, assessment, and monitoring of the Group's principal risks (including ESG and climate-related risks) and their corresponding mitigation strategies. This framework encompasses all operational areas, demonstrating a cohesive approach across all business units and departments.

Throughout the Year, relevant risk management training was offered to designated risk owners to enhance their ability to identify and address emerging threats. For more details on the Group's risk governance structure, management strategies and key identified risks, please refer to the Risk Management Report on pages 34 to 39.

Environmental, Social and Governance Report *(continued)*

2. APPROACH TO ESG *(continued)*

2.3 Business Ethics

The Group values honesty, integrity, and fairness as the foundation of its core business principles to drive sustainable development. The Group is committed to upholding high ethical standards throughout its operations and complying with all applicable laws, regulations, and policies in the regions it operates. Expectations and standards for business ethics are defined through relevant policies and guidelines established, as outlined below.

(a) *Anti-corruption*

The Anti-corruption Policy outlines the basic behavioural standards for all Directors and staff of the Group. It covers key topics such as prevention of bribery, corruption, extortion and fraud, as well as relationships with suppliers, contractors and customers. Various situations are demonstrated in the Policy as references, including accepting and offering advantages, receiving gifts, unusual discounts and entertainment, dealing with conflicts of interest, and handling confidential information. All employees are expected to comply with these requirements to act ethically and uphold honesty and integrity in business operations.

During the Year, the Group did not identify any non-compliance cases with laws and regulations in relation to corruption, bribery, extortion, fraud and money laundering, nor was there any concluded legal case regarding corruption practices brought against it or its employees that would have a significant impact on the Group.

(b) *Data privacy, data security, and intellectual property rights*

The Group is committed to protecting customer data privacy and intellectual property rights of third parties, as well as forbidding the unauthorised utilisation of legally protected materials. The Product and Service Responsibility Policy outlines the guiding principles for protecting customer data and third-party intellectual property. Employees are required to comply with all relevant laws and regulations when handling confidential information. The Group only collects and retains information about its suppliers and customers that is necessary for business activities to preserve confidentiality. Before collecting any data, informed consent is obtained from relevant stakeholders to ensure they understand the purpose and intended use of the collected data.

To protect sensitive information, data access is controlled through a combination of technological safeguards and procedural controls. Only authorised personnel are permitted to handle data, minimising risks such as unauthorised or accidental access, deletion, loss, or misuse of data.

As a regular practice to maintain responsiveness and effectiveness of policies, the Company is in the process of updating its IT Business Continuity Plan to strengthen operational resilience. The revision is targeted for completion in 2026.

Environmental, Social and Governance Report *(continued)*

2. APPROACH TO ESG *(continued)*

2.3 Business Ethics *(continued)*

(c) Whistleblowing Policy

The Group adheres to the principles of openness, probity and accountability. To support this commitment, the Whistleblowing Policy has long been upheld to facilitate our operations' compliance with the corporate policies and applicable laws. The Whistleblowing Policy set out procedures for confidential reporting regarding suspected misconduct, malpractice or irregularity. Information provided by a whistleblower is treated with strict confidentiality, except where disclosure is mandated. Retaliation against informants within the Group is prohibited. The policy is publicly available on the Company's website (www.hkchinese.com.hk).

Employees and third parties are encouraged to report any concerns about actual or suspected fraud, corruption or unethical behaviour through designated email and phone channels. The Group has established a set of internal escalation procedures under which whistleblowing reports are addressed to managers, department heads, the head of the Internal Audit and Risk Management ("IA & RM") Department, the Chief Executive Officer, or the Audit Committee, depending on the nature of the issues.

The Audit Committee oversees regular policy reviews and updates to ensure ongoing integrity and conducts investigations with assistance from the IA & RM Department. During the Year, there were no whistleblowing cases reported.

2.4 Stakeholder Engagement

The Group is committed to ensuring that its sustainable development is consistent with the expectations of its stakeholders and endeavours to maintain open and continuous communication with a variety of stakeholders through diversified communication channels.

The Group has identified the following stakeholders that are likely to be impacted by its business activities or likely to have an impact on the Group. By engaging with different stakeholder groups on an ongoing basis, the Group is able to integrate its feedback into our strategic decision-making processes.

Stakeholders		Engagement Channels
Internal	The Board	<ul style="list-style-type: none">Regular board meetings
	Management	<ul style="list-style-type: none">Regular communication and updates from management
	General staff	<ul style="list-style-type: none">Internal communication platforms (for example intranet and email)Team meetings and presentationsTraining and development opportunitiesGrievance mechanism

Environmental, Social and Governance Report *(continued)*

2. APPROACH TO ESG *(continued)*

2.4 Stakeholder Engagement *(continued)*

Stakeholders		Engagement Channels
External	Investors and shareholders	<ul style="list-style-type: none"> • Annual General Meeting and Results Announcements • Annual report and interim report • Investor meetings • Corporate website and the Stock Exchange website
	Customers	<ul style="list-style-type: none"> • Customers complaint and feedback system • Customer service channels (for example helpline, WhatsApp and email)
	Business partners, suppliers and service providers	<ul style="list-style-type: none"> • Tendering and procurement processes • Briefings, meetings and visits • Supplier assessment and performance reviews
	Auditors	<ul style="list-style-type: none"> • Regular meetings and discussions • Attendance at Audit Committee meetings
	Bankers	<ul style="list-style-type: none"> • Periodic meetings and discussions • Participation in banking events
	Communities	<ul style="list-style-type: none"> • Donations and sponsorships for community projects • Public or community event participation • Volunteering opportunities
	Non-governmental organisations	<ul style="list-style-type: none"> • Joint events and collaborations • Partnerships for social or environmental initiatives
	Media	<ul style="list-style-type: none"> • Media interviews and press releases • Feedback and responses to media enquiries

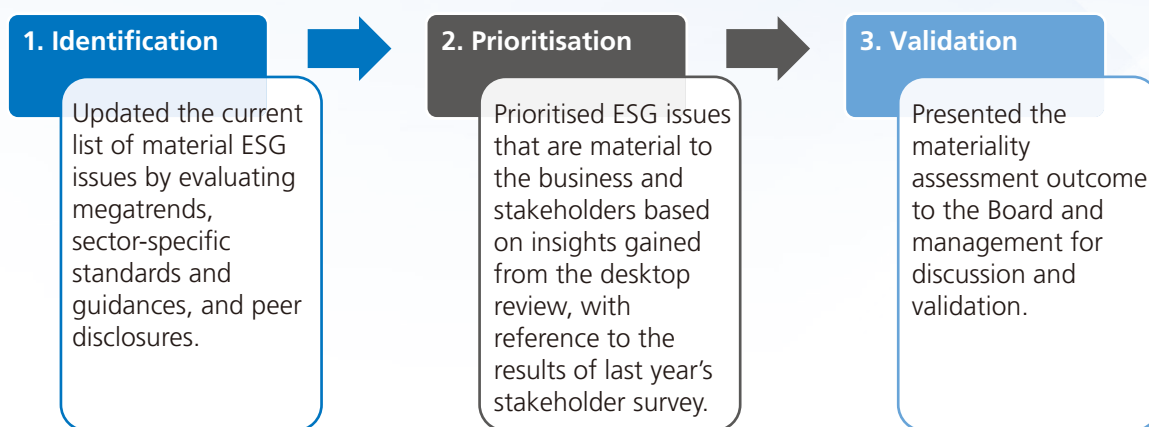
Environmental, Social and Governance Report *(continued)*

2. APPROACH TO ESG *(continued)*

2.5 Materiality Assessment

The Group continued to refine our understanding of sustainability priorities by reviewing the evolving significance of ESG issues to our business and stakeholders. Building on insights from last year's materiality assessment, we undertook a comprehensive review of our material ESG issues for this Year through a desktop review of global sustainability megatrends, drawing upon the latest publication from the World Economic Forum and MSCI. To obtain a better understanding of sector-specific sustainability-related risks and opportunities, our review also benchmarked peer disclosures and analysed insights from major sustainability ratings and reporting frameworks, including those from the Sustainability Accounting Standards Board.

Materiality Assessment Process



Materiality Matrix

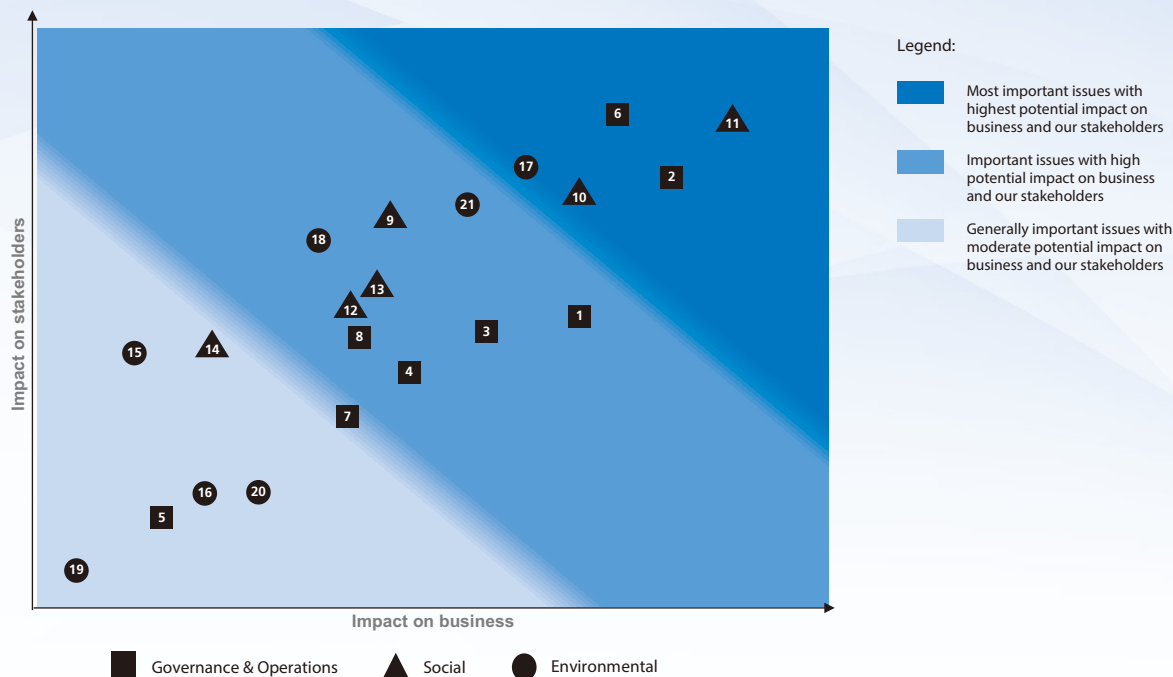
The materiality matrix displays the relative ranking of 21 material ESG issues based on their impact on business (horizontal axis) and their impact on our stakeholders (vertical axis). Among these, five ESG issues were identified as the most important to the Group, including Employee health and safety, Information security and data privacy, Anti-corruption and whistleblowing, Employee compensation, wellness and engagement, and Energy efficiency, reflecting their foundational role as core operational and ethical priorities. The results of this assessment will continue to inform the refinement of our ESG priorities and performance targets, enabling us to align resources with areas of greatest strategic importance and value creation.

Environmental, Social and Governance Report *(continued)*

2. APPROACH TO ESG *(continued)*

2.5 Materiality Assessment *(continued)*

Materiality Matrix *(continued)*



Governance & Operations		Social		Environmental	
1.	Corporate governance	9.	Diversity and equal opportunities	15.	Air emissions and greenhouse gas emissions
2.	Anti-corruption and whistleblowing	10.	Employee compensation, wellness and engagement	16.	Waste management
3.	Safety and quality management	11.	Employee health and safety	17.	Energy efficiency
4.	Customer communication	12.	Development and training	18.	Water stewardship
5.	Responsible marketing	13.	Labour standards	19.	Packaging material management
6.	Information security and data privacy	14.	Community investment	20.	Environmental mitigation
7.	Protection of intellectual property rights			21.	Climate action
8.	Supply chain management				

3. CUSTOMERS AND SUPPLIERS

The Group places a strong emphasis on product and service quality, recognising these are critical pillars for building long-term customer relationships and reinforcing its position as a trusted corporation. The Product and Service Responsibility Policy defines its commitment with regard to maintaining the safety and quality of its products and services, customer feedback and product recall, advertising and labelling, as well as protection of customer data and intellectual property.

3.1 Safety and Quality Management

As a property owner and manager, the Group places strong emphasis on the health, safety, and well-being of tenants and customers. Standard operating procedures are implemented to maintain hygienic common areas and effective pest control. Regular maintenance, servicing, and inspection of mechanical systems and fixtures are carried out by contracted property management teams to ensure operational reliability.

The Group also maintains emergency response plans that outline actions to manage potential incidents such as fires or natural disasters. These measures help ensure prompt and coordinated responses to safeguard lives and property.

The Group did not have any ongoing property development projects during the Year. As such, product health and safety and project quality management were not considered material ESG issues for the property development segment. Nevertheless, the Group remains committed to upholding robust safety and quality management standards and will continue to apply these principles with care and precision when new developments commence.

During the Year, the Company did not aware of any incidents of non-compliance related to health and safety relating to products and services provided that would have a significant impact on the Group.

3.2 Responsible Marketing

Integrity is fundamental to building trust with our tenants and customers. The Group maintains a strong commitment to responsible marketing and accurate communication of property information across all marketing channels. Employees involved in marketing are required to comply with applicable regulations, ensure fair representation of property features, and protection of customer privacy. Through these practices, the Group ensures that tenants and customers receive transparent and reliable information to make informed leasing or purchasing decisions.

During the Year, the Company did not aware of any incidents of non-compliance related to advertising, labelling and privacy matters regarding products and services provided that would have a significant impact on the Group.

3.3 Customer Communication

Customers remain at the heart of the Group's operations. The Group addresses customer needs through email correspondence and hotlines. Feedback from these channels provides valuable insights that drive continuous improvement in service quality.

All customer complaints are handled with seriousness and care and their feedback is analysed to identify root causes, formulate corrective measures, and prevent similar incidents in the future.





Environmental, Social and Governance Report *(continued)*

3. CUSTOMERS AND SUPPLIERS *(continued)*

3.4 Supply Chain Management

In a rapidly changing global environment, sustainable supply chain management is vital for long-term business resilience. The Group is committed to integrating environmental and social considerations into procurement processes through its Sustainable Supply Chain Policy. This policy defines clear expectations for suppliers to uphold ethical, environmental, and social standards, guiding subsidiaries in responsible sourcing decisions.

Supplier selection and evaluation are based on four pillars:

Pillars	Considerations in the supplier selection process
Business Ethics 	<ul style="list-style-type: none"> • Business code of conduct • Policies related to regulatory compliance • Policies related to the protection of employees' rights • Awards or accreditation obtained related to caring of people • Compliance with laws and regulations related to business ethics, environmental and social responsibility
Product/Service Safety and Quality 	<ul style="list-style-type: none"> • Quality management system in place • Quality assurance function • Awards or accreditation obtained related to product or service
Work Health and Safety 	<ul style="list-style-type: none"> • Health and safety management system in place • Health and safety policy established • Health and safety training provided to their staff • Good record of low incident rate • Awards achieved related to health and safety
Environmental Management 	<ul style="list-style-type: none"> • Environmental management system • Environmental policy established • Environmental-related awards achieved

Preference is given to suppliers demonstrating strong performance across these four pillars. The Group conducts continuous monitoring and periodic reviews to evaluate supplier compliance and drive ongoing improvement.

To foster a sustainable and inclusive supply chain, subsidiaries are encouraged to engage local and diverse suppliers, including small businesses, voluntary and community organisations, ethnic minority groups, and social enterprises. This approach supports local economies while enhancing the Group's overall supply chain resilience.

4. PEOPLE

Employees are central to the Group’s success and long-term growth. The Group strives to provide a safe, diverse, and engaging workplace where every team member can realise personal and professional potential. We safeguard employee rights by adhering to all applicable labour and human rights laws across our operating locations. The Group’s Human Resources Policy sets out our commitment to prohibiting child and forced labour, promoting equality and diversity, supporting career development, and maintaining a safe and healthy working environment.

4.1 Employee Compensation, Wellness and Engagement

The Group offers competitive compensation and benefits that exceed statutory requirements, including paid marriage, medical, and compassionate leave, generous annual leave, and healthcare and life insurance coverage. The Group also conducts annual performance appraisals and salary reviews, considering individual performance, business outcomes, and market benchmarks. These reviews not only guide career development discussions but also help identify growth opportunities.

