ART GROUP HOLDINGS LIMITED
錦藝集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 565)

2025 ANNUAL RESULTS ANNOUNCEMENT

The board (the "**Board**") of directors (the "**Directors**") of Art Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "**Group**") for the year ended 30 June 2025 together with the comparative figures in 2024 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2025

	NOTES	**2025** *HK$'000*	2024 *HK$'000*
Continuing operations			
Revenue	*4*	**81,240**	111,160
Cost of sales		**(29,396)**	(39,503)
Gross profit		**51,844**	71,657
Other income and other gain and loss	*5*	**100,765**	54,951
Administrative expenses		**(34,319)**	(24,742)
Reversal of allowance for expected credit loss on loan receivables		**–**	37,310
Reversal of allowance for expected credit loss/(allowance for expected credit loss) on rental deposits		**12,352**	(89,712)
Reversal of allowance for expected credit loss/(allowance for expected credit loss) on trade and other receivables		**861**	(2,430)
Loss on fair value changes of investment properties	*12*	**(56,476)**	(260,870)
Gain on bargain purchase	*15*	**10,576**	–
Finance costs	*6*	**(25,147)**	(39,485)

	NOTES	2025 HK$'000	2024 HK$'000
Profit/(loss) before taxation		**60,456**	(253,321)
Income tax expenses	*7*	**(15,456)**	(17,471)
Profit/(loss) for the year from continuing operations		**45,000**	(270,792)
Discontinued operations			
Loss for the year from discontinued operations	*8*	**(5,973)**	–
Profit/(loss) for the year	*9*	**39,027**	(270,792)
Other comprehensive income/(expense):			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation from functional currency to presentation currency		**1,327**	(2,899)
Other comprehensive income/(expense) for the year		**1,327**	(2,899)
Total comprehensive income/(expense) for the year		**40,354**	(273,691)
Profit/(loss) for the year attributable to:			
Owners of the Company		**41,892**	(270,792)
Non-controlling interests		**(2,865)**	–
		39,027	(270,792)
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**43,217**	(273,691)
Non-controlling interests		**(2,863)**	–
		40,354	(273,691)

	NOTE	2025 HK$'000	2024 HK$'000
Earnings/(loss) per share	*11*		
From continuing and discontinued operations			
Basic *(HK cents)*		**1.56**	(10.07)
Diluted *(HK cents)*		**1.55**	(10.07)
From continuing operations			
Basic *(HK cents)*		**1.67**	(10.07)
Diluted *(HK cents)*		**1.66**	(10.07)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

	NOTES	**2025** **HK$'000**	2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**5,298**	3,301
Right-of-use assets		**5,481**	3,592
Investment properties	*12*	**466,154**	568,817
Rental deposits		**51,505**	47,045
Prepaid lease payments		**4,703**	–
		533,141	622,755
CURRENT ASSETS			
Trade and other receivables	*13*	**19,657**	29,793
Loan receivables		**8,026**	18,327
Bank balances and cash		**44,404**	40,239
		72,087	88,359
CURRENT LIABILITIES			
Other payables		**68,732**	57,932
Contract liabilities		**14,358**	11,301
Lease liabilities	*14*	**72,637**	66,138
Amount due to a substantial shareholder		**9,751**	4,164
Bonds		**10,005**	–
Tax liabilities		**–**	18
		175,483	139,553
NET CURRENT LIABILITIES		**(103,396)**	(51,194)
TOTAL ASSETS LESS CURRENT LIABILITIES		**429,745**	571,561

	NOTE	2025	2024
		HK$'000	HK$'000
CAPITAL AND RESERVES			
Share capital		**26,888**	26,888
Reserves		**8,391**	(34,826)
Equity/(deficit) attributable to owners of the Company		**35,279**	(7,938)
Non-controlling interests		**(2,750)**	–
TOTAL EQUITY/(DEFICIT)		**32,529**	(7,938)
NON-CURRENT LIABILITIES			
Lease liabilities	*14*	**374,743**	564,856
Deferred tax liabilities		**22,473**	4,638
Bonds		**–**	10,005
		397,216	579,499
		429,745	571,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2025

1. GENERAL

Art Group Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its immediate and ultimate holding company is Fully Chain Limited, a private company incorporated in the British Virgin Islands ("**BVI**"). Its ultimate controlling party is Mr. Chen Jinyan, who is also the director of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and the functional currency of the Group is Renminbi ("**RMB**"). The consolidated financial statements are presented in HK$ for the convenience of the shareholders because the Company's shares are listed in the Stock Exchange.

The Company is an investment holding company. Its subsidiaries are mainly engaged in property operating business. The cargo aircraft charter business is classified as discontinued operations during the year. Details of which are set out in note 8 to the consolidated financial statements.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ("HKFRSs")

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on 1 July 2024 for the preparation of the consolidated financial statements:

HK Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that contains a Repayment on Demand Clause
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements
Amendments to HKFRS16	Lease liability in a Sale and Leaseback

The applications of these new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New and amendments to HKFRSs in issue but not yet effective

The following new and amendments to HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the respective dates they become effective.

Amendments to HKAS 21	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contract Referencing Nature-dependent Electricity[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Amendments to HKFRS Accounting Standards	Annual Improvement to HKFRS Accounting Standards – Volume 11[2]

Notes:

1 Effective for annual periods beginning on or after 1 January 2025, earlier application is permitted.
2 Effective for annual periods beginning on or after 1 January 2026, earlier application is permitted.
3 Effective for annual periods beginning on or after 1 January 2027, earlier application is permitted.
4 No mandatory effective date yet determined but available for adoption.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

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

Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") and by the disclosure requirements of the Hong Kong Companies Ordinance.

Going concern

The directors of the Company have given careful consideration to the going concern status of the Group in light of the fact that as at 30 June 2025, the Group had net current liabilities of approximately HK$103,396,000. This condition indicates the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the liquidity of the Group and ensure the Group's ability to operate as a going concern, the directors of the Company have implemented measures as follows:

After review and assessment by the directors of the Company, as at 30 June 2025, the Group has contract liabilities and receipts in advance in an aggregated amount of HK$39,522,000, which shall not result in any cash outflow of the Group eventually. Additionally, the Group also has deposits received from tenants of approximately HK$13,603,000. The directors of the Company are confident that this level of deposits can be sustained in the short term, based on the existing lease agreements with tenants. The directors of the Company will continue to implement measures aiming at improving the working capital and cash flows of the Group including closely monitoring general administrative expenses and operating costs. The directors of the Company believe that the Group has sufficient cash operating inflow to cover cash operating outflow, which included lease payments for two shopping malls, namely the Jiachao's Shopping Mall and the Zone C Shopping Mall, industrial park and office premises in Hong Kong in the next 12 months from the date of this report.

To alleviate liquidity pressure and enhance financial flexibility, the Group entered into two supplemental agreements with an independent third party in August 2025 to extend the repayment of two unlisted and non-transferable bonds (with a total face value of HK$10,000,000) by one year. All other terms remain unchanged.

Moreover, the substantial shareholders of the Company have undertaken to provide adequate funds to enable the Group to meet its liabilities and to settle financial obligations to third parties as and when they fall due so that the Group can continue as a going concern and carry on its business without significant curtailment of operations for the twelve months from the date of approval of these consolidated financial statements.

On the other hand, on 27 August 2025, the Group entered into a lease agreement as the lessee in respect of the leasing of four floors of the Longhu Shopping Centre located in Longhu Town, Zhengzhou City, Henan Province, the PRC, from a landlord with a rental period to expire in mid 2035 and with a gross floor area of approximately 62,583 square meters. The leased property is expected to further enhance the Group's asset operation capabilities and cash flow stability, while providing sustained rental income and ensuring positive cash flow. For the details regarding the lease of the Longhu Shopping Centre, please refer to note 17 to the consolidated financial statements and the announcement of the Company date 29 September 2025.

The directors of the Company have reviewed the cash flow projections of the Group prepared by the management covering a period of not less than 12 months from the date of this announcement taking into account the impact of the above measures. The directors of the Company are confident that the Group has sufficient cash resources to be able to satisfy its future working capital and meet its financial obligations when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties that are measured at fair values at the end of each reporting period.

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

Fair value measurement

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

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

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

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

– Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

– Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

– Level 3 inputs are unobservable inputs for the asset or liability.

4. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) the lease payments received and receivable in the normal course of business, net of value-added tax for the year; and (ii) property management and related services fee received and receivable.

	2025	2024
	HK$'000	*HK$'000*
Continuing operations		
Revenue from major business services:		
Revenue within the scope of HKFRS 16		
Rental income from leasing of properties	**37,776**	41,577
Revenue from contracts with customers within the scope of HKFRS 15		
Property management fee income	**41,906**	67,887
Property management – other related services	**1,558**	1,696
	43,464	69,583
	81,240	111,160

Disaggregated by timing of revenue recognition:

	2025	2024
Over time:		
Property management fee income	**41,906**	67,887
Property management – other related services	**1,558**	1,696
	43,464	69,583

Performance obligations for revenue from contracts with customers

Property management fee

Property management fee is recognised over the service period. The Group receives monthly property management fee payments from customers one to three months in advance under the contracts. Advance consideration allocated to the properties management services is recognised as a contract liability and is released over the period of services.

Segment information

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

For the current reporting period, the Group has two operating and reportable segments: the property operating segment and the cargo aircraft charter segment (2024: one operating and reportable segment: the property operating segment). These segments have been identified based on internal management reports prepared in accordance with accounting policies that conform to HKFRSs and are regularly reviewed by the CODM. From a product perspective, management assesses the performance of both segments by considering the contributions of the property operating segment and the cargo aircraft charter segment.

