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KAI YUAN HOLDINGS LIMITED

開源控股有限公司

(incorporated in Bermuda with limited liability)

(Stock Code: 1215)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Kai Yuan Holdings Limited (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 (the “**Year**”) together with comparative figures for the year ended 31 December 2024 (the “**Preceding Year**”) as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

		2025	2024
	Notes	HK\$'000	HK\$'000
REVENUE	4	192,032	323,454
Cost of sales		<u>(184,899)</u>	<u>(236,764)</u>
Gross profit		7,133	86,690
Other income and gains	4	29,302	40,816
Reversal of impairment of a convertible bond investment		-	12,028
Provision for impairment of a loan to an associate		(63,857)	-
Administrative expenses		(40,394)	(41,523)
Finance costs	5	<u>(77,657)</u>	<u>(48,924)</u>
(LOSS)/PROFIT BEFORE TAX	6	(145,473)	49,087
Income tax expense	7	<u>17,941</u>	<u>(13,239)</u>
(LOSS)/PROFIT FOR THE YEAR		<u>(127,532)</u>	<u>35,848</u>
Attributable to:			
Owners of the Company		<u>(127,532)</u>	<u>35,848</u>
(LOSSES)/EARNINGS PER SHARE			
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	9		
Basic and diluted			
– For (loss)/profit for the year		<u>(HK1.00 cents)</u>	<u>HK0.28 cents</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
(LOSS)/PROFIT FOR THE YEAR	<u>(127,532)</u>	<u>35,848</u>
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the year	4,483	5,141
Reclassification adjustments for gains included in the consolidated statement of profit or loss	(2,676)	(43,278)
Income tax effect	(452)	9,534
	<u>1,355</u>	<u>(28,603)</u>
Exchange differences:		
Exchange differences on translation of foreign operations	142,925	(63,189)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>144,280</u>	<u>(91,792)</u>
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Actuarial reserve relating to employee benefits, net of tax	141	(217)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	<u>141</u>	<u>(217)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>144,421</u>	<u>(92,009)</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	<u>16,889</u>	<u>(56,161)</u>
Attributable to:		
Owners of the Company	<u>16,889</u>	<u>(56,161)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		2,584,799	2,216,959
Right-of-use assets		3,557	504
Intangible assets		405	357
Loan to an associate		46,684	–
Deferred tax assets		57,006	35,580
		<hr/>	<hr/>
Total non-current assets		2,692,451	2,253,400
CURRENT ASSETS			
Inventories		1,059	1,082
Trade receivables	<i>11</i>	17,585	13,188
Prepayments, other receivables and other assets		80,787	60,386
Loan to an associate		–	107,185
Derivative financial instruments		893	–
Pledged deposits		101,164	38,256
Cash and cash equivalents		829,876	994,466
		<hr/>	<hr/>
Total current assets		1,031,364	1,214,563
		<hr/>	<hr/>
Total assets		3,723,815	3,467,963
CURRENT LIABILITIES			
Trade payables	<i>12</i>	2,289	4,061
Other payables and accruals		95,759	71,081
Derivative financial instruments		–	873
Lease liabilities		1,508	554
Tax payable		5,579	5,903
		<hr/>	<hr/>
Total current liabilities		105,135	82,472
		<hr/>	<hr/>
NET CURRENT ASSETS		926,229	1,132,091
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,618,680	3,385,491
		<hr/>	<hr/>

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>3,618,680</u>	<u>3,385,491</u>
NON-CURRENT LIABILITIES		
Interest-bearing bank borrowings	1,576,661	1,379,125
Lease liabilities	2,083	–
Other long term payables	3,253	2,671
Deferred tax liabilities	<u>148,133</u>	<u>132,034</u>
Total non-current liabilities	<u>1,730,130</u>	<u>1,513,830</u>
Net assets	<u>1,888,550</u>	<u>1,871,661</u>
EQUITY		
Share capital	1,277,888	1,277,888
Reserves	<u>610,662</u>	<u>593,773</u>
Total equity	<u>1,888,550</u>	<u>1,871,661</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE AND GROUP INFORMATION

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda, and the principal place of business is located at 28th Floor, Chinachem Century Tower, 178 Gloucester Road, Wanchai, Hong Kong.