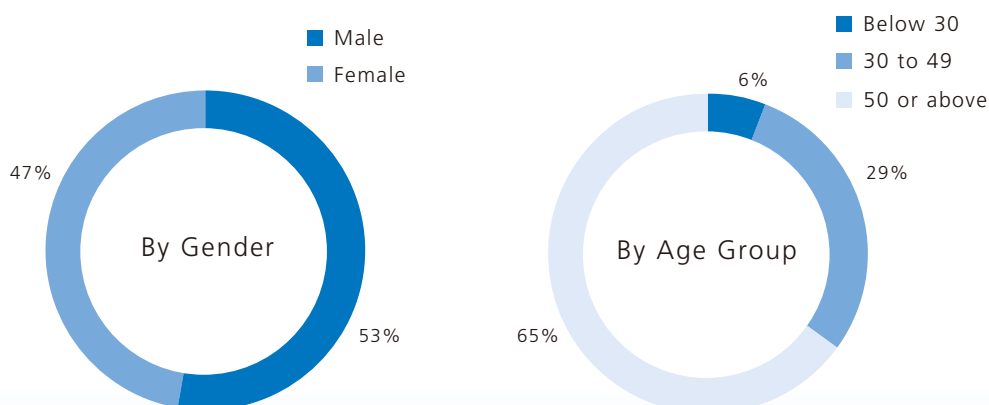
Across all operations, the Group fosters a work culture that values well-being, inclusion, and work-life balance. Employees are also encouraged to voice concerns and share feedback through established communication and grievance channels, including whistleblowing mechanisms administered with confidentiality. Feedback received is reviewed carefully to ensure timely resolution and continuous improvement.

During the Year, the Group did not receive any employee grievances through the whistleblowing channels.

4.2 Diversity and Equal Opportunities

The Group embraces diversity and equal opportunity for all employees and job applicants. Employment decisions – covering recruitment, development, promotion, and compensation – are made based on qualifications, skills, experience, performance, aptitude and potential, regardless of gender, age, family status, marital status, pregnancy, sexual orientation, nationality, race, religious belief, political affiliation, disability or cultural background. During the Year, the Group has formally adopted a Workforce Diversity Policy, which applies to all employees across the Group. The Workforce Diversity Policy sets out the Group’s expectations for fair treatment, equal opportunities in all facets of employment, and a workplace free from discrimination, bias, harassment, intimidation and violence, supported by mechanisms such as whistleblowing channels for raising concerns.

Below charts set forth our employment data:



Environmental, Social and Governance Report *(continued)*

4. PEOPLE *(continued)*

4.2 Diversity and Equal Opportunities *(continued)*

The Group strictly prohibits the use of child or forced labour. During the recruitment process, candidate identities, qualifications, and ages are verified to prevent potential breaches. Suppliers are equally expected to comply with relevant labour and human rights regulations. The Group regularly monitors compliance across operations and investigates cases in accordance with disciplinary guidelines when necessary. Employees are encouraged to report concerns through available grievance mechanisms.

During the Year, there were no reported incidents of non-compliance related to employment practices, child labour or forced labour.

4.3 Employee Health and Safety

The Group recognises a safe workplace as fundamental to employee well-being. Preventive measures and awareness initiatives are implemented to minimise occupational risks and maintain compliance with applicable safety regulations.

Employees are equipped with adequate personal protective equipment. Fire drills are conducted regularly to enhance emergency preparedness, and air purifiers have been installed in offices with lower air quality to maintain a healthy work environment.

During the Year, there were no cases of work-related injuries across the Group, and the Company did not aware of any incidents of non-compliance related to occupational health and safety that would have a significant impact on the Group.

4.4 Development and Training

The Group views employee development as essential to sustainable growth. Continuous learning opportunities are provided to strengthen professional skills and align staff capabilities with the Group's strategic direction. The Group's Human Resources Policy reinforces our commitment to equipping employees with the knowledge required to perform effectively and advance their careers.

New employees participate in a structured orientation programme introducing them to company policies, values, and health and safety practices. During the Year, employees attended a variety of training programmes, covering topics such as quality management, occupational health and safety, cybersecurity, business ethics, IT skills, ESG principles, and industrial processes.

Key training programmes include:

IT Security Awareness Training

In an era of increasingly sophisticated cyber threats, employees are both the first line of defence and a potential vulnerability in any organisation's cybersecurity posture. To equip staff with the knowledge and vigilance required to identify, respond to, and prevent a wide range of cyber risks, our business unit in Singapore implemented a mandatory IT Security Awareness Training during the Year. The programme covered a broad range of cyber threats, including social engineering, phishing, and ransomware, as well as emerging risks associated with artificial intelligence and deepfakes. These training modules ensured that staff at all levels understood how cybersecurity principles apply to their day-to-day responsibilities, reinforcing a culture of shared accountability in safeguarding our data, systems, and operations.

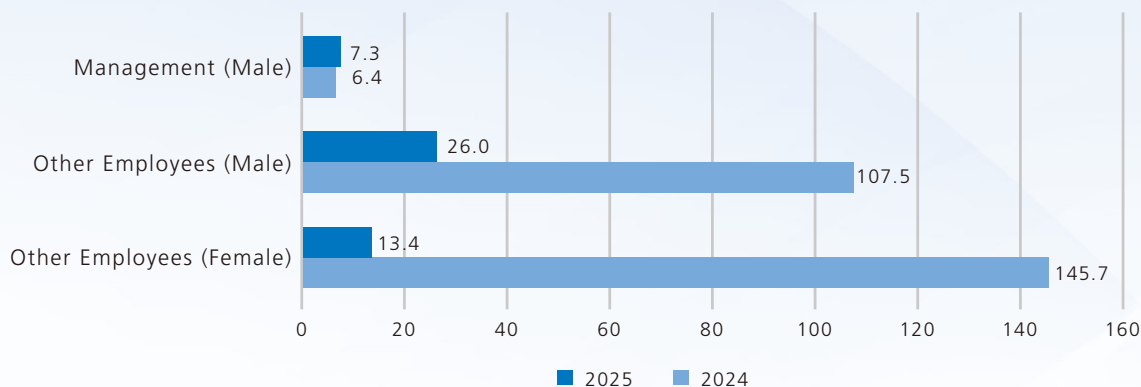
Environmental, Social and Governance Report *(continued)*

4. PEOPLE *(continued)*

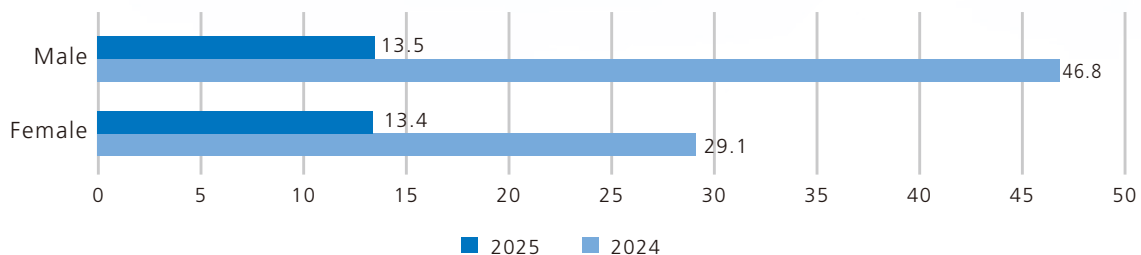
4.4 Development and Training *(continued)*

Development and Training – Performance Data

Average Training Hours per Employee by Employee Category



Average Training Hours per Employee by Gender



4.5 Supporting Our Community

The Group recognises that business success is closely linked with community well-being. Under its Donation Policy, the Group may contribute to organisations that promote education, healthcare, poverty alleviation, disaster relief, and religious initiatives. The Board will ensure the donation budget aligns with corporate strategy and supports long-term objectives. During the Year, the Group did not make any donations.

Looking ahead, the Group will continue to seek opportunities to work with partners and stakeholders to create shared value and enhance the well-being of the communities it serves.

Environmental, Social and Governance Report *(continued)*

5. ENVIRONMENT

The Group remains committed to embedding sustainability into all aspects of its operations, with an emphasis on reducing ecological footprint and managing environmental impacts across key areas such as emissions, resource efficiency, climate resilience, and responsible sourcing. Guided by the Environmental Policy, the Group integrates environmental and resource-efficiency considerations into day-to-day operations and strategic decision-making.

The Environmental Policy sets out guiding principles covering emissions management, use of resources, environmental and natural resources, climate change, green procurement, stakeholder engagement, and participation in environmental initiatives. By supporting and partnering with stakeholders, the Group aims to create long-term positive change and contribute to a more sustainable future.

Robust environmental management systems are in place to monitor, assess, and mitigate operational impacts. Continuous oversight and proactive measures ensure regulatory compliance and alignment with industry standards, helping the Group minimise its footprint and improve performance over time.

5.1 Managing Our Emissions

The Group adopts a proactive, holistic approach to managing emissions and waste, striving to reduce environmental impacts and promote sustainable practices across its operations.

Waste Management

The main waste type from our operations are non-hazardous waste such as general waste from offices. To improve material recovery and minimise disposal, the Group implements sorting, recycling, and reuse programmes in our offices. Examples of waste management measures include:

- Practise reuse and recycling where applicable
- Reuse one-sided paper for printing
- Adopt e-communication whenever possible

Emissions Management

Emissions reduction remains a key environmental objective. The Group applies energy-efficient operational practices and continues to upgrade machinery, equipment, and vehicles to cleaner and lower-carbon alternatives. Continuous monitoring and improvement initiatives are in place to ensure compliance with regulatory requirements and identify areas for emission reduction.

In addition to our direct operations, the Group had conducted a comprehensive assessment of our value chain footprint during the Year. Based on this assessment, the Group has identified and reported on key Scope 3 emissions categories in accordance with GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, further broadening our understanding of the environmental impact associated with our business activities.

There are no relevant laws and regulations in relation to the environment that have a significant impact on the Group. During the Year, the Company did not aware of any incident of non-compliance case regarding environmental laws and regulations that would have a significant impact on the Group.

5. ENVIRONMENT *(continued)*

5.2 Moving Towards More Sustainable Resource Practices

Optimising resource use and efficiency across operations is central to the Group's environmental strategy. To support this objective, the Group has implemented measures such as automatic lighting controls, motion sensors, and energy-efficient appliances and systems. While we have not faced sourcing water issues for our operations, the Group prioritises efficient water utilisation and minimising consumption across our offices.

The Group's business model is predominantly office-based, with limited emissions generation, energy use and water consumption. Although the absolute amounts are relatively insignificant, the Group recognises the importance of managing its operational footprint responsibly. To demonstrate its ongoing commitment, the Group has set a performance target to maintain Scope 1 and 2 emissions intensity, non-hazardous waste intensity, energy intensity and water consumption intensity relative to the 2024 baseline over the next five years. The Group will continue to monitor environmental performance against these intensity targets and reassess the level of ambition as necessary.

5.3 Climate Action

Building on its commitment to enhance climate resilience, the Group continued to strengthen its understanding of climate-related risks and opportunities. In 2024, the Group completed a comprehensive assessment to identify and prioritise climate-related physical and transition risks across its business and management operations. This exercise laid the foundation for more strategic and informed climate risk management.

Identification of Climate-related Risks and Opportunities

The assessment, supported by an external consultant, applied a multi-faceted methodology combining internal data analysis, external benchmarking, and business unit engagement. Desktop research examined existing risk registers, operating profiles, supplier information, and current climate mitigation measures, while benchmarking activities reviewed industry best practices, evolving regulatory expectations, and peer disclosures. A self-assessment questionnaire was also conducted among key business units to validate findings and collect insights on mitigation strategies already in place.



Environmental, Social and Governance Report *(continued)*

5. ENVIRONMENT *(continued)*

5.3 Climate Action *(continued)*

The following tables outline the key risks and opportunities and the responses of the Group.

(i) *Climate-related physical risks*



Risk type	Impacts on business model and value chain	Our mitigation response
<p>Acute – Increased exposure to acute weather events (e.g. storms, floods, extreme temperatures)</p> 	<p>Financial:</p> <ul style="list-style-type: none"> • Capital expenditures for repairs, asset devaluation, and rising insurance premiums • Increased operational costs (e.g. emergency services, backup power, and business downtime) • Revenue losses due to reduced occupancy, foot traffic and temporary closures <p>Operational:</p> <ul style="list-style-type: none"> • Damage to buildings, infrastructure, and equipment, shortening asset lifespans • Disruptions to utilities, supply chains, and to tenant operations <p>Strategic:</p> <ul style="list-style-type: none"> • Challenges in securing cost-effective insurance for high-risk locations • Long-term decline in property attractiveness and tenant retention 	<p>Proactive Asset Management:</p> <ul style="list-style-type: none"> • Regular inspections, maintenance, and upgrades to fortify buildings and infrastructure • Investments in resilient amenities (e.g. flood barriers, storm-resistant materials) <p>Emergency Preparedness:</p> <ul style="list-style-type: none"> • Business continuity plans, emergency response protocols, and remote work capabilities • Backup power systems with scheduled maintenance <p>Tenant Collaboration:</p> <ul style="list-style-type: none"> • Tenant support for emergency planning and operational continuity • Transparent communication on emergency procedures and post-event recovery <p>Insurance Optimisation:</p> <ul style="list-style-type: none"> • Risk mitigation initiatives to negotiate competitive premiums and coverage • Regular policy reviews to align with evolving climate risks
<p>Chronic – Rising mean temperature</p> 	<p>Financial:</p> <ul style="list-style-type: none"> • Higher operating expenses from increased energy consumption • Capital expenditures for cooling system upgrades and infrastructure replacements • Potential insurance cost increases due to equipment failure risks <p>Operational:</p> <ul style="list-style-type: none"> • Reduced lifespans of property, plant, and equipment from prolonged heat exposure • Operational disruptions and increased maintenance costs tied to heat-related stress on infrastructure <p>Strategic:</p> <ul style="list-style-type: none"> • Declining occupancy rates for properties lacking climate adaptation measures 	<ul style="list-style-type: none"> • Implement energy-efficient Heating, Ventilation, and Air-Conditioning (“HVAC”) systems to reduce costs • Proactively maintain equipment to prevent failure • Collaborate with tenants to promote energy efficiency and encourage sustainable behavior through communication and education

Environmental, Social and Governance Report *(continued)*

5. ENVIRONMENT *(continued)*

5.3 Climate Action *(continued)*

(ii) Climate-related transition risks and opportunities

Risk and opportunity type	Impacts on business model and value chain	Our mitigation response/ How we seize the opportunities
<p>Policy and legal – Energy efficiency regulations and stricter standards for building and equipment</p>  <p>Products and services – Development and/ or expansion of low emission goods and services; shift in consumer preferences*</p> 	<ul style="list-style-type: none"> • Increased costs for retrofitting buildings and upgrading equipment to meet new standard • Higher capital expenditure for sustainable building and equipment upgrades • Decreased revenue from potential temporary closure or reduced occupancy during renovation and upgrade periods • Positive impact on the bottom line through sustainable operational practices (e.g. increased revenue by attracting environmentally-conscious tenants) and potential to command higher rates or prices due to sustainability credentials* 	<ul style="list-style-type: none"> • Assess infrastructure, equipment, and processes to identify energy efficiency opportunities and ensure compliance with new standards • Upgrade or replace equipment, prioritising critical and energy-intensive assets, to manage costs and minimise operational disruptions

* denotes opportunity

Environmental, Social and Governance Report *(continued)*

5. ENVIRONMENT *(continued)*

5.3 Climate Action *(continued)*

Climate Resilience Assessment

Building on the climate-related risks and opportunities assessment process conducted in the previous year, the Group performed a climate-related scenario analysis during the Year to further assess the resilience of the Group's business model and strategy under a range of plausible climate futures. The analysis was carried out across the same subsidiaries covered within the ESG reporting boundary.

Scenario selection and time horizons

To reflect the Group's strategic context and align with international frameworks, two scenarios representing divergent climate pathways were selected – one assuming a delayed transition with continued high emissions, and the other reflecting an accelerated global shift toward net zero emissions.

Scenario	High Emissions Scenario (3°C to 5+°C warming by 2100)	Net Zero Transition Scenario (1.5°C to 2°C warming by 2100)
Reference scenarios	<ul style="list-style-type: none"> Intergovernmental Panel on Climate Change ("IPCC") Shared Socio-economic Pathways ("SSP") 5-8.5 Network for Greening the Financial System ("NGFS") Current Policies 	<ul style="list-style-type: none"> IPCC SSP1-2.6 NGFS Net Zero 2050
Key Assumption	<ul style="list-style-type: none"> Minimal climate cooperation; continued fossil fuel reliance Continuation of existing policies without enhancement No change or lowered carbon prices Extreme weather events more frequent and severe 	<ul style="list-style-type: none"> Rapid decarbonization and strong international cooperation Immediate stringent climate policies Rapid increase in carbon prices

Risks and opportunities were assessed across three time horizons aligned with the Group's business planning cycles:

- Short term (2025–2030)
- Medium term (2031–2040)
- Long term (2041–2050)

Environmental, Social and Governance Report *(continued)*

5. ENVIRONMENT *(continued)*

5.3 Climate Action *(continued)*

Assessment outcomes and strategic responses

Risk factors	Scenario analysis results	Strategic responses
<p>Potential Carbon Costs Associated with Scope 1 and 2 GHG Emissions</p> <p>Business segment impacted: – All businesses</p> <p>Value chain impacted: – Own operation</p> <p>Time horizon: – Medium to long term</p>	<p>While carbon pricing mechanisms are not broadly implemented in the specific sectors or jurisdictions where the Group’s subsidiaries primarily operate, the potential exposure under the Net Zero Transition Scenario is assessed to be minimal, assuming future regulatory expansion.</p> <p>Under the High Emission Scenario, carbon cost exposure also remains negligible.</p> <p>However, the magnitude of this risk depends heavily on policy decisions, carbon price levels, and sector coverage that remain uncertain.</p>	<p>Regardless of policy trajectories, the Group is committed to:</p> <ul style="list-style-type: none"> • Prioritising upgrades for critical, energy-intensive assets. • Maintaining internal awareness regarding carbon management.