The cargo aircraft charter segment was established by the Group during the current reporting period, to operate and manage certain specified cargo aircraft charter businesses including but not limited to cargo arrangement from Hong Kong to Miami and other locations. Due to the ongoing uncertainties surrounding U.S. tariff policies, which have significantly impacted the global economy and cargo aircraft operations, the Group decided to classify the cargo aircraft charter segment as discontinued operations during the same period. The segment information reported below does not include any amount for discontinued operations, which is described in more details in note 8 to the consolidated financial statements.

Segment information about the continuing operations is presented below:

Segment revenue and result

For the year ended 30 June 2025	**Property operating** *HK$'000*
Revenue	**81,240**
Segment result	**76,286**
Income tax expenses	**(15,456)**
Loan interest income	**1,399**
Unallocated administrative expenses	**(17,229)**
Profit for the year from continuing operations	**45,000**

Segment revenue and result

	Property operating *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss			
Bank interest income	**21**	**34**	**55**
Gain on bargain purchase	**10,576**	**–**	**10,576**
Gain on termination of leases	**717,538**	**–**	**717,538**
Loss on derecognition of investment properties	**(628,370)**	**–**	**(628,370)**
Interest expenses	**(24,251)**	**(896)**	**(25,147)**
Loss on fair value changes of investment properties	**(56,476)**	**–**	**(56,476)**
Reversal of allowance for expected credit loss on rental deposits	**12,352**	**–**	**12,352**
Reversal of allowance for expected credit loss on trade receivables	**1,132**	**–**	**1,132**
Allowance for expected credit loss on prepayments and other receivables	**(271)**	**–**	**(271)**
Depreciation of property, plant and equipment	**(228)**	**(495)**	**(723)**
Depreciation of right-of-use assets	**(192)**	**(1,271)**	**(1,463)**
Amount regularly provided to the CODM but not included in the measurement of segment profit or loss			
Additions to non-current assets	**570,940**	**2,645**	**573,585**

For the year ended 30 June 2024	Property operating *HK$'000*
Revenue	111,160
Segment result	(279,557)
Income tax expenses	(17,471)
Loan interest income	327
Reversal of allowance for expected credit loss on loan receivables	37,310
Unallocated administrative expenses	(11,401)
Loss for the year from continuing operations	(270,792)

	Property operating *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Amounts included in the measure of segment profit or loss			
Bank interest income	33	94	127
Gain on lease modification	41,698	–	41,698
Interest expenses	(38,667)	(818)	(39,485)
Loss on fair value changes of investment properties	(260,870)	–	(260,870)
Allowance for expected credit loss on rental deposits	(89,712)	–	(89,712)
Allowance for expected credit loss on trade receivables	(2,430)	–	(2,430)
Depreciation of property, plant and equipment	(227)	(12)	(239)
Depreciation of right-of-use assets	(192)	(402)	(594)
Amount regularly provided to the CODM but not included in the measurement of segment profit or loss			
Additions to non-current assets	7	438	445

Segment results represent profit or loss from the segment without allocation of income tax expenses, loan interest income, reversal of allowance for expected credit loss on loan receivables and unallocated administrative expenses.

Segment assets and liabilities

	2025 *HK$'000*	2024 *HK$'000*
Segment assets		
Continuing operations		
Property operating	**547,396**	652,213
Total segment assets	**547,396**	652,213
Loan receivables	**8,026**	18,327
Bank balances and cash	**44,404**	40,239
Other unallocated assets	**5,397**	335
	605,223	711,114
Assets relating to discontinued operations	**5**	–
Consolidated assets	**605,228**	711,114
Segment liabilities		
Continuing operations		
Property operating	**545,299**	701,161
Total segment liabilities	**545,299**	701,161
Amount due to a substantial shareholder	**9,751**	4,164
Bonds	**10,005**	10,005
Other unallocated liabilities	**6,707**	3,722
	571,762	719,052
Liabilities relating to discontinued operations	**937**	–
Consolidated liabilities	**572,699**	719,052

Information about geographic areas

The Group's property operating segment is operated in the People's Republic of China (the "**PRC**"), while the cargo aircraft charter segment (which is classified as discontinued operations) is operated in Hong Kong.

The Group's revenue from external customers from continuing operations by location of operation and information about its non-current assets by location of assets are detailed below:

	Revenue from external customers		**Non-current assets***	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
The PRC	**81,240**	111,160	**469,248**	572,064
Hong Kong	**–**	–	**–**	–
	81,240	111,160	**469,248**	572,064

* Non-current assets excluded those relating to discontinued operations, prepaid lease payments, rental deposits, right-of-use assets and other unallocated non-current assets.

Information about major customers

One single customer from cargo aircraft charter segment (which is classified as discontinued operations) contributed 10 per cent or more of the Group's total revenue of HK$140,350,000 for the year ended 30 June 2025 (2024: no customer nor tenant contributed 10 per cent or more of the Group's total revenue of HK$111,160,000). The total amount of revenue from the customer from cargo aircraft charter segment amounted to HK$52,845,000.

5. OTHER INCOME AND OTHER GAIN AND LOSS

	2025	2024
	HK$'000	*HK$'000*
Continuing operations		
Bank interest income	**55**	127
Car parking income	**2,986**	6,259
Service income	**4,595**	3,945
Net exchange loss	**(87)**	(20)
Loan interest income	**1,399**	327
Rental deposits imputed interest income	**2,231**	2,164
Loss on derecognition of investment properties – Jiachao's Shopping Mall (note 12(ii), 12(iii))	**(383,805)**	–
Loss on derecognition of investment properties – Zone C Shopping Mall (note 12(iv))	**(244,565)**	–
Gain on lease modification (note 12(i))	**–**	41,698
Gain on termination of lease – Jiachao's Shopping Mall (note 12(ii), 12(iii))	**409,439**	–
Gain on termination of lease – Zone C Shopping Mall (note 12(iv))	**308,099**	–
Others	**418**	451
	100,765	54,951

6. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Continuing operations		
Interest on		
– Bonds	**800**	802
– Lease liabilities	**24,347**	38,683
	25,147	39,485

7. INCOME TAX EXPENSES

	2025	2024
	HK$'000	*HK$'000*
Continuing operations		
Income tax recognised in profit and loss		
PRC Enterprise Income Tax ("**EIT**")		
– Current income tax	**1,426**	4,612
– Under provision in prior years	**206**	11
Deferred tax	**13,824**	12,848
	15,456	17,471

Hong Kong Profits Tax was calculated at 16.5% (2024: 16.5%) of the estimated assessable profit for the financial year. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong for both years.

PRC EIT has been entitled at the rate of 25% of the profits for the PRC statutory financial reporting purpose for the years ended 30 June 2025 and 2024, adjusted for those items which are not assessable or deductible for the PRC EIT purpose.

As at 30 June 2025 and 2024, no deferred tax liabilities were recognised in respect of the undistributed retained earnings of the PRC subsidiaries attributable to the Group under the EIT Law that are subject to withholding tax upon the distribution of such profits to the shareholders outside the PRC.

8. DISCONTINUED OPERATIONS

Due to ongoing U.S. tariff policy uncertainties that have significantly impacted the global economy and air cargo markets, the Group decided to cease its cargo aircraft charter business ("**discontinued operations**") during the current reporting period after a thorough review of market conditions and a comprehensive evaluation of strategic options.

The results of the discontinued operations included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 30 June 2025 are set out below.

	HK$'000
Revenue *(Note)*	59,110
Cost of sales	(57,838)
Gross profit	1,272
Other income and other gain and loss	223
Administrative expenses	(351)
Allowance for expected credit loss on trade and other receivables	(7,117)
Loss before taxation from discontinued operations	(5,973)
Income tax expenses	–
Loss for the year from discontinued operations	(5,973)
Loss for the year from discontinued operations attributable to:	
Owners of the Company	(3,047)
Non-controlling interests	(2,926)
	(5,973)

Note:

Revenue from discontinued operations comprises income from cargo aircraft chartering services, which is accounted for as revenue from contracts with customers under HKFRS 15. It is recognised over time as the performance obligation is satisfied. Advance consideration allocated to the cargo aircraft chartering services fee is recognised as a contract liability and is released over the period of services.

Loss for the year from discontinued operations has been arrived at after charging the following:

	HK$'000
Auditor's remuneration	–
Staff costs	
– directors' emoluments	–
– other staff's salaries and other benefits	301
– other staff's retirement benefit scheme contributions	12
	313

Cash flows from discontinued operations:

	HK$'000
Net cash outflows from operating activities	(184)
Net cash inflows from investing activities	187
Net cash inflows	3

None of the assets nor liabilities related to the discontinued operations were classified as held for sale.

9. PROFIT/(LOSS) FOR THE YEAR

	2025	2024
	HK$'000	*HK$'000*
Continuing operations		
Profit/(loss) for the year from continuing operations has been arrived at after charging:		
Staff costs		
– directors' emoluments	**3,830**	3,972
– other staff's salaries and other benefits	**14,135**	14,480
– other staff's retirement benefit scheme contributions	**1,685**	1,923
	19,650	20,375
Auditor's remuneration		
– Audit service		
– Auditor I	**1,200**	1,200
– Auditor II	**–**	600
– Non-audit service		
– Auditor I	**300**	–
– Auditor III	**–**	280
Depreciation of property, plant and equipment	**723**	239
Depreciation of right-of-use assets	**1,463**	594
Expenses related to short-term leases in respect of rented premises	**2,697**	6

10. DIVIDEND

	2025	2024
	HK$'000	*HK$'000*
Dividend for ordinary shareholders of the Company recognised as distribution during the year:		
Special dividend – HK$0.001 per share	**–**	2,689

The board of directors does not recommend any interim nor final dividend for the year ended 30 June 2025 (2024: Nil).