The principal activity of the Company is investment holding, and its subsidiaries are principally engaged in hotel operation and money lending.

Information about subsidiaries

Particulars of the Company’s subsidiaries are as follows:

Name of subsidiary	Form of legal entity	Place of incorporation or registration/ place of operations	Issued ordinary/ registered share capital	Percentage of issued share/registered capital attributable to the Company		Principal activities
				Direct %	Indirect %	
Crown Value Limited (“Crown Value”)	Corporation	Hong Kong	HK\$275,114,251	100	–	Investment holding
Splendid Holdings S.à r.l.	Corporation	Luxembourg	EUR20,000	–	100	Investment holding
MCE OpCo HoldCo	Corporation	France	EUR14,001,000	–	100	Investment holding
MCE OpCo	Corporation	France	EUR26,835,915	–	100	Hotel operation
Splendid PropCo	Corporation	France	EUR44,000,010	–	100	Owner of a hotel property
Global Strategy International Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$100	100	–	Investment holding
Kai Yuan Capital Limited	Corporation	Hong Kong	HK\$10,000	–	100	Money lending
Star Wonder Limited	Corporation	Hong Kong	HK\$1	–	100	Investment holding

Name of subsidiary	Form of legal entity	Place of incorporation or registration/ or place of operations	Issued ordinary/ registered share capital	Percentage of issued share/registered capital attributable to the Company		Principal activities
				Direct %	Indirect %	
Ever Info Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$100	100	–	Investment holding
Universal Yield Investments Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$1	100	–	Investment holding
Deluxe (China) Limited	Corporation	Hong Kong	HK\$1	–	100	Investment holding
Shanghai Top Star Advanced Materials Co., Limited	Wholly-owned foreign enterprise	PRC/Chinese mainland	US\$35,000,000	–	100	Investment holding
Ever Profit Management Limited	Corporation	Hong Kong	HK\$1,000,000	100	–	Service provision
Charter Best Investments Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$1	100	–	Investment holding
Oriental Institute of Science Limited	Corporation	Hong Kong	HK\$100	–	100	Research and development
Full Kingdom Limited ⁽ⁱ⁾	Corporation	British Virgin Islands/ Hong Kong	US\$100	100	–	Investment holding
New York Limited	Corporation	Hong Kong	HK\$100	–	100	Investment holding

(i) No audited financial statements have been prepared for these entities for the year ended 31 December 2025 as these entities were not subject to any statutory audit requirement under relevant rules and regulations in their jurisdictions of incorporation.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

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

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples and concluded that the amendments did not have any impact on the Group's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosure</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
Annual Improvements to HKFRS Accounting Standards – Volume 11	<i>Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7</i> ¹

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

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

³ No mandatory effective date yet determined but available for adoption

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

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

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

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

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

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

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 Financial Instruments: Disclosures:** The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

- **HKFRS 9 Financial Instruments:** The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 Consolidated Financial Statements:** The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 Statement of Cash Flows:** The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments (2024: two) as follows:

- (a) the hotel operation segment, which is engaged in the operation of the hotel business in France; and
- (b) the money lending segment, which is engaged in providing mortgage loans in Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit before tax except that bank interest income, interest income from a convertible bond investment, accrual/reversal of impairment, and corporate and other unallocated expenses are excluded from such measurement.

An analysis for the Group's segments is as follows:

Year ended 31 December 2025	Hotel operation HK\$'000	Money lending HK\$'000	Total HK\$'000
<i>Segment revenue (note 4)</i>			
Sales to external customers	<u>192,032</u>	<u>–</u>	<u>192,032</u>
Segment results	<u>(85,478)</u>	<u>(1,004)</u>	<u>(86,482)</u>
<i>Reconciliation:</i>			
Bank interest income			28,599
Provision for impairment of a loan to an associate			(63,857)
Corporate and other unallocated expenses			<u>(23,733)</u>
Loss before tax			<u>(145,473)</u>
<i>Segment assets</i>			
Corporate and other unallocated assets	3,013,548	1,779	3,015,327
			<u>708,488</u>
Total assets			<u>3,723,815</u>
<i>Segment liabilities</i>			
Corporate and other unallocated liabilities	1,820,546	1,796	1,822,342
			<u>12,923</u>
Total liabilities			<u>1,835,265</u>
<i>Depreciation and amortisation</i>			
Corporate and other unallocated depreciation and amortisation	36,061	760	36,821
			<u>2,612</u>
			<u>39,433</u>