Future improvement

Significant uncertainty remains regarding how climate change will manifest at regional and localised levels under varying climate scenarios, particularly in terms of shifts in temperature, the frequency and severity of extreme weather events and the consequential increase in carbon prices due to climate policies implemented by government.

This uncertainty makes precise prediction of specific impacts on the Group’s assets and operations challenging, particularly where local infrastructure, supply chains, or environmental conditions may be affected. The timing, scale, and nature of climate-related risks therefore remain subject to inherent uncertainty.

Despite these uncertainties, the results of the resilience assessment indicate that the Group’s existing strategy and business model possess the flexibility to adapt across a range of plausible climate outcomes. The Group will continue to review its financing structure to maintain sufficient capacity for climate-related investments and adaptation measures, ensuring resources are directed toward initiatives that enhance long-term sustainability and value creation.

Environmental, Social and Governance Report *(continued)*

6. PERFORMANCE SUMMARY¹

Environmental KPIs	Unit	2025	2024
Air Emissions			
Nitrogen oxides (“NO _x ”) ²	Tonnes	0.4	1.7
Sulphur oxides (“SO _x ”) ²	Tonnes	0.0001	0.0005
Respiratory suspended particles (“RSP”) ²	Tonnes	0.007	0.031
Greenhouse gas (“GHG”) emissions			
Total Scope 1 and 2 emissions	Tonnes CO₂e	195.0	295.4
Scope 1 ³	Tonnes CO ₂ e	20.8 ²	105.9
Scope 2 ^{4,5}	Tonnes CO ₂ e	174.2	189.5
Scope 1 and 2 emissions intensity ⁵	Tonnes CO ₂ e/m ²	0.279	0.393
Total Scope 3 emissions⁶	Tonnes CO₂e	29,544.8	New disclosure in 2025
Category 1 – Purchased goods & services	Tonnes CO ₂ e	188.2	
Category 2 – Capital goods	Tonnes CO ₂ e	0.3	
Category 3 – Fuel & energy related activities	Tonnes CO ₂ e	17.8	
Category 5 – Waste generated in operations	Tonnes CO ₂ e	0.002	
Category 6 – Business travel	Tonnes CO ₂ e	8.8	
Category 7 – Employee commuting	Tonnes CO ₂ e	13.7	
Category 15 – Investments	Tonnes CO ₂ e	29,316.0	
Waste generation			
Non-hazardous waste ⁷	Tonnes	0.10	0.12
Non-hazardous waste intensity	Tonnes/employee	0.006	0.007
Energy consumption			
Total energy consumption⁵	MWh	506.1	773.6
Direct energy	Diesel	MWh	73.1
Indirect energy	Purchased electricity	MWh	143.0
Indirect energy	Purchased heating ⁵	MWh	290.0
Energy intensity ⁵		MWh/m ²	0.72
			1.03
Water consumption			
Total water consumption	m³	253.3	223.7
Water consumption intensity	m ³ /employee	14.90	13.16

¹ Any discrepancies between (i) totals provided and the sum of the numbers presented; and (ii) percentages provided and the associated numbers throughout the ESG Report are due to rounding.

² NO_x, SO_x, RSP emissions and Scope 1 emissions were lower in 2025 compared to 2024, due to the reduced operational activity of yacht owned by Fairseas 1. Pte. Ltd., resulting in less fuel consumption and consequently lower emissions.

³ Scope 1 emissions include direct emissions from sources that are owned or controlled by the Group, such as emissions from fuel of company vehicles, the refrigerant of air conditioning and fire extinguishing systems. The emission factors are based on the IPCC Synthesis Report (AR6) (2021), Greenhouse Gas Protocol, International Energy Agency’s Energy Statistics Manual, UK Government GHG Conversion Factors for Company Reporting and United States Environmental Protection Agency’s Emission Factors for Greenhouse Gas Inventories.

⁴ Scope 2 emissions include indirect emissions from purchased electricity in Hong Kong, Singapore, and Chinese Mainland, as well as purchased heating in Chinese Mainland. The emission factors are based on the emission factors provided by utility providers in Hong Kong and Singapore, the average emission factor of the national grid in 2022 announced by the Ministry of Ecology and Environment of the People’s Republic of China (“PRC”) and the emission factor of heat supply announced by the National Development and Reform Commission of the PRC.

⁵ We have expanded our scope to include purchased heating of commercial units that are controlled by the Group. The corresponding Scope 2 emissions, Scope 1 and 2 emissions intensity, purchased heating, total energy consumption, and energy intensity in 2024 have been restated to align with the updated scope.

⁶ Scope 3 emissions are other indirect GHG emissions that occur in the value chain of the Group. The compilation of our Scope 3 GHG emissions is based on the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard. Relevant emission factors were sourced from environmentally-extended input output (“EEIO”) database EXIOBASE 3 for spend-based category data, and well-to-tank factors from UK Government GHG Conversion Factors for Company Reporting for fuel and energy-related activities.

⁷ Non-hazardous wastes include domestic solid waste from offices.

Environmental, Social and Governance Report *(continued)*

6. PERFORMANCE SUMMARY¹ *(continued)*

Social KPIs ⁸		Unit	2025		2024	
Workforce						
Total number of employees (Year-end number)		Person (%)	17	(100%)	17	(100%)
By gender	Male	Person (%)	9	(53%)	10	(59%)
	Female	Person (%)	8	(47%)	7	(41%)
By age group	Below 30	Person (%)	1	(6%)	1	(6%)
	30–49	Person (%)	5	(29%)	5	(29%)
	50 or above	Person (%)	11	(65%)	11	(65%)
By region	Hong Kong	Person (%)	5	(29%)	5	(29%)
	Singapore	Person (%)	6	(35%)	6	(35%)
	Chinese Mainland	Person (%)	6	(35%)	6	(35%)
By employee type	Full-time	Person (%)	17	(100%)	17	(100%)
	Part-time	Person (%)	0	(0%)	0	(0%)
By employee category	Management	Person (%)	8	(47%)	9	(53%)
	Other employees	Person (%)	9	(53%)	8	(47%)
Turnover						
Turnover rate⁹		Person (%)	1	(6%)	4	(24%)
By gender	Male	Person (%)	1	(11%)	0	(0%)
	Female	Person (%)	0	(0%)	4	(57%)
By age group	Below 30	Person (%)	0	(0%)	0	(0%)
	30–49	Person (%)	0	(0%)	2	(40%)
	50 or above	Person (%)	1	(9%)	2	(18%)
By region	Hong Kong	Person (%)	1	(20%)	0	(0%)
	Singapore	Person (%)	0	(0%)	2	(33%)
	Chinese Mainland	Person (%)	0	(0%)	2	(33%)
Employee Health and Safety						
Number of work-related fatalities ¹⁰		Case	0		0	
Number of reportable work-related injuries		Case	0		0	
Work-related injury rate ¹¹		Case/100 Employees	0		0	
Lost days due to work-related injuries		Day	0		0	

⁸ Employee-related data in Social KPIs covers executive directors, full-time and part-time employees. Temporary and fixed-term employees with contracts shorter than one year are excluded.

⁹ Turnover rate = Employee in each specified category leaving employment/Number of employees in that category x 100%

¹⁰ There was no work-related fatality occurred in the past 3 years including the Year.

¹¹ Work-related injury rate = Number of reportable work-related injuries/Total number of employees x 100 employees

Environmental, Social and Governance Report *(continued)*

6. PERFORMANCE SUMMARY¹ *(continued)*

Social KPIs ⁸		Unit	2025		2024	
Development and Training						
Total employees trained¹²		Person (%)	12	(71%)	9	(53%)
By gender	Male	Person (%)	6	(67%)	5	(50%)
	Female	Person (%)	6	(75%)	4	(57%)
By employee category	Management (Male)	Person (%)	4	(67%)	3	(43%)
	Management (Female)	Person (%)	0	(0%)	0	(0%)
	Other employees (Male)	Person (%)	2	(67%)	2	(67%)
	Other employees (Female)	Person (%)	6	(100%)	4	(80%)
Workforce						
Average hours of training per employee¹³		Hours	13.5		39.0	
By gender	Male	Hours	13.5		46.8	
	Female	Hours	13.4		29.1	
By employee category	Management (Male)	Hours	7.3		6.4	
	Management (Female)	Hours	0		0	
	Other employees (Male)	Hours	26.0 ¹⁴		107.5	
	Other employees (Female)	Hours	13.4 ¹⁴		145.7	

¹² Percentage of employees trained = Number of employees trained in each specified category/Number of employees in that category x 100%

¹³ Average training hours per employee = Number of training hours for employees in each specified category/Number of trained employees in that category

¹⁴ Average training hours for other employees were lower in 2025 compared to 2024 due to varying training schedules for International Maritime Organization licensing requirements, which include different intervals such as annual, biennial and quinquennial trainings, and additional ad-hoc training sessions.

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX

The ESG Report is in compliance with the mandatory disclosure requirements and “comply or explain” provisions of the HKEX ESG Reporting Code.

Part B: Mandatory Disclosure Requirements

Mandatory Disclosure Requirements		Section
Governance Structure	<p>A statement from the board containing the following elements:</p> <ul style="list-style-type: none"> (i) a disclosure of the board’s oversight of ESG issues; (ii) the board’s ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer’s businesses); and (iii) how the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer’s businesses. 	Governance Structure
Reporting Principles – Materiality	<p>The ESG report should disclosed:</p> <ul style="list-style-type: none"> (i) the process to identify and the criteria for the selection of material ESG factors; (ii) if a stakeholder engagement is conducted, a description of significant stakeholders identified and the process and results of the issuer’s stakeholder engagement. 	Reporting Principles; Materiality Assessment
Reporting Principles – Quantitative	<p>Information on the standards, methodologies, assumptions and/or calculation tools used and source of conversion factors used, for the reporting of emissions/energy consumption (where applicable) should be disclosed.</p>	Reporting Principles; Performance Summary
Reporting Principles – Consistency	<p>The issuer should disclose in the ESG report any changes to the methods or KPIs used, or any other relevant factors affecting a meaningful comparison.</p>	Reporting Principles; Performance Summary
Reporting Boundary	<p>A narrative explaining the reporting boundaries of the ESG report and describing the process used to identify which entities or operations are included in the ESG report. If there is a change in the scope, the issuer should explain the difference and reason for the change.</p>	Reporting Boundary

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part C: “Comply or explain” Provisions

Subject Areas, Aspects, General Disclosures and KPIs		Section
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.	Environment; Managing Our Emissions
KPI A1.1	The types of emissions and respective emissions data.	Performance Summary
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Performance Summary
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 ¹⁵
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Managing Our Emissions; Moving Towards More Sustainable Resource Practices
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.	Managing Our Emissions
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment; Moving Towards More Sustainable Resource Practices
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).	Performance Summary
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Performance Summary
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Moving Towards More Sustainable Resource Practices
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.	Moving Towards More Sustainable Resource Practices
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Not applicable ¹⁶

¹⁵ Due to the business nature of the Group, hazardous waste is considered not material.

¹⁶ Due to the business nature of the Group, packaging material is considered not material.

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part C: “Comply or explain” Provisions *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs		Section
A. Environmental <i>(continued)</i>		
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impacts on the environment and natural resources.	Environment
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment; Climate Action
B. Social		
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.	People; Employee Compensation, Wellness and Engagement
KPI B1.1	Total workforce by gender, employment type (for example, full-time or part-time), age group and geographical region.	Diversity and Equal Opportunities; Performance Summary
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Performance Summary
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.	People; 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.	Performance Summary
KPI B2.2	Lost days due to work injury.	Performance Summary
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Employee Health and Safety
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees’ knowledge and skills for discharging duties at work. Description of training activities.	People; Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Performance Summary
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training; Performance Summary

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part C: “Comply or explain” Provisions *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs		Section
B. Social <i>(continued)</i>		
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.	People; Diversity and Equal Opportunities
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Diversity and Equal Opportunities
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Diversity and Equal Opportunities
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Customers and Suppliers; Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Not applicable ¹⁷
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented and how they are implemented and monitored.	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.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers and how they are implemented and monitored.	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.	Customers and Suppliers; Responsible Marketing
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Not applicable ¹⁸
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Not applicable ¹⁸
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Business Ethics
KPI B6.4	Description of quality assurance process and recall procedures.	Safety and Quality Management
KPI B6.5	Description of consumer data protection and privacy policies and how they are implemented and monitored.	Business Ethics

¹⁷ The Group has no major suppliers. Therefore, there is no breakdown of supplier by geographical region. The Group will continue to enforce these standards and explore possibilities in improving the approach to identify and manage potential environmental and social impacts across its supply chain.

¹⁸ Due to the business nature of the Group, no product related complaint was received, and recall for safety and health reasons are considered not material.

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part C: “Comply or explain” Provisions *(continued)*

Subject Areas, Aspects, General Disclosures and KPIs		Section
B. Social <i>(continued)</i>		
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.	Business Ethics
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.	Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures and how they are implemented and monitored.	Business Ethics
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Business Ethics
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.	Supporting Our Community
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Supporting Our Community
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Supporting Our Community

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures

Reference Paragraph	Description	Section or Remarks
(I) Governance		
19	<p>An issuer shall disclose information about:</p> <p>(a) the governance body(s) (which can include a board, committee or equivalent body charged with governance) or individual(s) responsible for oversight of climate-related risks and opportunities. Specifically, the issuer shall identify that body(s) or individual(s) and disclose information about:</p> <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, including whether and how related performance metrics are included in remuneration policies; and</p> <p>(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:</p> <p>(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</p> <p>(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.</p>	Governance Structure; ESG Risk Management and Internal Control Systems

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(II) Strategy		
Climate-related risks and opportunities		
20	<p>An issuer shall disclose information to enable an understanding of climate-related risks and opportunities that could reasonably be expected to affect the issuer's cash flows, its access to finance or cost of capital over the short, medium or long term. Specifically, the issuer shall:</p> <ul style="list-style-type: none"> (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. 	Climate Action
Business model and value chain		
21	<p>An issuer shall disclose information that enables an understanding of the current and anticipated effects of climate-related risks and opportunities on the issuer's business model and value chain. Specifically, the issuer shall disclose:</p> <ul style="list-style-type: none"> (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 (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). 	Climate Action

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(II) Strategy <i>(continued)</i>		
Strategy and decision-making		
22	<p>An issuer shall disclose information that enables an understanding of the effects of climate-related risks and opportunities on its strategy and decision-making. Specifically, the issuer shall disclose:</p> <p>(a) information about how the issuer has responded to, and plans to respond to, climate-related risks and opportunities in its strategy and decision-making, including how the issuer plans to achieve any climate-related targets it has set and any targets it is required to meet by law or regulation. Specifically, the issuer shall disclose information about:</p> <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> <p>(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</p> <p>(b) information about how the issuer is resourcing, and plans to resource, the activities disclosed in accordance with paragraph 22(a).</p>	<p>Climate Action</p> <p>The Group continues to utilise its existing resources and take practical steps to reduce its GHG emissions. These efforts include active monitoring of fuel and electricity consumption, as well as improving the energy efficiency of our offices. Even though the Group has not developed a formalised transition plan, the Group will continue to strengthen its decarbonisation capabilities to identify feasible reduction measures and progressively reduce carbon intensity.</p>
23	<p>An issuer shall disclose information about the progress of plans disclosed in previous reporting periods in accordance with paragraph 22(a).</p>	Climate Action

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(II) Strategy <i>(continued)</i>		
Financial position, financial performance and cash flows		
<i>Current financial effect</i>		
24	<p>An issuer shall disclose qualitative and quantitative information about:</p> <p>(a) how climate-related risks and opportunities have affected its financial position, financial performance and cash flows for the reporting period; and</p> <p>(b) the climate-related risks and opportunities identified in paragraph 24(a) for which there is a significant risk of a material adjustment within the next annual reporting period to the carrying amounts of assets and liabilities reported in the related financial statements.</p>	<p>The Group regularly reviews climate-related risks that could impact our operations. These risks have been managed within existing operations without material financial impacts during the reporting period.</p>
<i>Anticipated financial effect</i>		
25	<p>The issuer shall provide qualitative and quantitative disclosures about:</p> <p>(a) how the issuer expects its financial position to change over the short, medium and long term, given its strategy to manage climate-related risks and opportunities, taking into consideration:</p> <p>(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>Based on our current assessment, no material financial impacts are anticipated in the short, medium and long term as a result of climate-related risks.</p>