11. EARNINGS/(LOSS) PER SHARE

For continuing operations

The calculation of the basic and diluted earnings/(loss) per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings/(loss)

	2025	2024
	HK$'000	*HK$'000*
Profit/(loss) for the year attributable to owners of the Company	**41,892**	(270,792)
Less: Loss for the year from discontinued operations attributable to owners of the Company	**(3,047)**	–
Profit/(loss) for the year from continuing operations attributable to owners of the Company for the purpose of basic and diluted earnings/(loss) per share	**44,939**	(270,792)

Number of shares

	2025	2024
	'000	*'000*
Weighted average number of ordinary shares for the purpose of basic earnings/(loss) per share	**2,688,805**	2,688,805
Effect of dilutive potential ordinary shares in respect of share options issued by the Company	**14,413**	–
Weighted average number of ordinary shares for the purpose of diluted earnings/(loss) per share	**2,703,218**	2,688,805

From continuing and discontinued operations

Earnings/(loss)

	2025	2024
	HK$'000	*HK$'000*
Profit/(loss) for the year for the purpose of basic and diluted earnings/(loss) per share	**41,892**	(270,792)

The denominators used are the same as those detailed above for both basic and diluted earnings/(loss) per share.

From discontinued operations

Basic loss per share for discontinued operations is HK0.11 cents per share (2024: Nil) and diluted loss per share for discontinued operations is HK0.11 cents per share (2024: Nil), based on the loss for the year from discontinued operations attributable to owners of the Company of approximately HK$3,047,000 (2024: Nil) and the denominators detailed above for both basic and diluted earnings/(loss) per share.

12. INVESTMENT PROPERTIES

The Group takes on the lease of shopping malls and industrial park; and subleases the retail stores of the shopping malls and the units in the industrial park, under operating leases with rentals payable monthly/quarterly. The subleases typically run for an initial period of 30 days to 15 years. Majority of the sublease contracts contain market review clauses in the event the tenant exercises the option to extend.

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

	Shopping Malls *(Note (v))* *HK$'000*	Industrial Park *HK$'000*	**2025** ***HK$'000***	2024 *HK$'000*
Fair value				
Balance at the beginning of the year	568,817	–	**568,817**	995,699
Derecognition upon lease modification *(Note (i))*	–	–	**–**	(170,652)
Derecognition upon termination of lease – Jiachao's Shopping Mall *(Note (ii); Note (iii))*	(383,805)	–	**(383,805)**	–
Derecognition upon termination of lease – Zone C Shopping Mall *(Note (iv))*	(244,565)	–	**(244,565)**	–
Additions – Jiachao's Shopping Mall *(Note (ii); Note (iii))*	181,871	–	**181,871**	–
Additions – Zone C Shopping Mall *(Note (iv))*	296,413	–	**296,413**	–
Additions – Industrial Park	–	59,714	**59,714**	–
Additions on acquisition of a subsidiary *(note 15)*	–	32,935	**32,935**	–
(Loss)/gain on fair value changes on investment properties	(122,740)	66,264	**(56,476)**	(260,870)
Exchange realignment	9,504	1,746	**11,250**	4,640
Balance at the end of the year	305,495	160,659	**466,154**	568,817

Notes:

(i) As described in the announcement of the Company dated 9 October 2024, since certain areas of the Jiachao's Shopping Mall was involved in litigation with a creditor of its landlord, Zhengzhou Jiachao Property Services Co., Ltd.* (鄭州佳潮物業服務有限公司) ("**Zhengzhou Jiachao**"), the rental area of 50,532.48 square meters of the Jiachao's Shopping Mall was deducted from the lease contract dated 26 April 2021 entered into by Zhengzhou Jiachao as the lessor and the Company's wholly-owned subsidiary, Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司) ("**Zhongyuan Jinyi**") as the lessee in respect of the Jiachao's Shopping Mall with a leased area of 125,188.32 square meters (the "**Jiachao's Lease Contract**"), pursuant to the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province ((2024) Yu 0102 Ming Chu No. 4142*)(河南省鄭州市中原區人民法院(2024)豫0102民初4142號《民事判決書》). In light of the above, Zhongyuan Jinyi and Zhengzhou Jiachao entered into a supplemental agreement (the "**Supplemental Agreement**") to amend the leased area under the Jiachao's Lease Contract starting from 22 June 2024, which constituted a lease modification in the year ended 30 June 2024.

For the lease modification, the Group remeasured lease liabilities corresponding to the remaining leased area of the Jiachao's Shopping Mall. The remeasured amount that differed from the original lease liabilities was reduced from the Group's lease liabilities, which was calculated to be approximately RMB195 million (equivalent to approximately HK$212,350,000). At the same time, the entering into of the Supplemental Agreement as tenant by Zhongyuan Jinyi required the Group to derecognise the amount from the Group's investment properties, because of the amendment on the leased area under the Jiachao's Lease Contract. The fair value derecognised by the Group under the Supplemental Agreement amounted to approximately RMB157 million (equivalent to approximately HK$170,652,000). By doing so, the Group recognised a gain from lease modification of approximately HK$41,698,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2024.

(ii) As described in the announcement of the Company dated 21 February 2025, a notice dated 23 January 2025 was received from Zhengzhou Jiachao, notifying Zhongyuan Jinyi that, (a) from 1 October 2024, the rental area under the Jiachao's Lease Contract would no longer include the rental area of 30,595.51 square meters of the Jiachao's Shopping Mall, the title and ownership of which were transferred to Henan Construction Commercial Services Co., Ltd.* (河南建投商業服務有限公司); and (b) from 1 October 2024, the rental area under the Jiachao's Lease Contract should be amended to 44,060.33 square meters (the "**Remaining Area**") and the rental payment of the Remaining Area is amended to RMB23.5 per square meters per month, which shall be setoff against the deposits paid by Zhongyuan Jinyi to Zhengzhou Jiachao under the Jiachao's Lease Contract. On 26 January 2025, Zhongyuan Jinyi and Zhengzhou Jiachao further entered into a supplemental lease contract ("**Jiachao's Supplemental Lease Contract**") for the lease of the Remaining Area which replaced the Jiachao's Lease Contract. Under these circumstances, the Jiachao's Lease Contract is considered terminated as of 30 September 2024.

* *For identification purpose only*

For the termination of the Jiachao's Lease Contract, the Group derecognised lease liabilities associated with the Jiachao's Lease Contract as of 30 September 2024, which were approximately RMB279 million (equivalent to approximately HK$302,912,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. Simultaneously, the termination of the Jiachao's Lease Contract required the Group to derecognise the associated amount from its investment properties as of 30 September 2024. The fair value of the investment properties derecognised by the Group amounted to approximately RMB254 million (equivalent to approximately HK$276,087,000). Consequently, the Group recognised a loss on derecognition of investment properties of approximately HK$276,087,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

Pursuant to Jiachao's Supplemental Lease Contract, the Group recognised new lease liabilities of approximately RMB103 million (equivalent to approximately HK$111,734,000) and a corresponding amount in its investment properties. The fair value of the newly recognised investment properties as of 1 October 2024 amounted to RMB100 million (equivalent to approximately HK$108,696,000).

(iii) On 27 June 2025, the People's Court of Zhongyuan District, Zhengzhou City, Henan Province, served Zhengzhou Jiachao with the "Notice to Vacate Within a Time Limit" (Case Reference.: (2023) Yu 01 Zhi Hui No. 355*) (河南省鄭州市中原區人民法院(2023)豫01執恢355號《限期遷出公告》), mandating that all entities and individuals occupying or leasing the property located at Basement 1 Level Underground Space, Zone B (with a certified construction area of 16,311.24 square meters, hereinafter referred to as the "**Zone B Basement Level**") to vacate within 30 days of the notice's posting.

This area constituted part of the premises leased under Jiachao's Supplemental Lease Contract. The previous end tenant, Henan Century Lianhua Supermarket Co., Ltd.* (河南世紀聯華超市有限公司), had vacated the premises on 28 February 2025, leaving the area unoccupied. Following negotiations, the sub-tenant of Zhongyuan Jinyi, Henan Zhongyu Zhongyuan Commercial Operation Management Co., Ltd.* (河南中豫中原商業運營管理有限公司) submitted a formal letter of withdrawal for the specified basement area to Zhongyuan Jinyi on 30 June 2025. On the same date, Zhongyuan Jinyi notified Zhengzhou Jiachao of the vacation and formally acknowledged the release of the leasehold area via an official court submission. These actions effected a termination of the corresponding portion of Jiachao's Supplemental Lease Contract as of 30 June 2025.

For this termination, the Group derecognised lease liabilities associated with Jiachao's Supplemental Lease Contract as of 30 June 2025, which were approximately RMB98 million (equivalent to approximately HK$106,527,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. A corresponding reduction was made in the book value of associated investment properties, with the derecognised fair value amounting to approximately RMB99 million (equivalent to approximately HK$107,718,000). Consequently, it resulted in a loss on derecognition of investment properties of approximately HK$107,718,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

* *For identification purpose only*

The residual leased area of 27,749.09 square meters under Jiachao's Supplemental Lease Contract has been reconstituted as a new lease arrangement. This resulted in the Group recognising new lease liabilities of approximately RMB65 million (equivalent to approximately HK$70,137,000) and a corresponding amount in its investment properties. The fair value of the investment properties recognised by the Group amounted to RMB63 million (equivalent to approximately HK$68,478,000).