Year ended 31 December 2024	Hotel operation <i>HK\$'000</i>	Money lending <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue (note 4)			
Sales to external customers	<u>323,454</u>	<u>–</u>	<u>323,454</u>
Segment results	<u>21,616</u>	<u>(1,009)</u>	<u>20,607</u>
Reconciliation:			
Bank interest income			31,837
Interest income from a convertible bond investment			6,498
Reversal of impairment of a convertible bond investment			12,028
Corporate and other unallocated expenses			<u>(21,883)</u>
Profit before tax			<u>49,087</u>
Segment assets	2,586,879	252	2,587,131
Corporate and other unallocated assets			<u>880,832</u>
Total assets			<u>3,467,963</u>
Segment liabilities	1,584,133	277	1,584,410
Corporate and other unallocated liabilities			<u>11,892</u>
Total liabilities			<u>1,596,302</u>
Depreciation and amortisation	40,703	755	41,458
Corporate and other unallocated depreciation and amortisation			<u>2,523</u>
			<u>43,981</u>

Geographical information

(a) Revenue from external customers

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
France	<u>192,032</u>	<u>323,454</u>

The revenue information above is based on the locations that performance obligation are fulfilled.

(b) Non-current assets

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
France	2,557,869	2,189,434
Chinese mainland	27,325	27,880
Hong Kong	<u>3,567</u>	<u>506</u>
Total non-current assets	<u>2,588,761</u>	<u>2,217,820</u>

The non-current asset information above is based on the locations of the assets and excludes loan to an associate and deferred tax assets.

Information about a major customer

A single customer contributed revenue of HK\$34,181,000, accounting for 10% or more of the Group's total revenue for the years ended 31 December 2025 (2024: Nil).

4. REVENUE, OTHER INCOME AND GAINS

The Group's revenue represents revenue from contracts with customers. The disaggregation information is as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Type of services		
Rendering of accommodation services	173,908	276,013
Rendering of catering services	15,949	39,573
Rendering of travel agency services	1,733	6,793
Rendering of laundry services	442	1,075
	<hr/>	<hr/>
Total	192,032	323,454
	<hr/>	<hr/>
Geographical market		
France	192,032	323,454
	<hr/>	<hr/>
Timing of revenue recognition		
Services transferred over time	173,908	276,013
Services transferred at a point	18,124	47,441
	<hr/>	<hr/>

Total revenue from contracts with customers can be directly reconciled to the segment revenue of hotel operation disclosed in note 3.

Other income and gains are as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Other income		
Gross rental income from a property operating lease:		
Fixed lease income	477	1,502
Interest income from a convertible bond investment	–	6,498
Bank interest income	28,599	31,837
	<hr/>	<hr/>
Total other income	29,076	39,837
	<hr/>	<hr/>
Gains		
Foreign exchange gains	226	979
	<hr/>	<hr/>
Total gains	226	979
	<hr/>	<hr/>
Total other income and gains	29,302	40,816
	<hr/>	<hr/>

5. FINANCE COSTS

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Interest on bank borrowings	80,147	92,060
Fair value gain, net		
– cash flow hedges (transfer from equity)	(2,676)	(43,278)
Interest on lease liabilities	88	72
Interest on a defined benefit plan	98	70
	<u>77,657</u>	<u>48,924</u>
Total	<u>77,657</u>	<u>48,924</u>

6. (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax is arrived at after charging/(crediting):

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Cost of sales*		184,899	236,764
Depreciation of property, plant and equipment		37,913	42,425
Depreciation of right-of-use assets		1,520	1,510
Amortisation of intangible assets		–	46
Reversal of impairment of a convertible bond investment		–	(12,028)
Provision for impairment of a loan to an associate		63,857	–
Lease payments not included in the measurement of lease liabilities		193	119
Auditor's remuneration		3,072	2,838
Wages, salaries and other benefits (including directors' and chief executive's remuneration)		10,113	9,387
Foreign exchange difference, net	4	(226)	(979)
Fair value gain, net			
– cash flow hedges (transfer from equity)	5	(2,676)	(43,278)
Interest income from a convertible bond investment	4	–	(6,498)
Bank interest income	4	(28,599)	(31,837)
		<u>(28,599)</u>	<u>(31,837)</u>

* The cost of sales included depreciation, amortisation and salary which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

7. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (2024: 16.5%) on the estimated assessable profits arising in Hong Kong during the year, except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 (2024: HK\$2,000,000) of assessable profits of this subsidiary are taxed at 8.25% (2024: 8.25%) and the remaining assessable profits are taxed at 16.5% (2024: 16.5%). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates.