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(II) Strategy <i>(continued)</i>		
Climate resilience		
26	<p>An issuer shall disclose information that enables an understanding of the resilience of the issuer's strategy and business model to climate-related changes, developments and uncertainties, taking into consideration the issuer's identified climate-related risks and opportunities. An issuer shall use climate-related scenario analysis to assess its climate resilience using an approach that is commensurate with an issuer's circumstances. In providing quantitative information, the issuer may disclose a single amount or a range. Specifically, the issuer shall disclose:</p> <p>(a) the issuer's assessment of its climate resilience as at the reporting date, which shall enable an understanding of:</p> <ul style="list-style-type: none"> (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; (ii) the significant areas of uncertainty considered in the issuer's assessment of its climate resilience; and (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>(b) how and when the climate-related scenario analysis was carried out, including:</p> <ul style="list-style-type: none"> (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); (ii) the key assumptions the issuer made in the analysis; and (iii) the reporting period in which the climate-related scenario analysis was carried out. 	Climate Action

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(III) Risk Management		
27	<p>An issuer shall disclose information about:</p> <ul style="list-style-type: none"> (a) the processes and related policies it uses to identify, assess, prioritise and monitor climate-related risks, including information about: <ul style="list-style-type: none"> (i) the inputs and parameters the issuer uses (for example, information about data sources and the scope of operations covered in the processes); (ii) whether and how the issuer uses climate-related scenario analysis to inform its identification of climate-related risks; (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); (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. 	Climate Action

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(IV) Metrics and Targets		
Greenhouse gas emissions		
28	<p>An issuer shall disclose its absolute gross greenhouse gas emissions generated during the reporting period, expressed as metric tons of CO₂ equivalent, classified as:</p> <ul style="list-style-type: none"> (a) Scope 1 greenhouse gas emissions; (b) Scope 2 greenhouse gas emissions; and (c) Scope 3 greenhouse gas emissions. 	Performance Summary
29	<p>An issuer shall:</p> <ul style="list-style-type: none"> (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; (b) disclose the approach it uses to measure its greenhouse gas emissions including: <ul style="list-style-type: none"> (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). 	Performance Summary

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(IV) Metrics and Targets <i>(continued)</i>		
Climate-related transition risks		
30	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related transition risks.	Based on our current assessment, we do not consider any of the Group's assets or business activities to be vulnerable to climate-related transition risks.
Climate-related physical risks		
31	An issuer shall disclose the amount and percentage of assets or business activities vulnerable to climate-related physical risks.	Based on our current assessment, we do not consider any of the Group's assets or business activities to be vulnerable to climate-related physical risks.
Climate-related opportunities		
32	An issuer shall disclose the amount and percentage of assets or business activities aligned with climate-related opportunities.	The Group has considered potential climate-related opportunities that could reasonably be expected to affect its prospects over the short, medium and long term. While opportunities such as lower-emission products and services and shifts in consumer preferences have been identified, they are not currently core drivers of the Group's strategy or financial performance.

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(IV) Metrics and Targets <i>(continued)</i>		
Capital deployment		
33	An issuer shall disclose the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities.	At the time of reporting, the Group has not assessed the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities. We will develop internal methodology to track these capital deployment and provide such disclosures in future reporting periods.
Internal carbon price		
34	An issuer shall disclose: <ul style="list-style-type: none"> (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. 	We currently have not applied an internal carbon price in decision-making.
Remuneration		
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).	We currently have not factored climate-related considerations into our remuneration policy.

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(IV) Metrics and Targets <i>(continued)</i>		
Industry-based metrics		
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.	The Group will review the relevance of industry-based metrics that are associated with our business activities, and may expand the suite of disclosed indicators in future reporting periods.
Climate-related targets		
37	<p>An issuer shall disclose (a) the qualitative and quantitative climate-related targets the issuer has set to monitor progress towards achieving its strategic goals; and (b) any targets the issuer is required to meet by law or regulation, including any greenhouse gas emissions targets. For each target, the issuer shall disclose:</p> <ul style="list-style-type: none"> (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. 	Climate Action

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(IV) Metrics and Targets <i>(continued)</i>		
Climate-related targets <i>(continued)</i>		
38	<p>An issuer shall disclose information about its approach to setting and reviewing each target, and how it monitors progress against each target, including:</p> <ul style="list-style-type: none"> (a) whether the target and the methodology for setting the target has been 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. 	Climate Action
39	<p>An issuer shall disclose information about its performance against each climate-related target and an analysis of trends or changes in the issuer’s performance.</p>	Climate Action

Environmental, Social and Governance Report *(continued)*

7. APPENDIX – HKEX ESG REPORTING CODE CONTENT INDEX *(continued)*

Part D: Climate-related Disclosures *(continued)*

Reference Paragraph	Description	Section or Remarks
(IV) Metrics and Targets <i>(continued)</i>		
Climate-related targets <i>(continued)</i>		
40	<p>For each greenhouse gas emissions target disclosed in accordance with paragraphs 37 to 39, an issuer shall disclose:</p> <ul style="list-style-type: none"> (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 decarbonization 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: <ul style="list-style-type: none"> (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). 	<p>Climate Action</p> <p>The Group currently does not plan to use carbon credits or any other offsetting instruments to offset our GHG emissions.</p>

Independent Auditor's Report



To the shareholders of Hongkong Chinese Limited

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Hongkong Chinese Limited (the "Company") and its subsidiaries (the "Group") set out on pages 84 to 158, 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 comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Independent Auditor's Report *(continued)*

KEY AUDIT MATTERS *(continued)*

Key audit matter	How our audit addressed the key audit matter
<p><i>Impairment assessment of interest in a joint venture</i></p> <p>The carrying amount of the Group's interests in joint ventures amounted to HK\$8,723 million as at 31 December 2025, which comprised the carrying amount of the Group's interest in Lippo ASM Asia Property Limited ("LAAPL"), a material joint venture of the Group, of HK\$8,560 million. The Group's interest in the joint venture, LAAPL, is stated at the Group's share of net assets under the equity method of accounting, less any impairment losses at the end of each reporting period.</p> <p>LAAPL's principal activities comprise, among others, investment holding and it has a controlling interest in OUE Limited ("OUE", together with its subsidiaries, the "OUE Group"), a listed company in Singapore. OUE Group is a real estate and healthcare group with operations across Asia. OUE's real estate activities include the development, investment and management of real estate assets across the commercial, hospitality, retail and residential sectors.</p> <p>As at 31 December 2025, management determined that there was an indication that the Group's interest in LAAPL might be impaired. Accordingly, management performed an impairment assessment and determined the recoverable amount of the Group's interest in LAAPL to be approximated by its share of the underlying net assets of LAAPL. Significant management judgements are involved in determining the appropriateness of using the Group's share of LAAPL's net assets as an appropriate estimate of its recoverable amount. Significant estimates are also involved in determining the recoverable amount of LAAPL's underlying assets.</p> <p>Related disclosures are included in Notes 3 and 19 to the consolidated financial statements.</p>	<p>We assessed management's process for identifying the objective evidence of impairment indication for the Group's interest in LAAPL.</p> <p>We evaluated and tested the assumptions and methodologies used by management in the determination of the recoverable amount.</p> <p>We evaluated the procedures performed by component auditor of the OUE Group and the conclusion they reached for the purpose of impairment assessment.</p> <p>We involved our internal valuation specialists to assist us in assessing the methodology adopted and the assumptions used by the external valuers for the valuation of real estate assets held by the OUE Group, on a sample basis.</p>

Independent Auditor's Report *(continued)*

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the 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 Directors of the Company are assisted by the Audit Committee 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. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Independent Auditor's Report *(continued)*

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

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

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

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

We also provide 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.

Independent Auditor's Report *(continued)*

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

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.

The engagement partner on the audit resulting in this independent auditor's report is Leung Chi Ying (practising certificate number: P04302).

Ernst & Young

Certified Public Accountants

27/F, One Taikoo Place

979 King's Road

Quarry Bay, Hong Kong

31 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Revenue	5	53,186	72,845
Cost of sales		(2,389)	(2,142)
Gross profit		50,797	70,703
Administrative expenses	7	(23,748)	(17,427)
Other operating expenses	7	(12,230)	(13,592)
Other losses — net	6	(11,612)	(4,122)
Finance costs	8	(23,115)	(32,223)
Share of results of associates		4,083	11,726
Share of results of joint ventures	9	(876,018)	(1,209,144)
Loss before tax	7	(891,843)	(1,194,079)
Income tax	12	(125)	(6,476)
Loss for the year		(891,968)	(1,200,555)
Attributable to:			
Equity holders of the Company		(891,646)	(1,199,897)
Non-controlling interests		(322)	(658)
		(891,968)	(1,200,555)
Loss per share attributable to equity holders of the Company		HK cents	HK cents
Basic and diluted	13	(44.6)	(60.0)

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Loss for the year		(891,968)	(1,200,555)
Other comprehensive income/(loss)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		22,787	(19,156)
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	6	–	35
Share of other comprehensive income/(loss) of joint ventures:			
Exchange differences on translation of foreign operations		396,430	(349,022)
Other reserve		(23,279)	4,132
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods, net of tax		395,938	(364,011)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity instruments at fair value through other comprehensive income		(4)	(12)
Share of changes in fair value of equity instruments at fair value through other comprehensive income of joint ventures		(67,936)	(32,719)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods, net of tax		(67,940)	(32,731)
Other comprehensive income/(loss) for the year, net of tax		327,998	(396,742)
Total comprehensive loss for the year		(563,970)	(1,597,297)
Attributable to:			
Equity holders of the Company		(564,027)	(1,596,302)
Non-controlling interests		57	(995)
		(563,970)	(1,597,297)

Consolidated Statement of Financial Position

As at 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Fixed assets	15	8,821	9,468
Investment properties	16	121,586	125,350
Interests in associates	18	237,810	297,084
Interests in joint ventures	19	8,722,590	8,926,365
Financial assets at fair value through other comprehensive income	20	67	54
Financial assets at fair value through profit or loss	21	2,950	2,700
Debtors, prepayments and other assets	22	8,521	–
		9,102,345	9,361,021
Current assets			
Properties held for sale		64,862	63,084
Properties under development	23	21,098	20,922
Debtors, prepayments and other assets	22	2,715	2,330
Financial assets at fair value through profit or loss	21	2,995	58
Tax recoverable		5,994	695
Cash and cash equivalents		110,932	97,330
		208,596	184,419
Current liabilities			
Other payables, accruals and other liabilities		23,972	19,321
Tax payable		29,582	31,558
		53,554	50,879
Net current assets		155,042	133,540
Total assets less current liabilities		9,257,387	9,494,561

Consolidated Statement of Financial Position *(continued)*

As at 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current liabilities			
Bank loans	24	505,067	501,467
Deferred tax liabilities	25	9,841	10,950
		514,908	512,417
Net assets			
Equity			
Equity attributable to equity holders of the Company			
Share capital	26	199,828	199,828
Reserves	27	8,527,419	8,767,141
		8,727,247	8,966,969
Non-controlling interests		15,232	15,175
Total equity		8,742,479	8,982,144

Davy Kwok Fai Lee
Director

Stephen Riady
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to equity holders of the Company								
	Share capital	Capital redemption reserve	Fair value reserve of financial assets at FVOCI*	Hedging reserve	Exchange equalisation reserve	Distributable reserves	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 2025	199,828	22,144	(771,200)	919	(477,636)	9,992,914	8,966,969	15,175	8,982,144
Loss for the year	-	-	-	-	-	(891,646)	(891,646)	(322)	(891,968)
Other comprehensive income/(loss) for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	22,408	-	22,408	379	22,787
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	(4)	-	-	-	(4)	-	(4)
Share of other comprehensive income/(loss) of joint ventures	-	-	(67,936)	(23,279)	396,430	-	305,215	-	305,215
Total comprehensive income/(loss) for the year	-	-	(67,940)	(23,279)	418,838	(891,646)	(564,027)	57	(563,970)
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	324,305	324,305	-	324,305
Share of transfer of reserve of joint ventures	-	-	(5,998)	-	-	5,998	-	-	-
At 31 December 2025	199,828	22,144	(845,138)	(22,360)	(58,798)	9,431,571	8,727,247	15,232	8,742,479
At 1 January 2024	199,828	22,144	(732,121)	(3,213)	(109,830)	11,236,014	10,612,822	16,170	10,628,992
Loss for the year	-	-	-	-	-	(1,199,897)	(1,199,897)	(658)	(1,200,555)
Other comprehensive income/(loss) for the year:									
Exchange differences on translation of foreign operations	-	-	-	-	(18,819)	-	(18,819)	(337)	(19,156)
Exchange differences reclassified to profit or loss upon liquidation of foreign operations	-	-	-	-	35	-	35	-	35
Changes in fair value of equity instruments at fair value through other comprehensive income	-	-	(12)	-	-	-	(12)	-	(12)
Share of other comprehensive income/(loss) of joint ventures	-	-	(32,719)	4,132	(349,022)	-	(377,609)	-	(377,609)
Total comprehensive income/(loss) for the year	-	-	(32,731)	4,132	(367,806)	(1,199,897)	(1,596,302)	(995)	(1,597,297)
Share of equity movements arising on equity transactions of joint ventures	-	-	-	-	-	(29,568)	(29,568)	-	(29,568)
Share of transfer of reserve of joint ventures	-	-	(6,348)	-	-	6,348	-	-	-
2023 final dividend declared and paid to shareholders of the Company	-	-	-	-	-	(19,983)	(19,983)	-	(19,983)
At 31 December 2024	199,828	22,144	(771,200)	919	(477,636)	9,992,914	8,966,969	15,175	8,982,144

* FVOCI stands for fair value through other comprehensive income.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Cash flows from operating activities			
Cash used in operations	29(a)	(36,042)	(24,486)
Interest received		2,992	2,347
Dividends received from:			
An associate		73,875	–
Investments		48	–
Taxes paid:			
Hong Kong		(8,759)	(4,513)
Chinese Mainland and overseas		(454)	(361)
Net cash flows from/(used in) operating activities		31,660	(27,013)
Cash flows from investing activities			
Payments to acquire:			
Fixed assets		(172)	(2,843)
Financial assets at fair value through other comprehensive income		(17)	–
Repayment from an associate		–	285
Repayment to a joint venture		(50)	(96)
Net cash flows used in investing activities		(239)	(2,654)
Cash flows from financing activities			
Drawdown of bank loans		10,000	536,000
Repayment of bank loans		–	(501,000)
Principal portion of lease payments		–	(265)
Finance costs paid		(29,531)	(31,613)
Dividend paid to shareholders of the Company		–	(19,983)
Net cash flows used in financing activities		(19,531)	(16,861)
Net increase/(decrease) in cash and cash equivalents		11,890	(46,528)
Cash and cash equivalents at beginning of year		97,330	145,457
Exchange realignments		1,712	(1,599)
Cash and cash equivalents at end of year		110,932	97,330

Notes to the Financial Statements

1. CORPORATE AND GROUP INFORMATION

Hongkong Chinese Limited is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, Church Street, Hamilton HM 11, Bermuda.

The principal activity of the Company is investment holding. Its subsidiaries, associates and joint ventures are principally engaged in investment holding, property investment, property development, hotel operation, healthcare services, project management, securities investment and treasury investment.

On 24 January 2025, Hennessy Holdings Limited ceased to be the immediate holding company and Lippo Capital Limited, a company incorporated in Cayman Islands, became the immediate holding company of the Company. In the opinion of the Directors, the ultimate holding company of the Company is Lippo Capital Group Limited, a company incorporated in Hong Kong.

Details of the principal subsidiaries are set out on pages 154 to 156.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain financial instruments which have been measured at fair value. These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand (“HK\$’000”) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Notes to the Financial Statements *(continued)*

2.1 BASIS OF PREPARATION *(continued)*

Basis of consolidation *(continued)*

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All significant intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange equalisation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of subsidiaries, associates and joint ventures for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and amended HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
<i>Annual Improvements to HKFRS Accounting Standards — Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ¹

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

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

³ No mandatory effective date yet determined but available for adoption

Notes to the Financial Statements *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of HKFRS 18 is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Notes to the Financial Statements *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Notes to the Financial Statements *(continued)*

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

(a) Interests in associates and joint ventures

An associate is an entity in which the Group has a long-term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's interests in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's interests in associates or joint ventures.

If an interest in an associate becomes an interest in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units ("CGUs"), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the CGU (group of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU (group of CGUs) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the CGU retained.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(c) Fair value measurement

The Group measures its investment properties and certain financial instruments at fair value at the end of each reporting period. 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 fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(d) Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than contract assets, deferred tax assets, financial assets, investment properties, properties under development and properties held for sale), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or CGU's value in use and its fair value less costs of disposal, and 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, in which case the recoverable amount is determined for the CGU to which the asset belongs.

In testing a CGU for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual CGU if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of CGUs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(e) Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(f) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and any impairment losses. When an item of fixed assets is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of fixed assets comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of fixed assets have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of fixed assets are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of fixed assets to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the unexpired terms of the leases or 10% to 33 $\frac{1}{3}$ %, whichever is shorter
Furniture, fixtures and equipment	10% to 33 $\frac{1}{3}$ %
Motor vehicles	20% to 25%
Yacht	6 $\frac{2}{3}$ %

Where parts of an item of fixed assets have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of fixed assets including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(g) Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period. When fair value is not reliably determinable for a property under development, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of investment properties are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Fixed assets and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is dealt with as a movement in the other assets revaluation reserve. On disposal of the asset, the relevant portion of the other assets revaluation reserve realised in respect of previous valuations is transferred to the retained profits as a movement in reserves.