(iv) The lease for Zone C Shopping Mall was originally executed between Zhongyuan Jinyi and Zhengzhou Hanyuan Real Estate Co., Ltd.* (鄭州翰園置業有限公司) ("**Zhengzhou Hanyuan**") on 26 April 2021 with a lease term of 15 years. Due to debt issues encountered by Zhengzhou Hanyuan, it transferred ownership of certain floors within Zone C Shopping Mall to settle its obligations, resulting in the lawful transfer of the relevant property rights to the respective creditors. In accordance with Article 725 of the Civil Code of the People's Republic of China, which establishes the principle that "a change in ownership does not affect existing leases", the validity of the original lease contract remains unaffected by the transfer of ownership during the lease term. Thus, the lease agreement originally signed between Zhongyuan Jinyi and Zhengzhou Hanyuan continued to be effective, and Zhongyuan Jinyi's leasehold rights remained intact despite the change in ownership. Accordingly, Zhongyuan Jinyi continued to exercise its rights and perform its obligations as the lessee under the original lease terms, while the new property owner assumed the position and responsibilities of the lessor originally held by Zhengzhou Hanyuan under the lease contract.

However, on 22 May 2025, through mutual agreement among the new landlord of the basement level of Zone C Shopping Mall, China Orient Asset Management Co., Ltd. Fujian Branch* (中國東方資產管理股份有限公司福建省分公司) ("**China Orient Fujian**"), Zhongyuan Jinyi, and another subsidiary of the Group, Zhengzhou Zhengxu Commercial Operation Management Co., Ltd.* (鄭州正旭商業運營管理有限公司) ("**Zhengxu**"), it was decided to terminate the lease relationship under the original Zone C Shopping Mall lease agreement concerning the basement level effective 28 February 2025. Subsequently, a new lease agreement for the area was executed between Zhengxu and China Orient Fujian effective 1 March 2025, covering a leasable area of 6,692.93 square metres. The lease term ran for 15 years from 1 March 2025 to 31 October 2040. Zhengzhou Hanyuan ratified the above changes for the original lease agreement by formal notice. The arrangement is considered a termination of the original lease agreement since the original lease agreement no longer included the leased area pertaining to the basement level of Zone C Shopping Mall from 1 March 2025.

As a result of this termination, the Group derecognised lease liabilities associated with the original lease agreement as of 28 February 2025, which were approximately RMB283 million (equivalent to approximately HK$308,099,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. Concurrently, the termination of the original lease agreement required the Group to derecognise the associated amount from its investment properties as of 28 February 2025. The fair value of the investment properties derecognised by the Group amounted to approximately RMB225 million (equivalent to approximately HK$244,565,000). Consequently, the Group recognised a loss on derecognition of investment properties of approximately HK$244,565,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

* *For identification purpose only*

The original lease agreement for the remaining area of Zone C Shopping Mall, together with the new lease agreement for the basement level of Zone C Shopping Mall, resulted in the Group recognising new lease liabilities totalling approximately RMB273 million (equivalent to approximately HK$296,413,000) and the corresponding amounts in its investment properties. The total fair value of the investment properties recognised by the Group as of 1 March 2025 amounted to RMB225 million (equivalent to approximately HK$244,565,000).

(v) According to the legal opinions from the Group's PRC legal adviser, the two lease contracts dated 26 April 2021 each entered into by Zhengzhou Jiachao as lessor and Zhongyuan Jinyi as lessee in respect of the Jiachao's Shopping Mall and by Zhengzhou Hanyuan as lessor and Zhongyuan Jinyi as lessee in respect of the Zone C Shopping Mall and the supplemental agreements or arrangements contemplated thereafter remain valid as of the date of this report.

13. TRADE AND OTHER RECEIVABLES

	2025	2024
	HK$'000	*HK$'000*
Trade receivables	**10,642**	16,802
Less: Allowance for expected credit loss	**(5,301)**	(4,533)
	5,341	12,269
Prepayments *(Note (i))*	**5,568**	1,226
Other receivables *(Note (ii))*	**8,748**	16,298
	19,657	29,793

Notes:

(i) Included in the Group's prepayments balance are mainly prepaid lease payments of approximately HK$4,548,000.

During the year, the Group has made an allowance for expected credit loss of approximately HK$220,000 (2024: Nil) on the prepayments.

(ii) Included in the Group's other receivables balance are mainly deposits paid of approximately HK$5,228,000 and other tax recoverable of approximately HK$3,317,000 (2024: payments on behalf of a landlord of approximately HK$7,502,000, deposits paid of approximately HK$1,325,000 and other tax recoverable of approximately HK$1,163,000).

During the year, the Group has made an allowance for expected credit loss of approximately HK$5,359,000 (2024: Nil) on the other receivables.

Trade receivables from contracts with customers as at 30 June 2025, 30 June 2024 and 1 July 2023 amounted to HK$6,963,000, HK$13,732,000 and HK$12,078,000 respectively.

As at 30 June 2025 and 2024, all trade receivables of the Group were in the functional currency of the relevant group entities.

The following is an ageing analysis of trade receivables after deducting the allowance for expected credit loss presented based on date of rendering of services:

	2025	2024
	HK$'000	*HK$'000*
0 – 60 days	**2,660**	3,613
61 – 90 days	**79**	3,542
Over 90 days	**2,602**	5,114
Trade receivables	**5,341**	12,269

The Group measures allowance for expected credit loss on trade receivables at an amount equal to lifetime expected credit loss.

As at 30 June 2025, trade receivables over 90 days, net of allowance for expected credit loss, amounted to HK$2,602,000 (2024: HK$5,114,000) were past due but not impaired. The Group has evaluated the credit quality of the relevant tenants and, based on both historical and forward-looking information, has determined that there has not been a significant change in the credit quality of these tenants, and the balances are still considered to be fully recoverable. The Group does not hold any collateral against these balances, except for the deposits received from tenants.

14. LEASE LIABILITIES

The exposure of the Group's lease liabilities are as follows:

	2025	2024
	HK$'000	*HK$'000*
Current	**72,637**	66,138
Non-current	**374,743**	564,856
	447,380	630,994
– within one year	**72,637**	66,138
– more than one year but not more than two years	**47,924**	57,483
– more than two years but not more than three years	**40,164**	55,494
– more than three years but not more than five years	**74,957**	107,462
– more than five years	**211,698**	344,417
	447,380	630,994
Amounts due for settlement within one year (shown under current liabilities)	**(72,637)**	(66,138)
Amounts due for settlement after one year (shown under non-current liabilities)	**374,743**	564,856

The weighted average incremental borrowing rates applied to lease liabilities as at 30 June 2025 ranged from 2.49% to 6.70% (2024: 3.95% to 5.88%).

Reconciliation of the Group's lease liabilities are as follows:

	30 June 2025	30 June 2024
	HK$'000	*HK$'000*
Balance at the beginning of the year	**630,994**	893,626
Termination of lease – Jiachao's Shopping Mall (Note (i))	**(409,439)**	–
Termination of lease – Zone C Shopping Mall (Note (ii))	**(308,099)**	–
Lease Modification (Note (vi))	**–**	(212,350)
Additions – Jiachao's Shopping Mall (Note (i))	**181,871**	–
Additions – Zone C Shopping Mall (Note (ii))	**296,413**	–
Additions – Industrial Park	**59,714**	–
Additions – Others	**3,280**	375
Additions on acquisitions of a subsidiary (Note (iii))	**17,985**	–
Offset with other receivables (Note (iv))	**(13,733)**	–
Offset with rental deposits (Note (v); Note (vii))	**(12,367)**	(24,088)
Reclassification to other payables (Note (viii))	**–**	(10,722)
Interest expenses	**24,347**	38,683
Repayment	**(35,280)**	(57,384)
Exchange realignment	**11,694**	2,854
	447,380	630,994

Notes:

(i) Please refer to note 12(ii) and note 12(iii) to the consolidated financial statements for the details of termination of lease of Jiachao's Shopping Mall.

(ii) Please refer to note 12(iv) to the consolidated financial statements for the details of termination of lease of Zone C Shopping Mall.

(iii) Please refer to note 15 to the consolidated financial statements for the details.

(iv) Zhengzhou Jiachao agreed that the rental payment of approximately RMB12,635,000 (equivalent to approximately HK$13,733,000) was set-off with other receivables due from the landlord during the year ended 30 June 2025.

(v) Zhengzhou Jiachao agreed that the rental payment of approximately RMB11,377,000 (equivalent to approximately HK$12,367,000) was set off with the rental deposit due from the landlord during the year ended 30 June 2025.

(vi) Please refer to note 12(i) to the consolidated financial statements for the details of lease modification.

(vii) Zhengzhou Hanyuan agreed that the rental payment of approximately RMB22,161,000 (equivalent to approximately HK$24,088,000) was set-off with the rental deposit due from the landlord during the year ended 30 June 2024.

(viii) Pursuant to the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province ((2024) Yu 0102 Ming Chu No. 4142*)(河南省鄭州市中原區人民法院(2024)豫0102民初4142號《民事判決書》), Zhongyuan Jinyi was ordered to make the rental payment to the creditor of Zhengzhou Jiachao, amounting to approximately RMB9,864,000 (equivalent to approximately HK$10,722,000). Such amount was then reclassified from lease liabilities to other payables and presented as provision for litigation in the last year.

On 20 June 2025, following the judgment ((2024) Yu 0102 Ming Chu No. 19276*) issued by the same court (河南省鄭州市中原區人民法院 (2024)豫0102民初19276號《民事判決書》), the appeal case between Zhongyuan Jinyi and the creditor of Zhengzhou Jiachao was concluded. According to the latest judicial ruling, the creditor is entitled to claim rental arrears of RMB14,812,000 from Zhongyuan Jinyi. Consequently, the provision for litigation has been adjusted to reflect this updated amount. As at 30 June 2025, the balance of the provision for litigation stood at approximately HK$16,277,000 (2024: HK$10,607,000).