The provision for the Chinese mainland current income tax was based on the statutory rate of 25% (2024: 25%) of the assessable profits of the Group's subsidiaries in the Chinese mainland as determined in accordance with the relevant income tax rules and regulations of the PRC Corporate Income Tax Law, which came into effect on 1 January 2008.

The provision of French current income tax was based on the rate of 25% (2024: 25%) of the estimated assessable profits arising during the year.

The provision for Luxembourg's current income tax was based on the rate of 24.94% (2024: 24.94%) of the estimated assessable profits arising during the year.

The major components of income tax (credit)/expense for the years ended 31 December 2025 and 2024 were as follows:

	<i>Note</i>	2025 HK\$'000	2024 HK\$'000
Current income tax charge for the year			
– France	(a)	–	2,653
– Hong Kong		–	123
Deferred income tax		(17,941)	10,463
Income tax (credit)/charge for the year		(17,941)	13,239

- (a) Tax losses arising in France may be carried forward indefinitely. However, the amount of losses used in a year may not exceed EUR1 million plus 50% of the taxable profit above that amount for such financial year.

A reconciliation of the tax (credit)/expense applicable to (loss)/profit before tax at the statutory rates for the jurisdictions in which the Company and its subsidiaries are domiciled and/or operate to the tax (credit)/expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates are as follows:

2025	Chinese mainland		Hong Kong		France		Luxembourg		Others ⁽ⁱ⁾		Total	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
(Loss)/profit before tax	<u>(65,660)</u>		<u>37,801</u>		<u>(118,730)</u>		<u>1,176</u>		<u>(60)</u>		<u>(145,473)</u>	
Tax at the statutory income tax rate	(16,415)	25.0	6,237	16.5	(29,683)	25.0	293	24.9	-	-	(39,568)	27.2
Expenses not deductible for tax	-	-	-	-	11,742	(9.9)	-	-	-	-	11,742	(8.1)
Income not subject to tax	-	-	(9,262)	(24.5)	-	-	(293)	(24.9)	-	-	(9,555)	6.6
Tax losses and temporary differences not recognised	<u>16,415</u>	<u>(25.0)</u>	<u>3,025</u>	<u>8.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>19,440</u>	<u>(13.4)</u>
Tax credit at the Group's effective rate	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,941)</u>	<u>15.1</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,941)</u>	<u>12.3</u>
2024												
(Loss)/profit before tax	<u>(432)</u>		<u>53,120</u>		<u>(4,545)</u>		<u>990</u>		<u>(46)</u>		<u>49,087</u>	
Tax at the statutory income tax rate	(108)	25.0	8,765	16.5	(1,136)	25.0	247	24.9	-	-	7,768	15.8
Expenses not deductible for tax	-	-	-	-	14,252	(313.6)	-	-	-	-	14,252	29.0
Lower tax rate enacted by local authority	-	-	(123)	(0.2)	-	-	-	-	-	-	(123)	(0.3)
Income not subject to tax	-	-	(8,983)	(16.9)	-	-	(247)	(24.9)	-	-	(9,230)	(18.8)
Tax losses and temporary differences not recognised	<u>108</u>	<u>(25.0)</u>	<u>464</u>	<u>0.9</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>572</u>	<u>1.2</u>
Tax charge at the Group's effective rate	<u>-</u>	<u>-</u>	<u>123</u>	<u>0.3</u>	<u>13,116</u>	<u>(288.6)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,239</u>	<u>26.9</u>

- (i) Others represent the results of certain subsidiaries which are tax-exempted companies incorporated in Bermuda and the British Virgin Islands.

8. DIVIDENDS

The directors do not recommend the payment of any dividend in respect of the year (2024: Nil).