(h) Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

At inception or on reassessment of a contract that contains a lease component and non-lease components, the Group adopts the practical expedient not to separate non-lease components and to account for the lease component and the associated non-lease components (e.g., property management services for leases of properties) as a single lease component.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(h) Leases *(continued)*

Group as a lessee (continued)

(i) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives.

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(ii) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of property and other equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(h) Leases *(continued)*

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

(i) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI"), and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at FVPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(i) Investments and other financial assets *(continued)*

Initial recognition and measurement (continued)

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at FVPL.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at FVOCI (debt instruments)

For debt investments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at FVOCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at FVOCI when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as revenue in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at FVOCI are not subject to impairment assessment.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(i) Investments and other financial assets *(continued)*

Subsequent measurement (continued)

Financial assets at FVPL

Financial assets at FVPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at FVOCI. Dividends on the equity investments are also recognised as revenue in the statement of profit or loss when the right of payment has been established.

(j) Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- (i) the rights to receive cash flows from the asset have expired; or
- (ii) the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Impairment of financial assets *(continued)*

General approach (continued)

Debt investments at FVOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

(l) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(l) Financial liabilities *(continued)*

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at FVPL

Financial liabilities at FVPL include financial liabilities held for trading.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

(m) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

(n) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(o) Derivative financial instruments

When appropriate, the Group uses derivative financial instruments, such as forward currency contracts and interest rate swaps, to hedge its foreign currency risk and interest rate risk, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

(p) Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value which is determined by reference to prevailing market prices, on an individual property basis.

(q) Properties under development

Properties under development intended for sale are classified as current assets and stated at the lower of cost and net realisable value. Properties being constructed or developed as investment properties are classified as investment properties and accounted for in accordance with the policy stated under "Investment properties". Other properties under development are stated at cost less any impairment losses. Costs comprise the cost of land, development expenditure, other attributable costs and borrowing costs capitalised. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

(r) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

(s) Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(s) Provisions *(continued)*

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above; and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

(t) Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- (i) when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- (ii) in respect of taxable temporary differences associated with interests in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- (i) when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- (ii) in respect of deductible temporary differences associated with interests in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(t) **Income tax** *(continued)*

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(u) **Revenue recognition**

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(u) Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(i) Sale of properties

Revenue from the sale of properties is recognised at the point in time when control of the properties is transferred to the customers. Deposits received from purchasers prior to revenue recognition are accounted for as deposits received.

(ii) Provision of project management services

Revenue from the provision of project management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(v) Employee benefits

Paid leave entitlement

The Group provides paid annual leave to its employees under their employment contracts on a calendar year basis. Under certain circumstances, such leave which remains untaken as at the end of each reporting period is permitted to be carried forward and utilised by the respective employees in the following year. An accrual is made at the end of the reporting period for the expected future cost of such paid leave earned during the year by the employees and carried forward at the end of each reporting period.

Retirement benefits

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In Hong Kong, the Group operates defined contribution Mandatory Provident Fund retirement benefit schemes (the "MPF Schemes") under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Schemes. Contributions are made based on a percentage of the employees' relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Schemes. The assets of the MPF Schemes are held separately from those of the Group in independently administered funds. The Group's employer contributions vest fully with the employees when contributed into the MPF Schemes except for the Group's employer voluntary contributions forfeited when the employees leave employment prior to fully vesting in such contributions, which can be used to reduce the amount of future employer contributions or to offset against future administration expenses or to refund to the Group, in accordance with the rules of the MPF Schemes.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(v) Employee benefits *(continued)*

Retirement benefits (continued)

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. Contributions are made to the central pension scheme based on a percentage of the employees' relevant income and are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group's subsidiaries in Singapore make contributions to the Central Provident Fund Scheme ("CPF") in Singapore, a defined contribution pension scheme. Contributions to the CPF are recognised as an expense in the statement of profit or loss in the period in which the related service is performed.

(w) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(x) Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

(y) Dividends and distributions

Final dividends and distributions are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends and distributions are disclosed in the notes to the financial statements. Interim dividends and distributions are simultaneously proposed and declared, because the Company's memorandum of association and bye-laws grant the Directors the authority to declare interim dividends and distributions. Consequently, interim dividends and distributions are recognised immediately as a liability when they are proposed and declared.

Notes to the Financial Statements *(continued)*

2.4 MATERIAL ACCOUNTING POLICIES *(continued)*

(z) Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries, joint ventures and associates are currencies other than Hong Kong dollars. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the exchange rates that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange equalisation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

Notes to the Financial Statements *(continued)*

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

(a) Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

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. The Group may provide ancillary services to the occupants of properties it holds. 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. The property is an investment property only if the ancillary services are insignificant to the arrangement as a whole.

Notes to the Financial Statements *(continued)*

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

(b) 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.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

- (i) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;
- (ii) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and
- (iii) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31 December 2025 was HK\$121,586,000 (2024 — HK\$125,350,000). Further details are disclosed in Note 16 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value-in-use calculations are undertaken, management estimates the expected future cash flows from the asset or CGU and chooses a suitable discount rate in order to calculate the present value of those cash flows.

After applying the equity method, the Group assesses whether there is any objective evidence of impairment for the interests in joint ventures. The interests in joint ventures are tested for impairment when there is objective evidence of impairment. The carrying amount of interests in joint ventures as at 31 December 2025 was HK\$8,722,590,000 (2024 — HK\$8,926,365,000). Further details are disclosed in Note 19 to the financial statements.

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and has reportable operating segments as follows:

- (a) the property investment segment includes investments relating to the letting and resale of properties;
- (b) the property development segment includes the development and sale of properties;
- (c) the treasury investment segment includes investments in money markets;
- (d) the securities investment segment includes investments in securities that are held for trading and for long-term strategic purposes; and
- (e) the “other” segment comprises principally the provision of project management services.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss) and comprises segment results of the Company and its subsidiaries, the Group’s share of results of associates and joint ventures.

Segment results are measured consistently with the Group’s profit/(loss) before tax except that the Group’s share of results of associates and joint ventures, unallocated corporate expenses and certain finance costs are excluded from such measurement.

Segment assets exclude interests in associates and joint ventures, deferred tax assets, tax recoverable and other head office and corporate assets which are managed on a group basis.

Segment liabilities exclude tax payable, deferred tax liabilities and other head office and corporate liabilities which are managed on a group basis.

Inter-segment transactions are on an arm’s length basis in a manner similar to transactions with third parties.

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Year ended 31 December 2025

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
Revenue — external	49,616	–	2,850	48	672	53,186
Segment results	6,347	(4,264)	2,850	1,049	(417)	5,565
Unallocated corporate expenses						(25,473)
Share of results of associates	–	4,083	–	–	–	4,083
Share of results of joint ventures	(876,018)	–	–	–	–	(876,018)
Loss before tax						(891,843)
Segment assets	147,906	73,979	99,617	6,012	8,531	336,045
Interests in associates	–	237,810	–	–	–	237,810
Interests in joint ventures	8,722,590	–	–	–	–	8,722,590
Unallocated assets						14,496
Total assets						9,310,941
Segment liabilities	510,317	8,978	–	–	55	519,350
Unallocated liabilities						49,112
Total liabilities						568,462
Other segment information:						
Depreciation	(117)	(57)	–	–	(3)	(177)
Interest income	42,672	–	2,850	–	241	45,763
Finance costs	(23,115)	–	–	–	–	(23,115)
Write-back of provisions/(Provisions) for impairment losses on:						
Associates	(7,329)	–	–	–	–	(7,329)
Properties held for sale	468	–	–	–	–	468
Properties under development	–	(98)	–	–	–	(98)
Fair value gain on financial instruments at fair value through profit or loss	–	–	–	1,041	–	1,041
Net fair value loss on investment properties	(5,968)	–	–	–	–	(5,968)
Unallocated:						
Capital expenditure (Note)						172
Depreciation						(1,101)
Loss on disposal of fixed assets						(1)

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Year ended 31 December 2024

	Property investment HK\$'000	Property development HK\$'000	Treasury investment HK\$'000	Securities investment HK\$'000	Other HK\$'000	Consolidated HK\$'000
Revenue — external	70,399	–	2,024	–	422	72,845
Segment results	27,663	(3,638)	2,024	(340)	(1,614)	24,095
Unallocated corporate expenses						(20,756)
Share of results of associates	–	11,726	–	–	–	11,726
Share of results of joint ventures	(1,209,144)	–	–	–	–	(1,209,144)
Loss before tax						(1,194,079)
Segment assets	166,237	72,696	71,003	2,812	60	312,808
Interests in associates	6,452	290,632	–	–	–	297,084
Interests in joint ventures	8,926,365	–	–	–	–	8,926,365
Unallocated assets						9,183
Total assets						9,545,440
Segment liabilities	506,172	8,805	–	–	62	515,039
Unallocated liabilities						48,257
Total liabilities						563,296
Other segment information:						
Capital expenditure <i>(Note)</i>	10	9	–	–	–	19
Depreciation	(128)	(54)	–	–	(268)	(450)
Interest income	62,827	–	2,024	–	–	64,851
Finance costs	(32,218)	–	–	–	(5)	(32,223)
Loss on disposal of fixed assets	–	–	–	–	(2)	(2)
Provision for impairment losses on properties under development	–	(98)	–	–	–	(98)
Fair value loss on financial instruments at fair value through profit or loss	–	–	–	(318)	–	(318)
Net fair value loss on investment properties	(3,262)	–	–	–	–	(3,262)
Unallocated:						
Capital expenditure <i>(Note)</i>						2,824
Depreciation						(958)
Realised translation loss reclassified to the statement of profit or loss relating to liquidation of foreign operations						(35)

Note: Capital expenditure includes additions to fixed assets.

Notes to the Financial Statements *(continued)*

4. SEGMENT INFORMATION *(continued)*

Geographical information

(a) Revenue from external customers

	2025 HK\$'000	2024 HK\$'000
Hong Kong	365	1,401
Chinese Mainland	5,741	4,614
Republic of Singapore	33,960	53,620
Indonesia	9,952	9,907
Other	3,168	3,303
	53,186	72,845

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2025 HK\$'000	2024 HK\$'000
Hong Kong	33	32
Chinese Mainland	52,380	55,907
Republic of Singapore	8,819,184	9,086,733
Indonesia	162,731	152,793
Other	56,479	62,802
	9,090,807	9,358,267

The non-current assets information above is based on the locations of the assets and excludes financial instruments.

Information about major customers

For the year ended 31 December 2025, revenue of approximately HK\$32,720,000 (2024 — HK\$52,850,000) and HK\$9,952,000 (2024 — HK\$9,907,000) was derived from interest income from two major customers in the property investment segment.

Notes to the Financial Statements *(continued)*

5. REVENUE

An analysis of revenue is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue from contracts with customers:		
Provision of project management services	430	420
Revenue from other sources:		
Property rental income from operating leases	6,944	7,572
Interest income	45,763	64,851
Dividend income	48	–
Other	1	2
	52,756	72,425
	53,186	72,845

Revenue from contracts with customers

(a) Disaggregated revenue information

	2025 HK\$'000	2024 HK\$'000
Other segment:		
Types of goods or services:		
Provision of project management services	430	420
Geographical market:		
Republic of Singapore	430	420
Timing of revenue recognition:		
Services transferred over time	430	420

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

	2025 HK\$'000	2024 HK\$'000
Other segment:		
Revenue from contracts with external customers	430	420
Revenue from other sources — external	242	2
Total	672	422

Notes to the Financial Statements *(continued)*

5. REVENUE *(continued)*

Revenue from contracts with customers *(continued)*

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Provision of project management services

The performance obligation is satisfied over time as services are rendered. Accordingly, the service fee income is recognised as the service is performed over time.

6. OTHER LOSSES — NET

	2025 HK\$'000	2024 HK\$'000
Fair value gain/(loss) on financial instruments at fair value through profit or loss:		
Financial assets at fair value through profit or loss mandatorily classified as such, including those held for trading:		
Equity securities	791	(168)
Debt securities	250	(150)
Loss on disposal of fixed assets	1,041	(318)
Net fair value loss on investment properties	(1)	(2)
Net fair value loss on investment properties	(5,968)	(3,262)
Write-back of provisions/(Provisions) for impairment losses on:		
Associates	(7,329)	–
Properties held for sale	468	–
Properties under development	(98)	(98)
Foreign exchange gains/(losses) — net	275	(407)
Realised translation loss reclassified to the statement of profit or loss relating to liquidation of foreign operations	–	(35)
	(11,612)	(4,122)

Notes to the Financial Statements *(continued)*

7. LOSS BEFORE TAX

Loss before tax is arrived at after crediting/(charging):

	2025 HK\$'000	2024 HK\$'000
Employee benefit expense <i>(Note (a))</i> :		
Wages and salaries	(17,645)	(10,936)
Retirement benefit costs <i>(Note (b))</i>	(331)	(395)
Total staff costs <i>(Note (c))</i>	(17,976)	(11,331)
Interest income:		
Loans and advances	42,913	62,827
Other	2,850	2,024
Depreciation of fixed assets <i>(Note (c))</i>	(1,278)	(1,148)
Depreciation of right-of-use assets <i>(Note (c))</i>	–	(260)
Auditors' remuneration <i>(Note (c))</i>	(3,267)	(3,397)
Lease payments not included in the measurement of lease liabilities <i>(Note 17(a))</i>	(809)	(878)
Direct operating expenses arising from rental-earning investment properties	(2,389)	(2,142)
Legal and professional fees <i>(Note (d))</i>	(823)	(844)
Consultancy and service fees <i>(Note (d))</i>	(3,002)	(3,502)

Note:

- (a) The amounts include Directors' emoluments disclosed in Note 10 to the financial statements.
- (b) At 31 December 2025, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2024 — Nil).
- (c) The amounts are included in "Administrative expenses" in the consolidated statement of profit or loss.
- (d) The amounts are included in "Other operating expenses" in the consolidated statement of profit or loss.

8. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank and other borrowings	23,115	32,218
Interest on lease liabilities	–	5
	23,115	32,223

Notes to the Financial Statements *(continued)*

9. SHARE OF RESULTS OF JOINT VENTURES

Share of results of joint ventures for the year ended 31 December 2025 mainly included share of loss of Lippo ASM Asia Property Limited (“LAAPL”, together with its subsidiaries, the “LAAPL Group”) of HK\$870,996,000 (2024 — HK\$1,204,700,000). The loss was mainly attributable to share of losses of its equity-accounted investees, an impairment loss recognised on interest in the equity-accounted investee and the net fair value loss of the investment properties of the LAAPL Group. LAAPL is a material joint venture of the Group, further details of which are given in Note 19 to the financial statements.

10. DIRECTORS’ EMOLUMENTS

Directors’ emoluments for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

	2025 HK\$’000	2024 HK\$’000
Directors’ fees	3,023	2,799
Basic salaries, allowances and benefits in kind	2,626	2,119
Discretionary bonuses paid and payable	4,123	1,052
Retirement benefit costs	54	46
	9,826	6,016

The emoluments paid to each of the Directors during the year ended 31 December 2025 are as follows:

2025	Directors’ fees HK\$’000	Basic salaries, allowances and benefits in kind HK\$’000	Discretionary bonuses paid and payable HK\$’000	Retirement benefit costs HK\$’000	Total HK\$’000
Executive directors:					
Stephen Riady	282	1,049	3,087	18	4,436
John Luen Wai Lee	282	610	–	18	910
Davy Kwok Fai Lee	282	967	1,036	18	2,303
Brian Riady	282	–	–	–	282
	1,128	2,626	4,123	54	7,931
Non-executive director:					
Leon Nim Leung Chan	464	–	–	–	464
Independent non-executive directors:					
King Fai Tsui	564	–	–	–	564
Edwin Neo	464	–	–	–	464
Min Yen Goh	403	–	–	–	403
	1,431	–	–	–	1,431
	3,023	2,626	4,123	54	9,826

Notes to the Financial Statements *(continued)*

10. DIRECTORS' EMOLUMENTS *(continued)*

The emoluments paid to each of the Directors during the year ended 31 December 2024 are as follows:

2024	Directors' fees HK\$'000	Basic salaries, allowances and benefits in kind HK\$'000	Discretionary bonuses paid and payable HK\$'000	Retirement benefit costs HK\$'000	Total HK\$'000
Executive directors:					
Stephen Riady	272	1,053	87	18	1,430
John Luen Wai Lee	272	611	–	18	901
Davy Kwok Fai Lee <i>(Note)</i>	156	455	965	10	1,586
Brian Riady	272	–	–	–	272
	972	2,119	1,052	46	4,189
Non-executive director:					
Leon Nim Leung Chan	447	–	–	–	447
Independent non-executive directors:					
King Fai Tsui	544	–	–	–	544
Edwin Neo	447	–	–	–	447
Min Yen Goh	389	–	–	–	389
	1,380	–	–	–	1,380
	2,799	2,119	1,052	46	6,016

Note: Davy Kwok Fai Lee was appointed as an executive director of the Company on 7 June 2024. His emoluments disclosed above included those emoluments since his appointment as an executive director of the Company.