15. ACQUISITION OF A SUBSIDIARY

On 2 September 2024, the Group further expanded its property operating business through the acquisition of the entire equity interests in Zhengzhou Yingrui Property Service Co., Ltd.* (鄭州英睿物業服務有限公司) ("**Zhengzhou Yingrui**") from an independent third party by its wholly-owned subsidiary, Zhengzhou Xuqi Corporation Management Co., Ltd.* (鄭州旭啟企業管理有限公司), for a consideration of RMB200,000 (equivalent to approximately HK$217,000) (the "**Acquisition**"). Upon completion of the Acquisition, the Company held the entire issued share capital of Zhengzhou Yingrui.

Zhengzhou Yingrui is principally engaged in the property operating business. The Acquisition has been accounted for as a business acquisition using the acquisition method.

Assets acquired and liabilities recognised at the date of the Acquisition:

	HK$'000
Investment properties	32,935
Rental deposits	326
Trade and other receivables	1,487
Bank balances and cash	3,611
Other payables	(3,384)
Contract liabilities	(2,460)
Lease liabilities	(17,985)
Deferred tax liabilities	(3,737)
Identifiable net assets, at fair value	10,793

Bargain purchase arose in the Acquisition:

	HK$'000
Identifiable net assets, at fair value	10,793
Less: Consideration paid in cash	(217)
Gain on bargain purchase arising on the Acquisition	10,576

Gain on bargain purchase arising on the Acquisition amounting to approximately HK$10,576,000, is recognised in the consolidated statement of profit or loss and other comprehensive income.

* *For identification purpose only*

Net cash inflow arising on the Acquisition:

	HK$'000 (Unaudited)
Bank balances and cash acquired	3,611
Less: Consideration paid in cash	(217)
Net cash inflow arising on the Acquisition	3,394

Included in the profit for the year is approximately HK$5,360,780 attributable to the additional property operating business generated by Zhengzhou Yingrui. Revenue for the year includes HK$9,708,501 generated from Zhengzhou Yingrui.

16. PENDING LITIGATION

Reference is made to the announcement of the Company dated 26 September 2025 in relation to the pending litigation.

On 25 June 2025 and 30 July 2025, respectively, the Company received a writ of summons and statement of claim from MSC Air Cargo SA ("**MSC**") filed in the High Court of the Hong Kong Special Administrative Region. The claim is for a guaranteed sum of US$2,000,000 pursuant to an on-demand corporate guarantee issued by the Company. This guarantee was provided in favor of MSC concerning the obligations under an aircraft charter agreement between MSC and Hainan Hong Kong-Macau Aviation Development & Investment Holdings Limited, a subsidiary of the Company.

The Company has obtained legal advice and intends to defend against the claim vigorously. Based on such legal advice and a preliminary assessment, the management believes that the Group has meritorious defenses.

Consequently, management is of the opinion that the outcome of this litigation will not have a material adverse effect on the Group's financial position or results of operations. No provision for any liability has been made in the consolidated financial statements in respect of this matter.

Save for the litigation described above, there were no other material litigations nor arbitrations involving the Group during the year and up to the date of approval of the consolidated financial statements.

17. EVENTS AFTER REPORTING PERIOD

On 6 August 2025, the Company entered into two supplemental agreements with an independent third party in order to extend the repayment of two unlisted and non-transferable bonds (with a total face value of HK$10,000,000) by one more year to be due and payable in February 2027. All other terms remain unchanged.

On 27 August 2025, Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (鄭州龍啟翔商業運營管理有限公司) ("**Zhengzhou Longqixiang**"), an indirect non-wholly-owned subsidiary of the Company, entered into a lease agreement as the lessee for four floors of the Longhu Shopping Centre in Longhu Town, Zhengzhou City, Henan Province, the PRC. The lease term is ten years, expiring in mid-2035, and covers a gross floor area of approximately 62,583 square meters.

As of 27 August 2025, the Group has promoted and subleased the Longhu Shopping Centre to over 120 tenants, with approximately 96.8% of the lettable area already leased out for uses such as retail shops, restaurants, entertainment, and leisure activities. The shopping centre offers a diverse range of services and goods, including KTV, a supermarket, a convenience store, jewelry and watches, beauty services, electrical device shops, international fashion labels, fitness facilities, lifestyle products, casual and sportswear, maternity and baby supplies, a kid's paradise, technical learning services, and restaurants. Certain areas within the centre are also rented on short-term leases for kiosks and booths featuring trendy and stylish items.

Zhengzhou Longqixiang has assumed the outstanding rent of approximately RMB4,211,000 (equivalent to approximately HK$4,627,000) that was originally due and payable by the previous management company, for which Zhengzhou Longqixiang and the previous management company were jointly liable.

The lease agreement presents strategic and financial benefits to the Group as a whole, owing to the presence of an experienced and capable management team already operating the Longhu Shopping Centre, which enables immediate commencement of operations and generates cost savings from avoided recruitment, training, and new project setup expenses. Furthermore, the arrangement provides stable rental income supported by existing tenants with an average lease term of three years, against a backdrop of improving macroeconomic conditions in the PRC.

Please refer to the announcement of the Company dated 29 September 2025 for details.

Apart from the matters mentioned above, no other events have occurred that require adjustment to the consolidated financial statements nor disclosure in the notes to consolidated financial statements for the period from the end of the reporting period to the date of authorisation for issue of the consolidated financial statements.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

During the year ended 30 June 2025, the Group was principally engaged in property operating business and cargo aircraft charter business. The Group recorded a total revenue of approximately HK$140,350,000 (2024: HK$111,160,000) and a profit of approximately HK$39,027,000 (a loss in 2024: HK$270,792,000).

Property Operating Segment

The Group is engaged in property operating business through holding all equity interests in Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司) ("**Zhongyuan Jinyi**"), Zhengzhou Jinfu Commercial Management Co., Ltd.* (鄭州金福商業管理有限公司) ("**Zhengzhou Jinfu**") and Zhengzhou Xufu Commercial Operation Management Co., Ltd.* (鄭州旭福商業運營管理有限公司) ("**Zhengzhou Xufu**") and through a non-wholly-owned subsidiary, Zhengzhou Zhengxu Commercial Operation Management Co., Ltd.* (鄭州正旭商業運營管理有限公司) ("**Zhengzhou Zhengxu**") in the People's Republic of China (the "**PRC**"). The principal activities of Zhongyuan Jinyi, Zhengzhou Jinfu, Zhengzhou Xufu and Zhengzhou Zhengxu are property operating business.

The Group leased the whole Zone C Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a number of landlords with rental periods expiring no later than 2040. The Zone C Shopping Mall is a 5-storey integrated commercial mall built over one level of basement commercial space with a gross floor area of approximately 80,118 square meters. The Zone C Shopping Mall is a shopping mall located adjacent to the Jiachao's Shopping Mall. The Group promoted and further rented out the Zone C Shopping Mall to various independent tenants under the respective tenancy agreements with a remaining term ranging from one year to eight years. As of 30 June 2025, approximately 95 tenants and approximately 89.6% of the lettable area of the Zone C Shopping Mall had been leased out as retail shops and restaurants and/or for entertainment and leisure use. The Zone C Shopping Mall offers a wide range of services and goods, including cinema, KTV, a photo shop, a bookshop, jewelries, beauty, electrical devices shops, car sales, international labels for fashion, fitness, lifestyle, casual wear/sport, kid's paradise, kid's learning and restaurants. Certain areas of the Zone C Shopping Mall are rented to tenants on short-term leases for use, including kiosks and booths of trendy and stylish items.

* *For identification purpose only*

In addition, the Group leased part of the Jiachao's Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a landlord with a rental period to expire in the mid of 2036. As a result of certain areas of the Jiachao's Shopping Mall involved in litigation with a number of creditors of its landlord, the Group could not generate any income on such areas, therefore, the Group's leased area of the Jiachao's Shopping Mall was reduced from 74,655.84 square meters to 27,749.09 square meters (the "**Remaining Area**") during the year ended 30 June 2025. Since the Remaining Area is part of the Jiachao's Shopping Mall, if it is operated and managed by the same entity, the Remaining Area will benefit from promotional activities and events organised for the entire mall. If the Jiachao's Shopping Mall is split and operated by different entities, it may become challenging to hold promotional activities and events simultaneously or with a unified theme. The style and positioning of the Remaining Area may differ from those of other parts of the Jiachao's Shopping Mall, raising concerns about its ability to attract customer traffic if it is operated and promoted independently. The Directors believe that it would be in the interests of the Company and its shareholders as a whole to sub-let the Remaining Area to the same management company which operates the other parts of the Jiachao's Shopping Mall for purpose of a cohesive operation and promotion. Therefore, during the year ended 30 June 2025, Zhongyuan Jinyi and the management company entered into a sub-lease agreement with a rental period to expire in the mid of 2036 whereby the Remaining Area is leased to that management company who would operate and manage the Remaining Area with the tenants while the Group would receive a fixed rental income from it without incurring operating and maintenance costs and expenses.