9. (LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings per share amount is based on the (loss)/profit for the year attributable to ordinary equity holders of the Company, and the weighted average number of 12,778,880,000 (2024: 12,778,880,000) shares outstanding during the year.

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

The calculation of basic and diluted (losses)/earnings per share is based on:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
(Loss)/profit		
(Loss)/profit attributable to ordinary equity holders of the Company	<u>(127,532)</u>	<u>35,848</u>
	2025	2024
Shares ('000)		
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted (losses)/earnings per share calculation	<u>12,778,880</u>	<u>12,778,880</u>

10. INVESTMENT IN AN ASSOCIATE

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Share of net assets	6,519	6,230
Goodwill on acquisition	1,140	1,090
Provision for impairment	<u>(7,659)</u>	<u>(7,320)</u>
Total	<u>—</u>	<u>—</u>

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Beijing Chemical Reaction Engineering Science & Technology Co., Ltd.	Registered capital of RMB1 each	PRC/Chinese mainland	37.125	Manufacture and sale of chemical products

The Group's shareholding in the associate is held through a wholly-owned subsidiary of the Company.

During the year ended 31 December 2025, the associate recorded further losses. The Group discontinued recognising its share of additional losses as its interest in the associate had been reduced to zero and, therefore, the directors are of the opinion that it is not meaningful to disclose the summarised financial information of the associate.

11. TRADE RECEIVABLES

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade receivables	<u>17,585</u>	<u>13,188</u>

Hotel operation revenue is normally settled by cash or credit card. For travel agents and certain corporate customers, the credit period is generally one month. The Group has a specific concentration of credit risk, with 31% and 72% of the Group's trade receivables attributable to the largest and top five customers, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	<u>17,585</u>	<u>13,188</u>

The Group applies a simplified approach in calculating ECLs prescribed by HKFRS 9, which permits the use of the lifetime expected loss for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses have also incorporated forward-looking information. As all of the trade receivables were not past due yet, the expected credit loss is minimal.

12. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025	2024
	<i>HK\$'000</i>	<i>HK\$'000</i>
Within 1 month	<u>2,289</u>	<u>4,061</u>

The trade payables are non-interest-bearing and are normally settled on terms of 30 to 60 days.

FINAL DIVIDEND

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

For the Year, revenue of the Group amounted to approximately HK\$192.0 million, representing a decrease of approximately 40.6% from the approximately HK\$323.5 million for the Preceding Year. The decrease in revenue during the Year was mainly attributable to the decrease in the revenue contributed by the Paris Marriott Hotel Champs-Elysees (the “**Paris Marriott Hotel**”) from the hotel operation segment, as a result of the commencement of the phase 2 renovation on the 112 guest rooms, corridors, windows, vertical air conditioning systems and the roof (the “**Phase 2 Renovation**”). As to the loan to an associate, the Group recorded the provision for impairment of approximately HK\$63.9 million during the Year (Preceding Year: Nil). Further details regarding the loan to an associate will be provided in the segmental review below.

The Group recorded a loss for the Year of approximately HK\$127.5 million, as compared to profit of approximately HK\$35.8 million for the Preceding Year. The turnaround from profit to loss was mainly attributable to (i) the decrease in the Group’s revenue and gross profit contributed by the Paris Marriott Hotel to approximately HK\$192.0 million and HK\$7.1 million respectively (Preceding Year: approximately HK\$323.5 million and approximately HK\$86.7 million respectively), due to partial closure of the hotel for the Phase 2 Renovation during the Year; (ii) provision for impairment of the loan to an associate of approximately HK\$63.9 million was recognised due to an increase in the outstanding amount relating to the construction-in-progress of the associate’s assets that have been pledged to the Group, as well as the reorganisation of such associate (Preceding Year: Nil); and (iii) the increase in finance costs (net of amortisation of fair value of the cash flow hedges) on the EUR 175.0 million bank loan that was renewed in 2024 to approximately HK\$77.7 million (Preceding Year: approximately HK\$48.9 million).

The loss attributable to owners of the Company for the Year was approximately HK\$127.5 million, as compared to profit attributable to owners of the Company of approximately HK\$35.8 million for the Preceding Year. The basic and diluted loss per share for the Year was HK1.00 cents, as compared to the basic and diluted earnings per share of HK0.28 cents for the Preceding Year.