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

No share options were granted to the Directors during the year.

Notes to the Financial Statements *(continued)*

11. FIVE HIGHEST PAID EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year ended 31 December 2025 included three Directors (2024 — three Directors), details of whose emoluments are set out in Note 10 to the financial statements. The emoluments of Davy Kwok Fai Lee for the year ended 31 December 2024, before his appointment as an executive director of the Company were included below. Details of the emoluments of the remaining two (2024 — two) non-director, highest paid employees for the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Basic salaries, allowances and benefits in kind	584	991
Discretionary bonuses paid and payable	–	636
Retirement benefit costs	74	92
Compensation for loss of office	914	–
	1,572	1,719

The number of non-director highest paid employees whose emoluments fell within the following bands is as follows:

	2025 Number of employees	2024 Number of employees
Nil to HK\$1,000,000	2	2

12. INCOME TAX

	2025 HK\$'000	2024 HK\$'000
Current tax		
Charge for the year	1,272	6,666
Underprovision/(Overprovision) in prior years	2	(5)
	1,274	6,661
Deferred tax <i>(Note 25)</i>	(1,149)	(185)
Total tax charge for the year	125	6,476

Hong Kong profits tax has been provided at the rate of 8.25% or 16.5% (2024 — 8.25% or 16.5%), as appropriate. For the companies operating in Chinese Mainland and the Republic of Singapore, corporate taxes have been calculated on the estimated assessable profits for the year at the rates of 25% and 17% (2024 — 25% and 17%), respectively. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

Notes to the Financial Statements *(continued)*

12. INCOME TAX *(continued)*

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax charge at the effective tax rate is as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before tax	(891,843)	(1,194,079)
Tax at the statutory tax rate of 16.5% (2024 — 16.5%)	(147,154)	(197,023)
Effect of different tax rates in other jurisdictions	(326)	(36)
Adjustments in respect of current tax of previous years	2	(5)
Profits and losses attributable to joint ventures and associates	143,869	197,574
Income not subject to tax	(358)	(241)
Expenses not deductible for tax	3,076	2,767
Effect of partial tax exemption and tax relief	(165)	(165)
Tax losses utilised from previous years	(18)	(261)
Tax losses not recognised	1,199	3,866
Tax charge at the Group's effective rate	125	6,476

13. LOSS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated based on (i) the consolidated loss for the year attributable to equity holders of the Company; and (ii) the weighted average number of approximately 1,998,280,000 ordinary shares (2024 — approximately 1,998,280,000 ordinary shares) outstanding during the year.

(b) Diluted loss per share

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

14. DIVIDEND

The Directors have resolved not to recommend the payment of any final dividend for the year ended 31 December 2025 (2024 — Nil).

Notes to the Financial Statements *(continued)*

15. FIXED ASSETS

	Leasehold improvements, furniture, fixtures, equipment and motor vehicles HK\$'000	Yacht HK\$'000	Total HK\$'000
2025			
At 1 January 2025			
Cost	15,361	52,765	68,126
Accumulated depreciation	(9,153)	(49,505)	(58,658)
Net carrying amount	6,208	3,260	9,468
At 1 January 2025, net of accumulated depreciation	6,208	3,260	9,468
Additions	172	–	172
Disposals	(1)	–	(1)
Depreciation provided during the year	(1,034)	(244)	(1,278)
Exchange adjustments	254	206	460
At 31 December 2025, net of accumulated depreciation	5,599	3,222	8,821
At 31 December 2025			
Cost	15,964	56,164	72,128
Accumulated depreciation	(10,365)	(52,942)	(63,307)
Net carrying amount	5,599	3,222	8,821
2024			
At 1 January 2024			
Cost	12,778	54,881	67,659
Accumulated depreciation	(8,427)	(51,248)	(59,675)
Net carrying amount	4,351	3,633	7,984
At 1 January 2024, net of accumulated depreciation	4,351	3,633	7,984
Additions	2,843	–	2,843
Disposals	(2)	–	(2)
Depreciation provided during the year	(909)	(239)	(1,148)
Exchange adjustments	(75)	(134)	(209)
At 31 December 2024, net of accumulated depreciation	6,208	3,260	9,468
At 31 December 2024			
Cost	15,361	52,765	68,126
Accumulated depreciation	(9,153)	(49,505)	(58,658)
Net carrying amount	6,208	3,260	9,468

Notes to the Financial Statements *(continued)*

16. INVESTMENT PROPERTIES

	2025 HK\$'000	2024 HK\$'000
Carrying amount at beginning of year	125,350	131,289
Fair value adjustments	(5,968)	(3,262)
Exchange adjustments	2,204	(2,677)
Carrying amount at end of year	121,586	125,350

The Group engages external, independent and professionally qualified valuers to perform valuations for determining the fair value of the Group's investment properties for financial reporting purposes. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has reviewed the valuation results by verifying the major inputs and assumptions made by the independent valuers and assessing the reasonableness of property valuation.

Based on professional valuations as at 31 December 2025 made by Asian Appraisal Company, Inc., CBRE, Inc., RHL Appraisal Limited and Savills Valuation And Professional Services (S) Pte Ltd, independent qualified valuers, the investment properties were revalued on an open market, existing use basis at HK\$121,586,000 (2024 — HK\$125,350,000).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 31 December 2025				
Recurring fair value measurement for:				
Completed investment properties in:				
Chinese Mainland	–	–	51,926	51,926
Republic of Singapore	–	–	14,834	14,834
Other countries	–	–	54,826	54,826
	–	–	121,586	121,586
At 31 December 2024				
Recurring fair value measurement for:				
Completed investment properties in:				
Chinese Mainland	–	–	55,397	55,397
Republic of Singapore	–	–	15,359	15,359
Other countries	–	–	54,594	54,594
	–	–	125,350	125,350

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

Notes to the Financial Statements *(continued)*

16. INVESTMENT PROPERTIES *(continued)*

Fair value hierarchy *(continued)*

Below is a summary of the valuation techniques used and key inputs to the valuation of investment properties:

Class of property	Valuation techniques	Significant unobservable inputs	Range/Rate
Completed investment properties in:			
Chinese Mainland	Market approach	Price per square metre	HK\$9,000 to HK\$10,500 (2024 — HK\$9,500 to HK\$11,500)
Republic of Singapore	Market approach	Price per square metre	HK\$131,500 to HK\$139,500 (2024 — HK\$123,500 to HK\$171,000)
Other countries	Market approach	Price per square metre	HK\$41,500 to HK\$67,500 (2024 — HK\$41,500 to HK\$75,500)
	Income approach	Rental per square metre per month	HK\$79 to HK\$139 (2024 — HK\$93 to HK\$114)
		Capitalisation rate	4.56% (2024 — 4.70%)

Under the market approach, fair value is estimated by the direct comparison method on the assumption of the sale of the property interest with the benefit of vacant possession and by referring to comparable sales transactions as available in the market. The key input was the market price per square metre. A significant increase/decrease in the market price in isolation would result in a significant increase/decrease in the fair value of the investment properties.

Under the income approach, fair value is estimated on the basis of capitalisation of the net income and has allowed for outgoings and, in appropriate cases, made provisions for reversionary income potential. The key inputs were the market rent and the capitalisation rate. A significant increase/decrease in the market rent in isolation would result in a significant increase/decrease in the fair value of the investment properties and a significant increase/decrease in the capitalisation rate in isolation would result in a significant decrease/increase in the fair value of the investment properties.

Notes to the Financial Statements *(continued)*

17. LEASES

The Group as a lessee

The Group has lease contracts used in its operations. The Group has elected not to recognise right-of-use assets and lease liabilities for leases with lease term of 1 year or less and leases of low-value assets.

(a) Amounts recognised in profit or loss

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities	–	5
Depreciation of right-of-use assets	–	260
Expense relating to short-term leases (included in administrative expenses)	809	878

(b) The total cash outflow for leases is disclosed in Note 29(c) to the financial statements.

The Group as a lessor

The Group leases its investment properties under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the prevailing market condition. Rental income recognised by the Group during the year was HK\$6,944,000 (2024 — HK\$7,572,000), details of which are included in Note 5 to the financial statements.

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	3,361	5,104
After one year but within two years	3,249	4,266
After two years but within three years	1,641	2,845
After three years but within four years	450	981
After four years but within five years	–	449
	8,701	13,645

Notes to the Financial Statements *(continued)*

18. INTERESTS IN ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	249,455	302,277
Due from associates	7,329	6,452
Provisions for impairment losses	(18,974)	(11,645)
	237,810	297,084

As at 31 December 2025, the amounts due from associates included balances of HK\$608,000 (2024 — HK\$535,000), which are unsecured, bear interest at a rate of 10% per annum (2024 — 10% per annum) and are fully repayable by 2027. The remaining balances with associates are unsecured, interest-free and repayable on demand. In the opinion of the Directors, the amounts due from associates are considered as part of the Group's net investments in the associates. As at 31 December 2024, the loss allowance for impairment of amounts due from associates was assessed to be minimal as there had been no significant increase in credit risk of the balance. As at 31 December 2025, the loss allowance for impairment of amounts due from associates amounted to HK\$7,329,000, which represented lifetime ECLs provided for credit-impaired balances with a gross carrying amount of HK\$7,329,000 during the year ended 31 December 2025 in view of the prevailing business operation environment of the associates (2024 — Nil).

Details of the principal associates are set out on page 157.

Greenix Limited ("Greenix") and its subsidiaries, which are considered material associates of the Group, are engaged in property development in Singapore and are accounted for using the equity method.

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

	2025 HK\$'000	2024 HK\$'000
Current assets	690,227	788,707
Current liabilities	(214,607)	(207,444)
Net assets	475,620	581,263
Reconciliation to the Group's interests in the associates: Group's share of net assets of the associate and carrying amount of the investment	237,810	290,632
Revenue for the year	15,496	119,964
Profit and total comprehensive income for the year	8,165	23,452
Dividend received from the associate for the year	73,875	—

Notes to the Financial Statements *(continued)*

18. INTERESTS IN ASSOCIATES *(continued)*

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	2025 HK\$'000	2024 HK\$'000
Aggregate carrying amount of the Group's interests in the associates	–	6,452

In 2022, a Singapore court partially allowed the appeal by a bank in its claims against an associate of the Group, amongst others, and found the associate liable for losses and damages suffered by the bank in connection with certain loans granted to third parties by the bank. In June 2025, the court awarded the bank damages in an aggregate amount of approximately S\$17,738,000 (equivalent to approximately HK\$107,400,000). The bank subsequently filed an appeal to challenge the quantum of damages and this appeal is scheduled to be heard in May 2026. As at the date of approval of these financial statements, the process is still ongoing. The information required by HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets* on the provision made by the associate is not disclosed on grounds that it may prejudice the outcome for the associate.

19. INTERESTS IN JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	5,612,963	6,045,717
Due from joint ventures	3,127,774	2,898,585
Due to a joint venture	(4,302)	(4,092)
Provisions for impairment losses	(13,845)	(13,845)
	8,722,590	8,926,365

As at 31 December 2025, the amounts due from joint ventures included shareholder loans to a joint venture of HK\$2,899,722,000 (2024 — HK\$2,693,052,000), which are unsecured, bear interest at rates ranging from nil to 2.25% per annum (2024 — nil to 2.25% per annum) and are repayable on demand. During the year, shareholders of such joint venture ceased to charge interest on part of the shareholder loans in proportion to their respective shareholding and accordingly, the Group agreed to waive interest accrued thereon with effect from 1 July 2025. The amounts due from joint ventures also included balances of HK\$214,207,000 (2024 — HK\$191,688,000), which are unsecured, bear interest at rates ranging from nil to 7% per annum (2024 — nil to 7% per annum) and are repayable when the resources of the joint venture permit. The remaining balances with the joint ventures are unsecured, interest-free and repayable on demand. In the opinion of the Directors, the balances with joint ventures are considered as part of the Group's net investments in the joint ventures. As at 31 December 2025, the loss allowance for impairment of amounts due from joint ventures amounted to HK\$13,845,000 (2024 — HK\$13,845,000), which represented lifetime ECLs made for credit-impaired balances. Except for the credit-impaired balances which were fully impaired in prior years, there has been no significant increase in credit risk of the remaining balances. As at 31 December 2025 and 2024, the loss allowance for such remaining balances was assessed to be minimal.

Details of the principal joint ventures are set out on page 158.

Notes to the Financial Statements *(continued)*

19. INTERESTS IN JOINT VENTURES *(continued)*

LAAPL is considered a material joint venture of the Group and is accounted for using the equity method. LAAPL is the vehicle holding a controlling stake in OUE Limited (“OUE”) which is listed on the Mainboard of the Singapore Exchange Securities Trading Limited. OUE’s real estate activities include the development, investment and management of real estate assets across the commercial, hospitality, retail and residential sectors. Certain bank facilities of the LAAPL Group were secured by certain listed shares held under it. The Directors assessed whether there was any indication that the carrying amount of interest in the joint venture might be impaired and the recoverable amount of the joint venture is estimated based on value-in-use. The Directors considered no impairment loss was necessary as at 31 December 2025 (2024 — Nil).

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

	2025 HK\$'000	2024 HK\$'000
Non-current assets	43,609,803	42,299,857
Cash and cash equivalents	2,016,178	3,494,023
Other current assets	1,182,703	1,055,512
Current assets	3,198,881	4,549,535
Financial liabilities, excluding trade and other payables and provisions	(7,424,220)	(3,673,757)
Other current liabilities	(1,877,290)	(1,837,031)
Current liabilities	(9,301,510)	(5,510,788)
Non-current financial liabilities, excluding trade and other payables and provisions	(15,112,194)	(18,720,582)
Other non-current liabilities	(1,378,523)	(684,675)
Non-current liabilities	(16,490,717)	(19,405,257)
Net assets	21,016,457	21,933,347
Less: Non-controlling interests	(15,013,197)	(15,483,995)
Net assets attributable to equity holders of the joint venture	6,003,260	6,449,352
Reconciliation to the Group’s interests in the joint venture:		
Group’s share of net assets of the joint venture	5,660,137	6,080,520
Due from the joint venture	2,899,722	2,693,052
Carrying amount of the investment	8,559,859	8,773,572
Revenue	3,681,360	3,774,390
Interest income	86,707	49,181
Depreciation and amortisation	(264,720)	(232,851)
Interest expenses	(893,415)	(1,043,969)
Tax	(147,172)	(62,745)
Loss for the year attributable to equity holders of the joint venture	(924,053)	(1,278,085)
Other comprehensive income/(loss) for the year attributable to equity holders of the joint venture	318,541	(392,714)
Total comprehensive loss for the year attributable to equity holders of the joint venture	(605,512)	(1,670,799)

Notes to the Financial Statements *(continued)*

19. INTERESTS IN JOINT VENTURES *(continued)*

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2025 HK\$'000	2024 HK\$'000
Share of the joint ventures' loss for the year	(5,022)	(4,444)
Share of the joint ventures' other comprehensive income/(loss) for the year	4,958	(7,436)
Share of the joint ventures' total comprehensive loss for the year	(64)	(11,880)
Aggregate carrying amount of the Group's interests in the joint ventures	162,731	152,793

As at 31 December 2025, the Group's share of joint ventures' own capital commitments amounted to HK\$623,379,000 (2024 — HK\$132,768,000).

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000
Financial assets at fair value through other comprehensive income:		
Equity securities	67	54

The Group has designated certain equity securities as financial assets at fair value through other comprehensive income as the Group considers these equity securities to be strategic in nature.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Mandatorily classified as such, including those held for trading:		
Equity securities	2,995	58
Debt securities	2,950	2,700
	5,945	2,758
Analysed for financial reporting purposes as:		
Current assets	2,995	58
Non-current assets	2,950	2,700
	5,945	2,758

Notes to the Financial Statements *(continued)*

22. DEBTORS, PREPAYMENTS AND OTHER ASSETS

Included in the balances are trade debtors with an ageing analysis, based on the invoice date and net of loss allowance, as follows:

	2025 HK\$'000	2024 HK\$'000
Outstanding balances with ages:		
Between 31 and 60 days	71	–

Trade debtors are non-interest bearing. The Group does not hold any collateral or other credit enhancements over its trade debtors balances. The Group seeks to maintain tight control over its outstanding receivables in order to minimise credit risk. Overdue balances are regularly reviewed by the senior management.

As at 31 December 2025, the balance of debtors, prepayments and other assets included loans and advances of HK\$8,521,000, which are unsecured, bear interest at a rate of 5.0% per annum and are repayable by 2028 (2024 — Nil). The remaining balances of other financial assets included in debtors, prepayments and other assets are non-interest bearing. The Group does not hold any collateral or other credit enhancements over these balances.