Furthermore, the Company was informed by the landlords of the Jiachao's Shopping Mall and the Zone C Shopping Mall that in enforcement of the relevant judgements obtained by their creditors, in June 2025, the Intermediate People's Court, Zhengzhou City, Henan Province, the PRC (the "**Court**") issued three "Notice to Vacate Within a Time Limit" (the "**Notice(s)**") whereby the Court plans to conduct an auction sale of certain premises of two shopping malls and the occupant(s) thereon shall move out from the premises within 30 days from the date of the Notices. The Company was further informed that the landlords of the Jiachao's Shopping Mall and the Zone C Shopping Mall have filed objections to the Notices with the Court. The Court's decisions on the objections are not available up to the reporting date. According to the Group's PRC legal adviser, Article 31 of the Provisions of the Supreme People's Court on Several Issues Concerning the Handling of Execution Objections and Reconsideration Cases by People's Courts* (最高人民法院關於人民法院辦理執行異議和覆議案件若干問題的規定), if a tenant signed a legal lease agreement, and already occupied and used the property before the court seized it and pay the rents according to the tenancy agreement, the court should uphold the tenancy. As such, Zhongyuan Jinyi has the right to continue to use the rental area subject to the Notices. In addition, during the period from the filing of the objections to the Court's decision, the existing occupants on the premises subject to the Notices can continue to occupy and use the premises, and therefore the Group's operation of these premises are not affected. The Company will make further announcements on the Court's decisions on the objection applications filed by the landlords of two shopping malls when and where appropriate.

* *For identification purpose only*

The total rental area of the Jiachao's Shopping Mall subject to the Notices is 35,022.51 square meters. The total rental area of the Zone C Shopping Mall subject to the Notice is 15,037.58 square meters. Among the 35,022.51 square meters of the Jiachao's Shopping Mall, 16,311.24 square meters (the "**Ceased Area**") is currently vacant since March 2025. If continuing to lease it out, Zhongyuan Jinyi will have to pay enormous costs to renovate the Ceased Area before it can attract tenants, such as power distribution system transformation, current electrical monitoring system and fire protection renovation, etc. Zhongyuan Jinyi is also necessary to provide tenants, in particular renowned tenants, with renovation period and rent-free period. In addition, during the vacancy period, Zhongyuan Jinyi needs to assume management responsibilities by bearing the expenses of basic maintenance, such as site sanitation, ventilation, water and electricity, elevators, fire safety, management and staff, etc. and security responsibilities for the area. If homeless people occupy the Ceased Area or any accidents happen, Zhongyuan Jinyi has to take up legal obligations. Therefore, by considering high costs and low benefits brought to the Group, Zhongyuan Jinyi decided not to continue the rental of the Cease Area. As a result of the cessation, the total rental area under the lease contract dated 26 April 2021 entered into with the landlord of the Jiachao's Shopping Mall is changed to 27,749.09 square meters. Please also refer to the announcements of the Company dated 9 October 2024 and 21 February 2025 for details.

According to the Group's PRC legal adviser, the two lease contracts dated 26 April 2021 each entered into by Zhengzhou Jiachao Property Services Co., Ltd.* (鄭州佳潮物業服務有限公司) ("**Zhengzhou Jiachao**") as lessor and Zhongyuan Jinyi as lessee in respect of the Jiachao's Shopping Mall and by Zhengzhou Hanyuan Real Estate Co., Ltd.* (鄭州翰園置業有限公司) as lessor and Zhongyuan Jinyi as lessee in respect of the Zone C Shopping Mall and the supplemental agreements or arrangements contemplated thereafter remain valid.

The Group further expanded its property operating business through its indirect wholly-owned PRC subsidiary which holds entire equity interests in Zhengzhou Yingrui Property Service Co., Ltd.* (鄭州英睿物業服務有限公司) ("**Zhengzhou Yingrui**") during the year ended 30 June 2025. Zhengzhou Yingrui leased 42 units with a rental period to expire in the first half of 2027 and with a gross floor area of approximately 130,873 square meters in an industrial park, namely the Zhiyun City, located in Xinmi City, Zhengzhou City, Henan Province, the PRC. The Group promoted and further rented out the Zhiyun City to approximately 83 tenants and approximately 69.7% of the lettable area had been leased out as production, processing and sales of men's and women's shoes, processing and sales of shoe accessories and wholesale of groceries as of 30 June 2025.

* *For identification purpose only*

The Group also enlarged its property operating business through holding all equity interests in Zhengzhou Yinghao Property Service Co., Ltd.* (鄭州英浩物業服務有限公司) (“**Zhengzhou Yinghao**”) and Zhengzhou Yinghan Property Service Co., Ltd.* (鄭州英瀚物業服務有限公司) (“**Zhengzhou Yinghan**”) during the year ended 30 June 2025. Zhengzhou Yinghao leased 9 units with a rental period to expire in the mid of 2027 and with a gross floor area of approximately 40,142 square meters in the Zhiyun City. As of 30 June 2025, the Group promoted and further rented out the area leased by Zhengzhou Yinghao to approximately 182 tenants and approximately 53.0% of the lettable area had been leased out as wholesale of snacks, stationery and toys. Zhengzhou Yinghan leased 7 units with a rental period to expire in the first half of 2039 and with a gross floor area of approximately 41,385 square meters in the Zhiyun City. As of 30 June 2025, the Group promoted and further rented out the area leased by Zhengzhou Yinghan to approximately 190 tenants and approximately 48.2% of the lettable area had been leased out as wholesale of snacks, stationery, toys, sugar and machinery.

The Group has an advantage of having an existing team of high-caliber and experienced management and staff to run the shopping malls and the industrial park together, which has served as a fundamental driver of the Group’s ability to generate considerable incomes from the provision of rental, management and operating services to tenants of the shopping malls and the industrial park. The larger the area of the shopping malls and the industrial park, the more the number of similar types of shops open, and thus more customers will be attracted by offering them a large diversity and well-known brand choices. Positive benefits and synergy effects on the customer flow and the tenant grade will be brought to the Group through effective management of the Jiachao’s Shopping Mall, the Zone C Shopping Mall and the Zhiyun City together, eventually contributing to affirmative revenue and profit margin of property operating business.

For the year ended 30 June 2025, the Group’s property operating segment recorded a revenue of approximately HK$81,240,000 generated from periodical incomes of rental, management and operating service receivables from tenants, representing a decrease of approximately 26.9% from approximately HK$111,160,000 in 2024, and a positive segment result of approximately HK$76,286,000 (negative segment result in 2024: HK$279,557,000). The decrease in revenue and the increase in segment result from the property operating segment during the year ended 30 June 2025 were mainly due to (1) property portfolio adjustments and (2) the initial operating scale of business expansion.

* *For identification purpose only*

(1) The operating performance of the Jiachao's Shopping Mall and the Zone C Shopping Mall experienced significant changes during the year ended 30 June 2025. The total leased gross floor area of the Jiachao's Shopping Mall decreased from approximately 64,916 square meters to approximately 44,776 square meters, and its unit rent also fell by 38%. Moreover, the unit rent in the Zone C Shopping Mall fell by 17%, despite a slight increase in its occupancy rate. The above situations happened primarily because starting from 1 October 2024, the first to third floor of the Jiachao's Shopping Mall were no longer included in the leased area, which resulted in a reduction in total leased area and income base; in addition, the overall unit rent dropped significantly, reflecting the impact of the current economic environment in Zhengzhou City and the country as a whole.

The main reason for the decline in unit rent was the weakening macro-economy. In 2025, China's economy has faced deflationary pressure, with the consumer price index remaining sluggish. Tenants controlled their operating costs by lowering rental budgets, and the Group had to accept rent reductions to maintain occupancy rates. Intensified market competition has also exerted bargaining pressure. The number of similar shopping malls around the Group's two shopping malls has increased, and consumers have shown a preference for discounted and low-priced services. This has compelled the Group to introduce more suitable brands to attract customers and further compress the unit rent. In addition, changes in tenant structure have also affected rental levels. In order to adapt to consumer preferences and a shift to experience-based and service-oriented living patterns, the Group adjusted the tenant mix of its shopping malls by increasing the proportion of catering and/or entertainment tenants. However, these businesses usually command lower rental levels; consequently the overall average unit rent reduced.

(2) The Zhiyun City was the new property first leased by the Group during the year ended 30 June 2025. The revenue of Zhengzhou Yingrui, Zhengzhou Yinghao and Zhengzhou Yinghan shows notable differences among their gross floor areas, unit rents and occupancy rates. Although the leased area managed by Zhengzhou Yingrui had the lowest unit rent, its revenue generated was the highest among the three subsidiaries due to the largest leased area and relatively high occupancy rate. Zhengzhou Yinghao's leased area had a medium unit rent and occupancy rate, despite having the smallest area, its revenue generated was relatively stable. Although Zhengzhou Yinghan had the highest unit rent, its small rental area and low occupancy rate resulted in the lowest revenue among the three. The Group has reviewed the relevant leasing data and will adjust rental levels in future to raise occupancy rates and thereby achieve growth in property operating income.

Besides, net result of (i) net gains from several one-off transactions for termination of leases and derecognition of investment properties, amounting to approximately HK$89,168 000; (ii) loss on fair value changes of investment properties of approximately HK$56,476,000; and (iii) gain on bargain purchase of a subsidiary of approximately HK$10,576,000 also played parts in the fluctuation.

Discontinued operations

Cargo Aircraft Charter Segment

During the year, the Group set up a non-wholly-owned Hong Kong subsidiary, Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited (瓊港澳航空發展投資有限公司), to operate and manage certain specified cargo aircraft charter businesses including but not limited to cargo arrangement from Hong Kong to Miami and other locations ("**Cargo Aircraft Charter Business**"). The Group provided cargo aircraft chartering services from Hong Kong to Miami for the transportation of air cargoes. However, due to ongoing US tariff policy uncertainties that have significantly impacted the global economy and air cargo markets, it is difficult for the Group to keep existing airline and expand new airline, which also induced litigations for the Group. As such, the Group decided to cease its cargo aircraft charter business ("**Discontinued Operations**"). During the year, the revenue and loss for the year from Discontinued Operations were approximately HK$59,110,000 and HK$5,973,000 respectively. Please refer to note 8 to the consolidated financial statements for details.