The total non-current assets of the Group as at 31 December 2025 amounted to approximately HK\$2,692.5 million, representing an increase of approximately 19.5% from approximately HK\$2,253.4 million as at 31 December 2024. The increase in the total non-current assets of the Group during the Year was mainly due to the increase in the value of property, plant and equipment as a result of the appreciation of Euro against Hong Kong Dollar, and reallocation of the loan to an associate from current assets to non-current assets. The total current assets of the Group as at 31 December 2025 amounted to approximately HK\$1,031.4 million, representing the decrease of approximately 15.1% from approximately HK\$1,214.6 million as at 31 December 2024. The decrease in the current assets of the Group during the Year was mainly due to the decrease in cash and cash equivalents, and reallocation of the loan to an associate from current assets to non-current assets. The total current liabilities of the Group as at 31 December 2025 amounted to approximately HK\$105.1 million, representing an increase of approximately 27.5% from approximately HK\$82.5 million as at 31 December 2024. The increase in the total current liabilities of the Group during the Year was mainly due to the increase in other payables and accruals, and increase in lease liabilities. The total non-current liabilities of the Group as at 31 December 2025 amounted to approximately HK\$1,730.1 million, representing the increase of approximately 14.3% from approximately HK\$1,513.8 million as at 31 December 2024. The increase in the non-current liabilities was mainly due to the increase in the interest-bearing bank borrowings due to the appreciation of Euro against Hong Kong Dollar, and increase in lease assets.

Segmental review of the Group's operations during the Year is as follows:

Hotel Operation

The Group recorded a revenue of approximately HK\$192.0 million from the hotel operation segment, representing the decrease of approximately 40.6%, from the approximately HK\$323.5 million for the Preceding Year. The decrease in revenue from the hotel operation segment for the Year was mainly attributable to the decrease in revenue contributed by the Paris Marriott Hotel. During the Year, the Paris Marriott Hotel commenced the Phase 2 Renovation, and only less than 70 guest rooms were available to guests. During the Phase 2 Renovation, the Paris Marriott Hotel had made every effort to minimise operational costs including but not limited to temporarily reallocating their staff to other hotels and encouraging the maximum usage of accumulated staff paid leaves. Despite the various cost minimisation measures taken, the Group recorded a loss in this segment during the Year as compared to profit in this segment recorded in the Preceding Year.

The Company recorded a loss of approximately HK\$85.5 million in this segment for the Year, as compared to the profit of approximately HK\$21.6 million for the Preceding Year. The turnaround from profit to loss recorded in this segment during the Year was mainly attributable to the decrease in revenue generated by the Paris Marriott Hotel during the Year due to renovation.

Below is a comparison of the operational performance of the Paris Marriott Hotel during the Year against the Preceding Year.

	2025 (approximately)	2024 (approximately)
Occupancy	40.0%	82.2%
Average Room Rate	€718	€575
RevPAR*	€287	€472

* Revenue per available room

Money Lending

The Group did not record any revenue from this segment during the Year (Preceding Year: Nil). The Group recorded a loss of approximately HK\$1.0 million from this segment for the Year, as compared to the loss of approximately HK\$1.0 million for the Preceding Year. There was no mortgage loan receivable as at 31 December 2025 (31 December 2024: Nil).

Equity Investment

Loan to an Associate

As to the loan (the “**Loan**”) granted to 北京凱瑞英科技有限公司 (Beijing Chemical Reaction Engineering Science & Technology Co., Limited*) (the “**Associate**”, together with its subsidiaries, the “**Associate Group**”), reference is made to the announcements of the Company dated 19 January 2023, 4 August 2023, 7 September 2023, 5 January 2024, 22 March 2024 and 27 December 2024, the annual reports of the Company for the year ended 31 December 2022, 2023 and 2024, and the interim reports of the Company for the six months ended 30 June 2023, 2024 and 2025 in relation to, among other matters, the assets pledged to the Group by one of the companies in the Associate Group (the “**Pledge Associate**”).