An impairment analysis for trade debtors is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on the past due status of the debtors and adjusted for factors specific to the debtors, general economic condition forecasts and forward-looking information that is available without undue cost or effort. As at 31 December 2025 and 2024, the loss allowance for impairment of trade debtors was assessed to be minimal. No loss allowance was charged to the consolidated statement of profit or loss for the year ended 31 December 2025 (2024 — Nil).

Set out below is the information about credit risk exposure on the Group's trade debtors using a provision matrix:

	Expected credit loss rate	2025 Gross carrying amount HK\$'000	Expected credit losses HK\$'000	Expected credit loss rate	2024 Gross carrying amount HK\$'000	Expected credit losses HK\$'000
Past due:						
Between 31 and 60 days	0%	71	–	0%	–	–

Notes to the Financial Statements *(continued)*

22. DEBTORS, PREPAYMENTS AND OTHER ASSETS *(continued)*

The movements in the loss allowance for impairment of other financial assets included in debtors, prepayments and other assets are as follows:

	2025 HK\$'000	2024 HK\$'000
Balance at beginning of year	3,836	4,050
Write-off	(814)	–
Exchange adjustments	52	(214)
Balance at end of year	3,074	3,836

Loss allowance represented lifetime ECLs made for credit-impaired balances. Except for the credit-impaired balances, there has been no significant increase in credit risk of the remaining balances, additional ECLs required for the years ended 31 December 2025 and 2024 were minimal.

23. PROPERTIES UNDER DEVELOPMENT

	2025 HK\$'000	2024 HK\$'000
Land and buildings situated outside Hong Kong, at cost:		
Balance at beginning of year	29,657	33,094
Additions	153	153
Exchange adjustments	175	(3,590)
Balance at end of year	29,985	29,657
Provisions for impairment losses:		
Balance at beginning of year	(8,735)	(9,686)
Impairment during the year	(98)	(98)
Exchange adjustments	(54)	1,049
Balance at end of year	(8,887)	(8,735)
Net carrying amount	21,098	20,922

The carrying amount of properties under development is expected to be recovered in more than 12 months after the end of the reporting period.

Notes to the Financial Statements *(continued)*

24. BANK LOANS

	2025 HK\$'000	2024 HK\$'000
Unsecured bank loans <i>(Note)</i>	505,067	501,467
Bank loans repayable:		
In the second year	–	501,467
In the third to fifth years, inclusive	505,067	–
	505,067	501,467

Note: The Group's bank loans were denominated in Hong Kong dollars and bore interest at floating rate. The Company has provided corporate guarantee for the bank loans granted to a subsidiary of the Company.

25. DEFERRED TAX

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

	Depreciation allowance in excess of related depreciation HK\$'000	Revaluation of properties HK\$'000	Right-of-use assets HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
2025					
At 1 January 2025	1,415	9,535	–	–	10,950
Deferred tax credited to the statement of profit or loss during the year <i>(Note 12)</i>	–	(1,149)	–	–	(1,149)
Exchange adjustments	(21)	61	–	–	40
At 31 December 2025	1,394	8,447	–	–	9,841
2024					
At 1 January 2024	1,491	9,861	45	(45)	11,352
Deferred tax charged/(credited) to the statement of profit or loss during the year <i>(Note 12)</i>	(3)	(182)	(44)	44	(185)
Exchange adjustments	(73)	(144)	(1)	1	(217)
At 31 December 2024	1,415	9,535	–	–	10,950

Notes to the Financial Statements *(continued)*

25. DEFERRED TAX *(continued)*

The Group has tax losses of HK\$135,832,000 (2024 — HK\$126,738,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the People's Republic of China Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Chinese Mainland. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Chinese Mainland and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008.

As at 31 December 2025, there were no significant unrecognised deferred tax liabilities (2024 — Nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries, associates or joint ventures as the Group has no liability to additional tax should such amounts be remitted.

There are no income tax consequences attaching to the payments of dividends by the Company to its shareholders.

26. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Authorised: 4,000,000,000 (2024 — 4,000,000,000) ordinary shares of HK\$0.10 each	400,000	400,000
Issued and fully paid: 1,998,280,097 (2024 — 1,998,280,097) ordinary shares of HK\$0.10 each	199,828	199,828

Notes to the Financial Statements *(continued)*

27. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 88.

Note:

- (a) Transfer from the share premium account to distributable reserves:

Pursuant to a special resolution passed at a special general meeting of the Company on 2 December 1997, the entire amount standing to the credit of the share premium account of HK\$3,630,765,000 was cancelled (the "Cancellation"). The credit arising from the Cancellation was transferred to the distributable reserves. The balance of the reserves arising from the Cancellation could be applied towards any capitalisation issues of the Company in future, or for making distributions to shareholders of the Company. As at 31 December 2025, the remaining balance arising from the Cancellation amounted to HK\$744,975,000 (2024 — HK\$744,975,000).

The capital reorganisation (the "Capital Reorganisation") of the Company took effect on 3 July 2023. The Capital Reorganisation involved, inter alia, the reduction of the issued share capital of the Company through a cancellation of the paid-up capital of the Company to the extent of HK\$0.90 on each of the issued shares such that the par value of each issued share was reduced from HK\$1.00 to HK\$0.10 and the authorised share capital of the Company was changed to HK\$400,000,000 divided into 4,000,000,000 shares of par value of HK\$0.10 each. On the same day, the amount of share capital being reduced was transferred to the share premium account. After the Capital Reorganisation, the balance of the share premium account of HK\$1,891,227,000 was transferred to the distributable reserves. The balance of the reserves arising from the Capital Reorganisation could be applied towards any capitalisation issues of the Company in future, or for making distributions to shareholders of the Company.

- (b) The distributable reserves and the capital redemption reserve are available for distribution to shareholders.
- (c) The hedging reserve relates to the Group's share of the hedging reserve of joint ventures.

28. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Beijing Lippo Century Realty Co., Ltd. is considered a subsidiary that has material non-controlling interests. The percentage of equity interest held by its non-controlling shareholder as at 31 December 2025 was 20% (2024 — 20%). Details of the Group's subsidiary that has material non-controlling interests are set out below:

	2025 HK\$'000	2024 HK\$'000
Loss for the year allocated to non-controlling interests	(322)	(658)
Accumulated balances of non-controlling interests at the end of the reporting period	15,232	15,175

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any inter-company eliminations:

	2025 HK\$'000	2024 HK\$'000
Current assets	110,044	109,123
Non-current assets	440	485
Current liabilities	(33,789)	(33,212)
Revenue	2,886	660
Total expenses	(4,495)	(3,949)
Loss for the year	(1,609)	(3,289)
Total comprehensive income/(loss) for the year	298	(4,983)
Net cash flows used in operating activities	(616)	(3,756)
Net cash flows used in investing activities	—	(9)
Net decrease in cash and cash equivalents	(616)	(3,765)

Notes to the Financial Statements *(continued)*

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of loss before tax to cash used in operations

	Note	2025 HK\$'000	2024 HK\$'000
Loss before tax		(891,843)	(1,194,079)
Adjustments for:			
Share of results of associates		(4,083)	(11,726)
Share of results of joint ventures		876,018	1,209,144
Loss on disposal of fixed assets	6	1	2
Net fair value loss on investment properties	6	5,968	3,262
Provisions/(Write-back of provisions) for impairment losses on:			
Associates	6	7,329	–
Properties held for sale	6	(468)	–
Properties under development	6	98	98
Realised translation loss reclassified to the statement of profit or loss relating to liquidation of foreign operations	6	–	35
Fair value loss/(gain) on financial instruments at fair value through profit or loss	6	(1,041)	318
Finance costs	8	23,115	32,223
Interest income	5	(45,763)	(64,851)
Dividend income	5	(48)	–
Depreciation of fixed assets	7	1,278	1,148
Depreciation of right-of-use assets	7	–	260
		(29,439)	(24,166)
Increase in properties under development		(153)	(153)
Decrease/(Increase) in debtors, prepayments and other assets		(8,861)	1,354
Increase in financial assets at fair value through profit or loss		(2,146)	–
Increase/(Decrease) in other payables, accruals and other liabilities		4,557	(1,521)
Cash used in operations		(36,042)	(24,486)

Notes to the Financial Statements *(continued)*

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(continued)*

(b) Changes in liabilities arising from financing activities

	Bank loans HK\$'000	Interest payable HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2025	501,467	96	–	501,563
Changes from financing cash flows:				
Drawdown of bank loans	10,000	–	–	10,000
Finance costs paid	(9,600)	(19,931)	–	(29,531)
Total changes from financing cash flows	400	(19,931)	–	(19,531)
Finance costs charged to the statement of profit or loss	3,200	19,915	–	23,115
At 31 December 2025	505,067	80	–	505,147
At 1 January 2024	465,667	286	269	466,222
Changes from financing cash flows:				
Drawdown of bank loans	536,000	–	–	536,000
Repayment of bank loans	(501,000)	–	–	(501,000)
Principal portion of lease payments	–	–	(265)	(265)
Finance costs paid	(4,800)	(26,808)	(5)	(31,613)
Total changes from financing cash flows	30,200	(26,808)	(270)	3,122
Exchange adjustments	–	–	(4)	(4)
Finance costs charged to the statement of profit or loss	5,600	26,618	5	32,223
At 31 December 2024	501,467	96	–	501,563

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2025 HK\$'000	2024 HK\$'000
Within operating activities	809	878
Within financing activities	–	270
	809	1,148

Notes to the Financial Statements *(continued)*

30. CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no material contingent liabilities (2024 — Nil).

31. COMMITMENTS

The Group had the following contractual commitments at the end of the reporting period:

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for: Properties, plant and equipment	512	—

32. RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

- During the year, the Company paid rental expenses (including service charges) of HK\$1,009,000 (2024 — HK\$1,072,000) to a fellow subsidiary of the Company, in respect of office premises occupied by the Company. The rental was determined by reference to the then prevailing open market rentals. Such lease will expire on 31 July 2026. The Company expects the total future minimum lease payables for the year ending 31 December 2026 to be approximately HK\$449,000.
- During the year, the Group received interest income of HK\$42,672,000 (2024 — HK\$62,757,000) from joint ventures of the Group.
- During the year, the Group received revenue from the provision of project management services of HK\$430,000 (2024 — HK\$420,000) from an associate of the Group.
- As at 31 December 2025, the Group had balances with its associates and joint ventures, further details of which are set out in Notes 18 and 19 to the financial statements, respectively.
- The key management personnel of the Group are its Directors. Details of the Directors' emoluments are disclosed in Note 10 to the financial statements.

The transaction referred to in item (a) above was a continuing connected transaction exempted from reporting, annual review and independent shareholders' approval under Chapter 14A of the Listing Rules. The transactions referred to in items (b) to (e) above were not continuing connected transactions or connected transactions as defined under Chapter 14A of the Listing Rules which were subject to the disclosure requirements under the Listing Rules.

Notes to the Financial Statements *(continued)*

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets

	Financial assets at fair value through profit or loss — Mandatorily classified as such, including those held for trading HK\$'000	Financial assets at fair value through other comprehensive income — Equity securities HK\$'000	Financial assets at amortised cost HK\$'000	Total HK\$'000
At 31 December 2025				
Financial assets at fair value through other comprehensive income	-	67	-	67
Financial assets at fair value through profit or loss	5,945	-	-	5,945
Amounts due from joint ventures	-	-	3,113,929	3,113,929
Financial assets included in debtors, prepayments and other assets	-	-	10,588	10,588
Cash and cash equivalents	-	-	110,932	110,932
	5,945	67	3,235,449	3,241,461
At 31 December 2024				
Financial assets at fair value through other comprehensive income	-	54	-	54
Financial assets at fair value through profit or loss	2,758	-	-	2,758
Amounts due from associates	-	-	6,452	6,452
Amounts due from joint ventures	-	-	2,884,740	2,884,740
Financial assets included in debtors, prepayments and other assets	-	-	1,702	1,702
Cash and cash equivalents	-	-	97,330	97,330
	2,758	54	2,990,224	2,993,036

Financial liabilities

	Financial liabilities at amortised cost	
	2025 HK\$'000	2024 HK\$'000
Bank loans	505,067	501,467
Financial liabilities included in other payables, accruals and other liabilities	16,398	16,276
Amount due to a joint venture	4,302	4,092
	525,767	521,835

Notes to the Financial Statements *(continued)*

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Financial assets:				
Financial assets at fair value through other comprehensive income	67	54	67	54
Financial assets at fair value through profit or loss	5,945	2,758	5,945	2,758
	6,012	2,812	6,012	2,812

Management has assessed that the fair values of cash and cash equivalents, financial assets included in debtors, prepayments and other assets, amounts due from associates and joint ventures and financial liabilities included in other payables, accruals and other liabilities approximate to their carrying amounts largely due to the short-term maturity of these instruments. In addition, the fair values of interest-bearing bank loans approximate to their carrying amounts as they are floating rate instruments that are repriced to market interest rates at or near the end of the reporting period and the changes in fair value as a result of the Group's non-performance risk were considered to be minimal.

The Group's management is responsible for determining the policies and procedures for the fair value measurement of significant financial instruments. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines major inputs applied in the valuation.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of listed equity securities are based on quoted market prices.

The fair values of unlisted debt securities are determined by reference to the quoted market prices from the broker using a valuation technique with market observable inputs.

Notes to the Financial Statements *(continued)*

34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's financial instruments:

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
At 31 December 2025				
Financial assets at fair value through other comprehensive income:				
Equity securities	67	–	–	67
Financial assets at fair value through profit or loss:				
Equity securities	2,995	–	–	2,995
Debt securities	–	2,950	–	2,950
	3,062	2,950	–	6,012
At 31 December 2024				
Financial assets at fair value through other comprehensive income:				
Equity securities	54	–	–	54
Financial assets at fair value through profit or loss:				
Equity securities	58	–	–	58
Debt securities	–	2,700	–	2,700
	112	2,700	–	2,812

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024 — Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has established policies and procedures for risk management which are reviewed regularly by the Executive Directors and senior management of the Group to ensure the proper monitoring and control of all major risks arising from the Group's activities at all times.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. The risk management function is carried out by individual business units and regularly overseen by the Group's senior management with all the risk limits approved by the Executive Directors of the Group, which are summarised below. The Group's accounting policies in relation to derivatives are set out in Note 2.4 to the financial statements.

Notes to the Financial Statements *(continued)*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(a) Credit risk

Credit risk arises from the possibility that the counterparty in a transaction may default. It arises from treasury, investment and other activities undertaken by the Group.

The Group trades only with recognised and creditworthy parties. The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposures. Credit policies with guidelines on credit terms and limits set the basis for risk control for trade debtors. New customers are subject to credit evaluation while the Group continues to monitor existing customers, especially those with repayment issues. Credit approval for loans and advances takes into account the type and tenor of loans, creditworthiness and repayment ability of prospective borrowers, collateral available and the resultant risk concentration in the context of the Group's total assets. Appropriate allowances are made for probable losses when necessary for identified debtors. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade debtors are widely dispersed.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs		Lifetime ECLs		Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
As at 31 December 2025					
Amounts due from associates*	–	–	7,329	–	7,329
Amounts due from joint ventures*	3,113,929	–	13,845	–	3,127,774
Financial assets included in debtors, prepayments and other assets					
Trade debtors**	–	–	–	71	71
Others*	10,517	–	3,074	–	13,591
Cash and cash equivalents***	110,932	–	–	–	110,932
	3,235,378	–	24,248	71	3,259,697
As at 31 December 2024					
Amounts due from associates*	6,452	–	–	–	6,452
Amounts due from joint ventures*	2,884,740	–	13,845	–	2,898,585
Financial assets included in debtors, prepayments and other assets					
Others*	1,702	–	3,836	–	5,538
Cash and cash equivalents***	97,330	–	–	–	97,330
	2,990,224	–	17,681	–	3,007,905

* Further details in respect of the Group's loss allowance for impairment of amounts due from associates, amounts due from joint ventures and other financial assets included in debtors, prepayments and other assets are disclosed in Notes 18, 19 and 22 to the financial statements, respectively.

** For trade debtors to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in Note 22 to the financial statements.

*** The bank balances are deposited with creditworthy financial institutions with no recent history of default. The Group considers these balances to have low credit risk and the amount of the loss allowance for impairment was negligible.

Notes to the Financial Statements *(continued)*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(b) Liquidity risk

The Group manages the liquidity structure of its assets, liabilities and commitments in view of market conditions and its business needs, as well as to ensure that its operations meet the statutory requirement for the minimum liquidity ratio whenever applicable.

Management comprising Executive Directors and senior managers monitors the liquidity position of the Group on an on-going basis to ensure the availability of sufficient liquid funds to meet all obligations as they fall due and to make the most efficient use of the Group's financial resources. All of the Group's banking facilities are subject to the fulfilment of covenants. The relevant group entity is required to comply with certain financial covenants which are commonly found in lending arrangements with financial institutions. As at 31 December 2025 and 2024, none of the Group's debts would mature in less than one year based on the carrying values of bank loans.