Profit/(Loss) for the Year

The Group's profit incurred for the year ended 30 June 2025 was approximately HK$39,027,000 (loss in 2024: HK$270,792,000). The profit margin was approximately 48.0% for the year ended 30 June 2025 (loss margin in 2024: 243.6%). Both increased significantly for the year ended 30 June 2025 mainly because of net result of (i) net gains from several one-off transactions for termination of leases and derecognition of investment properties, amounting to approximately HK$89,168,000; (ii) loss on fair value changes of investment properties of approximately HK$56,476,000; (iii) gain on bargain purchase of a subsidiary of approximately HK$10,576,000; and (iv) loss for the year from discontinued operations of cargo aircraft charter business of approximately HK$5,973,000.

Other Income and Other Gain and Loss

Other income and other gain and loss for the year ended 30 June 2025 was approximately HK$100,765,000 (2024: HK$54,951,000), which comprised loss on derecognition of investment properties, gain on termination of lease, gain on lease modification, interest incomes and other kinds of incomes generated from property operating segment, such as car parking fees and other services provided to tenants. The increase in other income and other gain and loss was mainly because net gains from several one-off transactions for termination of leases and derecognition of investment properties were generated during the year ended 30 June 2025.

Loss on derecognition of investment properties was approximately HK$628,370,000 (2024: Nil) and gain on termination of lease was approximately HK$717,538,000 (2024: Nil). As described in note 12 to the consolidated financial statements, since certain areas of the Jiachao's Shopping Mall were involved in litigation with a number of creditors of its landlord, the rental area of 46,906.75 square meters of the Jiachao's Shopping Mall was deducted during the year ended 30 June 2025 from the lease contract entered into with its landlord on 26 April 2021 in respect of the Jiachao's Shopping Mall. Moreover, the lease contract entered into with the original landlord of the Zone C Shopping Mall on 26 April 2021 in respect of the basement level of 6,692.93 square meters was terminated by the new landlord, who signed a new lease agreement with a rental period to expire in October 2040 with Zhengzhou Zhengxu, a non-wholly-owned subsidiary of the Group. Simultaneously, derecognition of investment properties and termination of lease was therefore recorded during the year ended 30 June 2025.

There was no gain nor loss on lease modification for the year ended 30 June 2025 (gain in 2024: HK$41,698,000). As described in note 12 to the consolidated financial statements, since certain areas of the Jiachao's Shopping Mall was involved in litigation with a creditor of its landlord, the rental area of 50,532.48 square meters of the Jiaochao's Shopping Mall was deducted from the Jiachao's Lease Contract pursuant to the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province, the PRC. In light of the above, Zhongyuan Jinyi and Zhengzhou Jiachao entered into the Supplemental Agreement to amend the leased area under the Jiachao's Lease Contract starting from 22 June 2024, which constituted a lease modification in the year ended 30 June 2024.

Expenses

Administrative expenses amounted to approximately HK$34,319,000 (2024: HK$24,742,000), representing approximately 42.2% (2024: 22.3%) of revenue for the year ended 30 June 2025. Administrative expenses increased during the year ended 30 June 2025 due to increased operating expenses incurred for operating the new leased property and expanding into the cargo aircraft charter markets.

Reversal of allowance for expected credit loss on rental deposits amounted to approximately HK$12,352,000 (allowance for expected credit loss in 2024: HK$89,712,000) for the year ended 30 June 2025, which was because the landlord of the Jiachao's Shopping Mall notified the Group that rental payments were offset by the rental deposit previously paid. Allowance for expected credit loss on rental deposits was provided in prior years due to the seizure and title transfer of certain areas of the Jiachao's Shopping Mall and the Zone C Shopping Mall by a number of banks and financial institutions as a result of the exercise of their rights under the pledges of the shopping malls created by their owners, which in turn increased the credit risk to a certain extent.

The carrying value of the Group's investment properties, namely the Remaining Area of the Jiachao's Shopping Mall, the Zone C Shopping Mall and the Zhiyun City, as of 30 June 2025 of approximately HK$466,154,000 (2024: HK$568,817,000) was stated at fair value based on an independent valuation as at that date, which produced a loss on fair value changes of investment properties of approximately HK$56,476,000 (2024: HK$260,870,000). Decrease in the carrying value and the loss on fair value changes of investment properties was due to less areas of the Jiachao's Shopping Mall leased and operated by the Group and slow recovery of China's macro-economy during the year ended 30 June 2025, particularly the real estate market. Some real estate companies still have financial pressure. Under the influence of multiple factors, the supply and demand ends of the commercial real estate market are still weak. As a result, the commercial rental performance decreased. The PRC government, however, has initiated and implemented measures to expand domestic demand and increase customer consumption. In addition, customer consumption demands are constantly upgrading, and they pay more attention to consumption experience. The young customers (generation Z) prefer the integration of concepts such as green, health, humanities and art, which can fit their interests, hobbies and lifestyles. The Group has conducted large-scale marketing and promotional activities to fit and attract different kinds of customers.

Gain on bargain purchase was approximately HK$10,576,000 (2024: Nil) which was generated when a PRC subsidiary was acquired for less than its fair market value during the year ended 30 June 2025, resulting in a gain to the Group.

Finance costs amounted to approximately HK$25,147,000 (2024: HK$39,485,000), representing approximately 31.0% (2024: 35.5%) of revenue for the year ended 30 June 2025. Decrease in finance costs was mainly due to lease termination with respect to certain areas of the Jiachao's Shopping Mall and the Zone C Shopping Mall involved in the litigation with several creditors of their landlords during the year ended 30 June 2025.

Loan Receivables

On 28 April 2021, an indirect wholly-owned PRC subsidiary of the Company entered into a loan agreement with Fujian Qiancheng Lujingguan Engineering Co., Ltd.* (福建千城綠景觀工程有限公司), an independent third party, (the "**Borrower**"), pursuant to which, it was agreed to lend to the Borrower a loan in the principal amount of RMB250 million for a term of 12 months from the drawdown date at an interest of 7.5% per annum. During the year ended 30 June 2022, the principal amount was revised to RMB210 million, as well as the interest of 4.785% per annum. The Group keeps focusing its resources on property operating business and has no intention to commence money lending business. The Borrower approached the Group and looked for a source of financing. The entering into of the aforesaid loan agreement was due to (i) the surplus cash position of the Group; (ii) the interest income to be received by the Group; and (iii) the credit and repayment ability of the Borrower and its guarantor. On 29 June 2022, the parties agreed to extend the repayment date of the loan to 27 April 2023 (the "**Renewed Loan**"). Before extending the Renewed Loan, the Company has performed certain works to assess the credit risk and repayment ability of the Borrower and the guarantors and such works included (i) obtained and reviewed the latest management accounts of the Borrower then available; (ii) understood the updated business, operation and forecast of the Borrower; (iii) obtained and reviewed certain current business contracts of the Borrower and the guarantors; and (iv) conducted updated background and corporate searches of the Borrower and the guarantors.

During the year ended 30 June 2024, the Borrower settled RMB20 million and HK$15 million after the maturity date on 27 April 2023. Since then, the Group had not received further payments of the remaining principal amount of approximately RMB145.7 million. Pursuant to the civil mediation agreement of the Intermediate People's Court, Zhengzhou City, Henan Province, the PRC ((2024) Yu 01 Ming Chu No.1611*) (2024) 豫01民初1611號《民事調解書》, the Borrower shall pay the Group the principal of RMB5 million and RMB10 million before 31 December 2025 and 30 June 2026, respectively. Then the Borrower shall pay RMB15 million each before 31 December 2026, 30 June 2027, 31 December 2027, 30 June 2028, 31 December 2028, 30 June 2029 and 31 December 2029, respectively. Before 30 June 2030, the Borrower shall pay to the Group the principal of approximately RMB25,675,000, interest of approximately RMB39,625,000 and case handling fee of approximately RMB484,000. If the Borrower can repay the principal and the case handling fee in full and on time according to the above schedules; the interest of approximately RMB39,625,000 will be waived by the Group.

* *For identification purpose only*

If the Borrower fails to fulfill its payment obligations in accordance with any of the deadlines and amounts agreed upon in the mediation agreement, the PRC subsidiary shall have the right to apply to the People's Court for compulsory execution in accordance with the follows: (i) the principal and interest owed by the Borrower (the interest includes RMB39,625,000 and that calculated based on the unpaid principal at an annual interest rate of 3.1% from 18 December 2024 (the next day of prosecution date) to the actual repayment date) and the case handling fee; (ii) the PRC subsidiary has the right to receive priority compensation for the proceeds from the discount, auction, or sale of one of the guarantors' 25% equity interest in Zhengzhou Jiachao within the scope of the Renewed Loan involved in the case; and (iii) the guarantors assume joint and several liability for the Renewed Loan involved in the case of the Borrower.

Please also refer to the announcements of the Company dated 28 April 2021, 13 May 2021, 19 November 2021, 27 May 2022, 29 June 2022, 23 February 2023, 6 December 2023 and 10 December 2024, as well as the circular of the Company dated 12 August 2022 for details.