* For Identification Purposes Only

On 19 January 2023, the Group made an application to the People’s Court of Leling City, Shandong, the PRC (山東省樂陵市人民法院) (the “**Court**”) to apply for enforcement (the “**Enforcement**”) of pledged assets such that the proceeds could be applied towards repayment of the loan principal, the interests and penalty relating thereto. On 6 September 2023, the Group received a judgment from the Court dismissing the Group’s Enforcement application. The Group was later informed by the Pledge Associate that it had submitted an application to the Court for liquidation restructuring (破產重整), and the Court had (i) granted an order approving commencement of the pre-reorganisation procedures (預重整程序) of the Pledge Associate; and (ii) granted an order appointing the liquidation team (清算組) of the Pledge Associate as the provisional administrator (臨時管理人) of the said pre-reorganisation. During the Year, the proposal for reorganisation as approved by creditors of the Pledge Associate had been approved by the Court (the “**Reorganisation**”). Pursuant to the Reorganisation, the existing shareholding interests in the Pledge Associate might be subject to dilution, whereby current sole shareholder of the Pledge Associate holding 100% shareholding might be diluted. As at the date of this report, the Group is indirectly interested in 37.125% of the equity interests of the Pledge Associate. Accordingly, upon implementation of the Reorganisation in full, the Group’s interests might be diluted. The Group’s loan to the Associate (as secured by the pledged assets), however, is not covered by the Reorganisation and therefore will not be extinguished or diminished by implementation of the Reorganisation. The Company will keep its shareholders and investors informed of any material development relating to the Reorganisation, and will publish relevant announcements as and when appropriate in accordance with the Listing Rules.

Expected Credit Loss Assessment

The Company carried out an assessment on whether an allowance for expected credit loss (“**ECL**”) is required on the assets pledged by the Pledge Associate (“**Pledged Assets**”) in accordance with the Hong Kong Financial Reporting Standard 9 (“**HKFRS 9**”). Pursuant to HKFRS 9, credit loss is the difference between all contractual cash flows that are due to an entity in accordance with the contract and all cash flows that the entity expects to receive, discounted at the original effective interest rate or credit-adjusted effective interest rate on purchased or originated credit-impaired financial assets. The method used for the measurement of ECL should reflect: an unbiased weighted amount, the time value of money and the reasonable and supportable information about past events, current conditions and forecasts of future economic conditions available at the reporting date without undue cost or effort.

The Company engaged an independent valuer (the “**Valuer**”) to perform credit valuation and assess the ECL of the Pledged Assets as at 31 December 2025 (the “**Report**”). According to the Report, the ECL model divides financial assets into three stages according to the credit risk status to ensure the appropriate and timely recognition of ECL:

- Stage 1, i.e. the stage of high-quality assets, which applies to assets or portfolios with low credit risk and no significant increase in risk since their initial recognition. Provision shall be made for credit losses that may occur within 12 months after the reporting date, i.e. 12-month ECL. Interest income is calculated by multiplying the effective interest rate by the amount of assets.
- Stage 2, i.e. the stage of decline in asset quality, which applies to financial assets or portfolios with a significant expected increase in credit risk but no objective impairment events since their initial recognition. Provision shall be made for ECL over the assets’ lifetime, i.e., lifetime ECL. Interest income is calculated by multiplying the effective interest rate by the amount of assets.
- Stage 3, i.e. the stage of deterioration of asset quality to “non-performing”, which applies to financial assets under Stage 2 that suffer from credit impairment (i.e. loss events). Lifetime ECL shall be continuously recognised. Interest income is calculated based on amortised cost, i.e. the gross carrying amount less the net impairment allowance.

Upon analysis and discussions with the Company’s management on the borrower’s credit risk profile, the Valuer considered the Pledged Assets conformed with the characteristics of Stage 3 above. Therefore, the Valuer had used the following formula in making the ECL assessment as at 31 December 2025:

ECL = value of the pledged assets – outstanding amount relating to the construction-in-progress as regards the pledged assets – effect of the restructuring plan – default debt exposure position.

The Group adopted this methodology and formula in assessing the ECL of the Pledged Assets as at 31 December 2025.