The maturity profile of liabilities of the Group as at the end of the reporting period, based on the contractual undiscounted payments (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period), is as follows:

	Repayable on demand HK\$'000	3 months or less HK\$'000	1 year or less but over 3 months HK\$'000	5 years or less but over 1 year HK\$'000	Total HK\$'000
At 31 December 2025					
Bank loans	-	7,230	22,091	586,690	616,011
Financial liabilities included in other payables, accruals and other liabilities	-	7,162	9,236	-	16,398
Amount due to a joint venture	4,302	-	-	-	4,302
	4,302	14,392	31,327	586,690	636,711
At 31 December 2024					
Bank loans	-	8,667	26,482	520,348	555,497
Financial liabilities included in other payables, accruals and other liabilities	-	7,391	8,885	-	16,276
Amount due to a joint venture	4,092	-	-	-	4,092
	4,092	16,058	35,367	520,348	575,865

Notes to the Financial Statements *(continued)*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(c) Interest rate risk

Interest rate risk primarily results from timing differences in the repricing of interest-bearing assets and liabilities. The Group's interest rate positions mainly arise from treasury and other investment activities undertaken.

The Group monitors its interest-sensitive products and investments and net repricing gap and limits interest rate exposure through management of maturity profile, currency mix and choice of fixed or floating interest rates. When appropriate, interest rate swaps would be used to manage this risk in a cost-effective manner. The interest rate risk is managed and monitored regularly by the senior management of the Group.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit/(loss) before tax (through the impact on floating rate monetary assets and liabilities).

	2025		2024	
	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK\$'000	Increase/ (Decrease) in basis points	Increase/ (Decrease) in profit before tax HK\$'000
Hong Kong dollar	+50	(2,548)	+50	(2,523)
United States dollar	+50	137	+50	101
Singapore dollar	+50	38	+50	21
Renminbi	+50	61	+50	139
Hong Kong dollar	-50	2,548	-50	2,523
United States dollar	-50	(137)	-50	(101)
Singapore dollar	-50	(38)	-50	(21)
Renminbi	-50	(61)	-50	(139)

Notes to the Financial Statements *(continued)*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(d) Foreign currency risk

Foreign currency risk is the risk to earnings or capital arising from movements in foreign exchange rates. The Group's foreign currency risk primarily arises from currency exposures originating from its foreign exchange dealings and other investment activities conducted in currencies other than the functional currencies of the operating units.

The Group monitors the relative foreign exchange positions of its assets and liabilities to minimise foreign currency risk. When appropriate, hedging instruments including forward contracts, swaps and currency loans would be used to manage the foreign exchange exposure. The foreign currency risk is managed and monitored on an on-going basis by the senior management of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar and Singapore dollar exchange rates, with all other variables held constant, of the Group's profit/(loss) before tax (arising from United States dollar and Singapore dollar denominated financial instruments).

	Increase/(Decrease) in profit before tax	
	2025 HK\$'000	2024 HK\$'000
United States dollar against Hong Kong dollar		
— strengthened by 3% (2024 — 3%)	569	374
— weakened by 3% (2024 — 3%)	(569)	(374)
Singapore dollar against Hong Kong dollar		
— strengthened by 3% (2024 — 3%)	461	111
— weakened by 3% (2024 — 3%)	(461)	(111)

At the end of the reporting period, total cash and cash equivalents of the Group's subsidiaries in Chinese Mainland denominated in Renminbi amounted to HK\$49,863,000 (2024 — HK\$65,491,000). The conversion of these Renminbi balances into foreign currencies is subject to the rules and regulations of foreign exchange control promulgated by the government in Chinese Mainland.

Notes to the Financial Statements *(continued)*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(e) Equity price risk

Equity price risk is the risk that the fair values of financial assets decrease as a result of changes in the levels of equity indices and the values of individual financial assets. The Group is exposed to equity price risk mainly arising from individual financial assets included in financial assets at fair value through other comprehensive income (Note 20) and financial assets at fair value through profit or loss (Note 21) as at 31 December 2025. The Group's listed financial assets are mainly listed on the stock exchanges in Hong Kong and the Republic of Singapore and are valued at quoted market prices at the end of the reporting period.

The market equity indices (rounded down) for the following stock exchanges, at the close of business of the nearest trading day to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2025	High/Low 2025	31 December 2024	High/Low 2024
Hong Kong — Hang Seng Index	25,630	27,381/18,671	20,059	23,241/14,794
Republic of Singapore — Straits Times Index	4,646	4,665/3,372	3,787	3,842/3,092

The senior management of the Group regularly reviews and monitors the mix of securities in the Group's investment portfolio based on the fair value to ensure the loss arising from the changes in the market values of the investment portfolios is capped within an acceptable range.

The following table demonstrates the sensitivity to every 3% change in the fair values of the equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at the end of the reporting period. For the purpose of this analysis, for the investments at fair value through other comprehensive income, the impact is deemed to be on the fair value reserve of financial assets at FVOCI.

	2025				2024			
	3% increase		3% decrease		3% increase		3% decrease	
	Increase in profit before tax HK\$'000	Increase in equity* HK\$'000	Decrease in profit before tax HK\$'000	Decrease in equity* HK\$'000	Increase in profit before tax HK\$'000	Increase in equity* HK\$'000	Decrease in profit before tax HK\$'000	Decrease in equity* HK\$'000
Financial assets at fair value through other comprehensive income Global and others	-	2	-	(2)	-	2	-	(2)
Financial assets at fair value through profit or loss								
Hong Kong	5	-	(5)	-	2	-	(2)	-
Republic of Singapore	85	-	(85)	-	-	-	-	-
	90	-	(90)	-	2	-	(2)	-

* Excluding retained profits

Notes to the Financial Statements *(continued)*

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

(f) Capital management

The primary objectives of the Group's capital management are 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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is calculated by dividing its total borrowings by equity attributable to equity holders of the Company. The borrowings include bank loans as stated in the consolidated statement of financial position.

	2025 HK\$'000	2024 HK\$'000
Bank loans <i>(Note 24)</i>	505,067	501,467
Equity attributable to equity holders of the Company	8,727,247	8,966,969
Gearing ratio	5.8%	5.6%

Notes to the Financial Statements *(continued)*

36. 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		
Fixed assets	33	32
Interests in subsidiaries	4,491,804	4,535,800
Interest in an associate	–	535
Financial assets at fair value through profit or loss	2,950	2,700
	4,494,787	4,539,067
Current assets		
Debtors, prepayments and other assets	689	709
Financial assets at fair value through profit or loss	2,819	–
Tax recoverable	5,696	–
Cash and cash equivalents	46,524	21,529
	55,728	22,238
Current liabilities		
Other payables, accruals and other liabilities	8,875	4,943
Amount due to a joint venture	4,302	4,092
Tax payable	–	2,942
	13,177	11,977
Net current assets	42,551	10,261
Total assets less current liabilities	4,537,338	4,549,328
Non-current liabilities		
Deferred tax liabilities	5	5
Net assets	4,537,333	4,549,323
Equity		
Share capital (Note 26)	199,828	199,828
Reserves (Note)	4,337,505	4,349,495
Total equity	4,537,333	4,549,323

Notes to the Financial Statements *(continued)*

36. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

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

	Capital redemption reserve HK\$'000	Distributable reserves HK\$'000	Total HK\$'000
2025			
At 1 January 2025	22,144	4,327,351	4,349,495
Loss and total comprehensive loss for the year	–	(11,990)	(11,990)
At 31 December 2025	22,144	4,315,361	4,337,505
2024			
At 1 January 2024	22,144	4,332,319	4,354,463
Profit and total comprehensive income for the year	–	15,015	15,015
2023 final dividend declared and paid to shareholders of the Company	–	(19,983)	(19,983)
At 31 December 2024	22,144	4,327,351	4,349,495

After the Capital Reorganisation effected on 3 July 2023, the balance of the share premium account of HK\$1,890,727,000 was transferred to the contributed surplus account included in distributable reserves of the Company. The balance of the reserves arising from the Capital Reorganisation could be applied towards any capitalisation issues of the Company in future, or for making distributions to shareholders of the Company.

Distributable reserves of the Company as at 31 December 2025 comprised the contributed surplus account of HK\$2,025,056,000 (2024 — HK\$2,025,056,000), retained profits of HK\$1,545,330,000 (2024 — HK\$1,557,320,000) and the remaining balance arising from the Cancellation of HK\$744,975,000 (2024 — HK\$744,975,000). The distributable reserves and the capital redemption reserve are available for distributions to the shareholders of the Company.

37. APPROVAL OF THE FINANCIAL STATEMENTS

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

Particulars of Principal Subsidiaries

PARTICULARS OF PRINCIPAL SUBSIDIARIES AS AT 31 DECEMBER 2025 ARE SET OUT BELOW.

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Percentage of equity attributable to the Company/Group (unless otherwise stated)#		Principal activities
Capital Place International Limited	British Virgin Islands/ Republic of the Philippines	US\$50,000	–	100	Property investment
成都力寶置業有限公司 (Chengdu Lippo Realty Limited) — wholly foreign-owned enterprise##	People's Republic of China	US\$700,000*	–	100	Property investment and management
Everwin Pacific Ltd.	British Virgin Islands	US\$1	–	100	Property investment
Fairseas 1 Pte. Ltd.	Republic of Singapore	S\$1	–	100	Owner of a motor yacht
Fiatsco Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
HCL Management Limited	Hong Kong	HK\$1	–	100	Management services
HKC Property Investment Holdings Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment holding
HKC Realty LLC	United States of America	US\$2,250,000**	–	100	Property investment
Hong Kong Housing Loan Limited	Hong Kong	HK\$40,000,000	100	100	Investment
Lippo Asia Limited	Hong Kong	HK\$120,000,000	–	100	Investment holding
Lippo Cybergroup Limited	Hong Kong	HK\$2	–	100	Investment holding
Lippo Securities, Inc.	Republic of the Philippines	Pesos 69,500,000	–	100	Investment holding

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Percentage of equity attributable to the Company/Group (unless otherwise stated) [#]		Principal activities
Mass Empire Limited	Hong Kong	HK\$1	–	100	Investment
MGS Realty Holdings Ltd.	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
One Realty Pte. Limited	Republic of Singapore	S\$2	–	100	Investment holding and provision of project and management services
Polar Step Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment
Sinogain Asia Limited	British Virgin Islands	US\$1	–	100	Property investment
Sinorite Limited	British Virgin Islands/ Hong Kong	US\$1	100	100	Investment
Stargala Limited	British Virgin Islands	US\$1	–	100	Property investment
Uchida Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
Wealtop Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
Winluck Asia Limited	British Virgin Islands	US\$1	–	100	Property investment
Winluck Pacific Limited	British Virgin Islands	US\$1	–	100	Property investment

Particulars of Principal Subsidiaries *(continued)*

Name of company	Place of incorporation/ registration and operations	Issued and fully paid ordinary share capital (unless otherwise stated)	Percentage of equity attributable to the Company/Group (unless otherwise stated) [#]		Principal activities
Winrider Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
北京力寶世紀置業有限公司 (Beijing Lippo Century Realty Co., Ltd.) — Chinese-foreign cooperative joint venture enterprise ^{##}	People's Republic of China	US\$14,000,000*	–	80 [^]	Property development

[#] based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

[^] profit sharing ratio

^{##} type of legal entity

* paid up registered capital

** paid up capital contribution

Note:

Pesos — Philippines pesos

S\$ — Singapore dollars

US\$ — United States dollars

The above table includes the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Associates

PARTICULARS OF PRINCIPAL ASSOCIATES AS AT 31 DECEMBER 2025 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital	Approximate percentage of equity attributable to the Group [#]	Principal activities
Greenix Limited	Corporate	British Virgin Islands	US\$100,000	50	Investment holding
Lippo Marina Collection Pte. Ltd.	Corporate	Republic of Singapore	S\$1,000,000	50	Property development

[#] based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

Note:

S\$ — Singapore dollars

US\$ — United States dollars

The above table includes the associates of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of all associates would, in the opinion of the Directors, result in particulars of excessive length.

Particulars of Principal Joint Ventures

PARTICULARS OF PRINCIPAL JOINT VENTURES AS AT 31 DECEMBER 2025 ARE SET OUT BELOW.

Name of company	Form of business structure	Place of incorporation and operations	Issued and fully paid ordinary share capital	Percentage of equity attributable to the Group (unless otherwise stated) [#]	Principal activities
Bell Eastern Limited	Corporate	British Virgin Islands/ Hong Kong	S\$2,000,000	50	Property investment
Lippo ASM Asia Property Limited	Corporate	Cayman Islands/ Hong Kong	US\$1,200	Note (b)	Investment holding

based on the number of issued shares carrying voting rights and represents the effective holding of the Group after non-controlling interests therein

Note:

(a) S\$ — Singapore dollars

US\$ — United States dollars

(b) Its issued share capital comprised of (i) 800 voting, non-participating class "A" shares of US\$1.00 each; (ii) 200 non-voting, participating class "B" shares of US\$1.00 each; and (iii) 200 non-voting, participating class "C" shares of US\$1.00 each. The Group was interested in 50% of all the class "A" shares in issue and 100% of all the class "B" shares in issue which entitled the Group to 50% of the voting rights and approximately 94.26% of the profit sharing of this company.

Schedule of Major Properties

(1) PROPERTIES HELD FOR INVESTMENT AS AT 31 DECEMBER 2025

Description	Use	Approximate gross floor area (square metres)	Status	Percentage of the Group's interest
People's Republic of China				
5 floors of Unit 1 Building 1, Lippo Tower 62 North Kehua Road Wuhou District Chengdu	Commercial	5,421	Rental	100
<i>The above property is held under medium term lease.</i>				
Overseas				
31st Floor Rufino Pacific Tower Ayala Avenue Corner Herrera Street, Makati Metropolitan Manila Republic of the Philippines	Commercial	885	Rental	100
522 S. Sepulveda Boulevard Los Angeles, CA 90049 United States of America	Commercial	925	Rental	100
<i>The above properties are freehold.</i>				
21 Marina Way #26-16 Marina One Residences Singapore 018978	Residential	104	Rental	100
<i>The above property is held under long term lease.</i>				

Schedule of Major Properties *(continued)*

(2) PROPERTIES HELD FOR SALE AS AT 31 DECEMBER 2025

Description	Use	Approximate site area <i>(square metres)</i>	Approximate gross floor area <i>(square metres)</i>	Percentage of the Group's interest
People's Republic of China				
Certain units and car parking spaces at No. 8 Ronghua Middle Road Yizhuang Beijing Economic-Technological Development Area (北京經濟技術開發區) Beijing	Commercial/ Residential	N/A	14,043	80
Overseas				
854 West Adams Boulevard Los Angeles, CA 90007 United States of America	Residential	1,142	723	100

(3) PROPERTY HELD FOR DEVELOPMENT AS AT 31 DECEMBER 2025

Description	Use	Approximate site area <i>(square metres)</i>	Approximate gross floor area <i>(square metres)</i>	Percentage of the Group's interest	Estimated completion date	Stage of development as at 31 December 2025
Overseas						
3 pieces of land at Minakami Heights Golf Course Residence Gunma Japan	Residential	12,484	N/A	100	N/A	Vacant land

Summary of Financial Information

	Year ended 31 December 2025 HK\$'000	Year ended 31 December 2024 HK\$'000	Year ended 31 December 2023 HK\$'000	Year ended 31 December 2022 HK\$'000	Year ended 31 December 2021 HK\$'000
Profit/(Loss) attributable to equity holders of the Company	(891,646)	(1,199,897)	157,119	488,768	670,303
Total assets	9,310,941	9,545,440	11,158,084	11,220,679	11,570,242
Total liabilities	(568,462)	(563,296)	(529,092)	(522,960)	(349,419)
Net assets	8,742,479	8,982,144	10,628,992	10,697,719	11,220,823
Non-controlling interests	(15,232)	(15,175)	(16,170)	(17,373)	(20,162)
Equity attributable to equity holders of the Company	8,727,247	8,966,969	10,612,822	10,680,346	11,200,661

Supplementary Financial Information

DISCLOSURE PURSUANT TO RULE 13.22 OF THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE OF HONG KONG LIMITED

Set out below is a pro forma combined statement of financial position of the Group's affiliates as at 31 December 2025 (being the latest practicable date for determining the relevant figures) required to be disclosed under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited:

	HK\$'000
Pro forma combined statement of financial position	
Intangible assets	1,351,023
Fixed assets	4,521,035
Investment properties	28,222,943
Right-of-use assets	906,373
Interests in equity-accounted investees	7,039,392
Properties held for sale	188,441
Financial assets at fair value through other comprehensive income	916,001
Financial assets at fair value through profit or loss	35,239
Debtors, prepayments and other assets	1,772,515
Cash and cash equivalents	2,624,181
Assets classified as held for sale	21,797
Bank and other borrowings	(19,411,672)
Lease liabilities	(906,737)
Creditors, accruals and other liabilities	(1,603,120)
Tax payable	(235,503)
Other net liabilities	(54,006)
Shareholders' advance	(3,607,628)
Deferred tax liabilities	(433,695)
Non-controlling interests	(15,010,796)
	6,335,783
Group's attributable interest (<i>Note</i>)	8,960,400

Note: The Group's attributable interest represents that portion attributable to the Group before non-controlling interests included therein.