There was no allowance nor reversal of allowance for expected credit loss on loan receivables for the year ended 30 June 2025 while there was a reversal of allowance of approximately HK$37,310,000 for the year ended 30 June 2024 because of settlements of RMB20 million and HK$15 million made by the Borrower during that financial year. The Renewed Loan had not been settled on its maturity date; hence, the Borrower was considered to be in default as of 28 April 2023, and therefore, relevant loan receivable was transferred to stage 3 or written-off during the year ended 30 June 2023 where lifetime expected credit loss was recognised. Moreover, there was no allowance for expected credit loss of another loan receivable of HK$6.3 million arranged in April 2024 because of its pledged securities and subsequent settlement made during the reporting period.

Dividend

The Board does not recommend the payment of a final dividend for the year ended 30 June 2025 (2024: Nil).

Events after the Reporting Period

Please refer to note 17 to the consolidated financial statements for details.

Save as disclosed in note 17 to the consolidated financial statements , the Directors are not aware of any significant event requiring disclosure that has been taken place subsequent to 30 June 2025 and up to the date of this announcement.

FUTURE PLANS AND PROSPECTS

In view of achieving the best interests of the Company and its shareholders as a whole, the Group has been putting effort into developing and expanding its operations of property operating business and cargo aircraft charter business. Substantial resources have been placed to explore prospects and develop relevant markets.

The Group targets to engage in the provision of rental, management and operating services to more tenants of different kinds of properties in various locations, such as entering into the lease agreement by an indirect non-wholly-owned PRC subsidiary with respect to the Longhu Shopping Centre after the current annual reporting period. Considering of (i) the presence of an experienced and capable management team already operating at the Longhu Shopping Centre, (ii) the cost savings from avoiding recruitment, training, and project setup expenses, (iii) the stable rental income supported by existing tenants with medium to long lease term, and (iv) the improving macroeconomic conditions in the PRC – particularly the recovery in consumer spending and easing deflationary pressures, this arrangement offers financial benefits and delivers stable returns and long-term value to the Group.

The Group persists in upgrading the tenants of the leased properties by offering tenancies to more popular brands and diversifying the types of tenants to meet the needs and interests of customers from different ages and backgrounds. To achieve these aims, the Group conducts large-scale marketing and promotion activities in the eastern and western festivals to raise the popularity of the shopping malls, participates in food exchange forums every year by food suppliers of the industrial park to improve their marketability and professionalism, provide small advertising spaces and spray-painted banners in the industrial park, pays close attention to business operations, helps key merchants in time and follows closely with market trends to make appropriate management decisions in a timely manner so that a stable and constant stream of income and consistent cash flow can be continuously generated to the Group.

The world keeps changing due to geopolitical tensions, regulatory changes and relatively high-interest-rate environment, of which, global economy in the coming year would still be highly variable and its pace of recovery from economic uncertainties continues to fluctuate. This poses a tremendous challenge to the Group. Nevertheless, the Group has been striving to use all its resources on hand flexibly to cope with the difficulties and remains committed to navigating the complex geopolitical and economic landscape effectively. By leveraging on the Group's current strategic plan and established strengths, experience and foresight, the Group continues to seize opportunities to penetrate different areas of the property operating market, explore other new market potential and increase profit margin. Furthermore, the Group will seek to renegotiate existing leases with less favourable terms with property owners to further reduce rental levels.

The Group will continue to deploy its resources on the property operating business including but not limited to (i) apart from the current caliber management and competent employees of its subsidiaries, recruit more candidates with high-caliber and experience in property operating business; (ii) explore suitable properties to expand the Group's property management and operating portfolio; (iii) possible merger and acquisition of asset-light property operating business in the PRC so as to further expand the Group's property management and operating portfolio; and (iv) keep implementing conservative and stringent cost control policies to maintain sufficient working capital and alleviate the financial pressure on the property operating business by imposing control over operating costs and capital expenditures and strengthening accounts receivable management.

According to the National Bureau of Statistics, gross domestic product in the first half year of 2025 was approximately RMB66,053.6 billion, representing an increase of approximately 5.3% to the corresponding period in 2024. The PRC government also gradually implemented policies to expand domestic demand for goods and services and promote consumption, which is expected to continue effectively to stimulate consumption potential, in particular household, promote the release of consumer demand, and thereby enhance merchant confidence. The shop leasing market in different cities is expected to continue to recover.

Looking forward, the Group continues to place on its property operating business by enhancing the value and economic returns of the existing leased properties, expanding the properties the Group operates and diversify the Group's business when and where opportunities arise. By continually capturing opportunities for expansion and diversifying the Group's business with extra prudence in flexibility and efficiency in the management, decision-making and long-term strategy formulation, the market value of the Company and the return to its shareholders will be maximised in the long term.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2025, the Group had net current liabilities and total assets less current liabilities of approximately HK$103,396,000 (2024: HK$51,194,000) and HK$429,745,000 (2024: HK$571,561,000), respectively. The Group had maintained its financial position by financing its operations with internally generated resources and issue of bonds. As at 30 June 2025, the Group had cash and bank deposits of approximately HK$44,404,000 (2024: HK$40,239,000). The current ratio of the Group was approximately 41.1% (2024: 63.3%).

Total equity of the Group as at 30 June 2025 was approximately HK$32,529,000 (total deficit in 2024: HK$7,938,000). As at 30 June 2025, two bonds (2024: two bonds) measured at amortised cost was approximately HK$10,005,000 (2024: HK$10,005,000) in aggregate, the gross debt gearing ratio (i.e. bonds/shareholders' fund) was approximately positive 30.8% (2024: negative 126.0%). The substantial shareholders have agreed to provide the Company with sufficient financial support to enable the Company to meet its obligations to third parties as and when they fall due and to continue as a going concern.

Though the return of funds has slowed down since 2020 as a result of the pandemic, the Group still has maintained and will continue to maintain a reasonable amount of working capital on hand in order to maintain its financial position, and sufficient resources are expected to be generated from its business operations and financial support from the substantial shareholders of the Company in meeting its short-term and long-term obligations.

FINANCING

As at 30 June 2025, the Group had no banking facilities (2024: Nil). In addition, two bonds (2024: two bonds) amounted to approximately HK$10,005,000 (2024: HK$10,005,000) in aggregate, measured at amortised cost, were arranged with one (2024: one) independent third party.

The Board believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable term.

CAPITAL STRUCTURE

As at 30 June 2025, the share capital of the Company comprised ordinary shares only.

FOREIGN EXCHANGE RISK AND INTEREST RATE RISK

During the year ended 30 June 2025, the Group was not subject to any significant exposure to foreign exchange rates risk as most of its transactions were denominated in RMB and USD. Hence, no financial instrument for hedging was employed.

The Board monitors interest rate change exposure and may consider a hedging policy should the need arise.

CHARGE ON GROUP'S ASSETS

As at 30 June 2025, the Group did not pledge any assets to any banks or financial institutions (2024: Nil).

CAPITAL EXPENDITURE

During the year ended 30 June 2025, the Group invested approximately HK$2,652,000 (2024: HK$70,000) in property, plant and equipment, all was used for purchase of leasehold improvement and office equipment.

As at 30 June 2025, the Group had no capital commitments in property, plant and equipment (2024: Nil).

STAFF POLICY

The Group had 104 employees altogether in the PRC and Hong Kong as at 30 June 2025. The Group offers comprehensive and competitive remuneration, retirement schemes and benefit package to its employees. A discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. Moreover, the Group and its employees in the PRC are required to make respective contribution to fund the endowment insurance, unemployment insurance, medical insurance, employees' compensation insurance and birth insurance at the rates specified in the relevant PRC laws and regulations. The Group has adopted a provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees in Hong Kong.

The Group also provides periodic internal training to its employees.

Three independent non-executive Directors are appointed by the Company for a term of one year commencing from 26 March, 25 July and 19 September each year respectively.

PENDING LITIGATION

Please refer to note 16 to the consolidated financial statements for details.

CONTINGENT LIABILITIES

Save as disclosed in note 14(viii) to the consolidated financial statements, the Group and the Company did not have any significant contingent liabilities.

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

During the year ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of 30 June 2025, the Company did not hold any of treasury shares.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive Directors. The principal duties of the audit committee include the review of the Group's financial reporting procedures, risk management and internal control and financial results. The audit committee has reviewed with the management and the external auditor the accounting principles and practices adopted by the Group and discussed auditing and financial reporting matters including the review of the consolidated financial statements and annual results for the year ended 30 June 2025.

SCOPE OF WORK OF CONFUCIUS INTERNATIONAL CPA LIMITED

The financial figures in respect of the preliminary annual results announcement of the Group for the year ended 30 June 2025 have been agreed by the Group's auditor, Confucius International CPA Limited to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2025. The work performed by Confucius International CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by Confucius International CPA Limited on the preliminary annual results announcement.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company is committed to achieving the best corporate governance practices as a listed company. The Board believes that high standards and rigorous corporate governance practices can improve the accountability and transparency of the Company. Consequently, during the year ended 30 June 2025, the Company complied with the Corporate Governance Code contained in Appendix C1 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Group has adopted the Model Code set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors' securities transactions. All Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2025.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Required Standard of Dealings for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the website of the Stock Exchange at https://www.hkexnews.hk and on the website of the Company at https://artgroup.etnet.com.hk. An annual report for the year ended 30 June 2025 will be despatched to the shareholders of the Company and available on the above websites in due course.

By order of the board
Art Group Holdings Limited
Su Peixin
Chairman

Hong Kong, 30 September 2025

As at the date of this announcement, the executive Directors are Mr. Su Peixin, Dr. Wong Ho Yin, Mr. Yao Linying and Mr. Chen Jinyan; and the independent non-executive Directors are Mr. Chong Hon Wang, Ms. Chuang Yin Lam and Ms. Wang Yuqin.

* *For identification purpose only*