(i) *Value of the Pledged Asset*

According to the Report, the Valuer valued the Pledged Assets on the basis of the Group's recovery in the event of liquidation of the Associate Group member holding the Pledged Assets, being the "orderly liquidation value" (有序清算價值) (the "OLV"). An OLV refers to an estimate of the gross amount that the tangible assets would fetch in an auction-style liquidation with the seller needing to sell the assets on an "as-is, where-is" basis. In calculating the OLV of the Pledged Assets, the Valuer had (i) assessed the value of the land parcel primarily by making reference to certain comparable transactions available in the area where the assessed object is located by referring to the land transactions disclosed by the local land reserve centre and public domain; and (ii) assessed the value of construction-in-progress by analysing the value of the new built assets and adjusting factors based on market data and their useful life.

(ii) *Outstanding amount relating to the construction-in-progress as regards the Pledged Assets*

The outstanding amount relating to the construction-in-progress as regards the Pledged Assets amounted to approximately RMB40.9 million (equivalent to approximately HK\$45.0 million) as at 31 December 2025 (31 December 2024: approximately RMB19.5 million (equivalent to approximately HK\$20.8 million)).

(iii) *Effect of the restructuring plan*

During the Year, the local court approved the Reorganisation. The Reorganisation suspended the right for the Company to liquidate the Pledged Assets until the end of the restructuring period, which leads to additional depreciation to the Pledged Assets and loss of time value for postponement of liquidating the Pledged Assets. The estimated OLV of the Pledged Assets was approximately RMB\$91.6 million (equivalent to approximately HK\$100.7 million) as at the end of the restructuring period. The Company has assessed the effect of such implication and quantified the amount of effect to be approximately RMB7.9 million (equivalent to approximately HK\$8.7 million) for discounting the OLV of the Pledged Assets from end of restructuring period to 31 December 2025.

(iv) Default debt exposure position

As at 31 December 2025, the Group's default debt exposure position was equivalent to the outstanding principal amount and interest under the Loan, being approximately RMB199.5 million (equivalent to approximately HK\$219.3 million) (31 December 2024: approximately RMB199.5 million, equivalent to approximately HK\$209.6 million).

By applying the above formula, the ECL had come to the amount of approximately RMB156.7 million (equivalent to approximately HK\$172.7 million) (31 December 2024: approximately RMB97.2 million, equivalent to approximately HK\$102.4 million). Accordingly, the Company recorded a provision for ECL on the Pledged Assets of approximately HK\$63.9 million during the Year (31 December 2024: Nil).

PROSPECTS

Hotel Operation

The Phase 2 Renovation caused closure of a number of the hotel rooms, rendering a decrease in revenue during the Year. Towards the end of the Year, the renovation of 112 guest rooms, corridors, windows, and vertical air conditioning systems was completed, with the roof renovation continuing into 2026. At the same time, the Paris Marriott Hotel also will overhaul the TGBT systems (the electrical panel that manages electrical power distribution) in 2026. After completion of the aforesaid renovation of the guest rooms, the Paris Marriott Hotel has already seen an immediate boost in room revenue, average daily rate, guest experience and satisfaction. The Board considers, however the prospect of the Paris Marriott Hotel will remain challenging due to a number of factors, such as the continuous increase in prices in Europe; the ongoing geopolitical tension between Ukraine and Russia; development of the recent military activities in the Middle East; and the adoption of new laws on climate related policies in France.

Money Lending

The Board considers Hong Kong's mortgage loan market will remain challenging, being heavily competitive with uncertain prospects. The Board would exercise the utmost caution when conducting mortgage loan business in Hong Kong.

Equity Investment

Loan to an Associate

The Company will keep its shareholders and investors informed of any material development, and will publish relevant announcements as and when appropriate in accordance with the Listing Rules.

LOOKING AHEAD

The Board will concurrently review the Group's portfolio to restructure and enhance the quality of assets held. The Board will also continue to explore investment opportunities from new business segments with a view to enhancing and improving returns to the Company's stakeholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, total assets and net assets of the Group were approximately HK\$3,723.8 million and HK\$1,888.6 million respectively (31 December 2024: approximately HK\$3,468.0 million and HK\$1,871.7 million, respectively). The cash and bank balance of the Group as at 31 December 2025 were approximately HK\$829.9 million, and were denominated in Hong Kong dollar, Euro, United States dollar and Renminbi (31 December 2024: approximately HK\$994.5 million). The total current assets of the Group as at 31 December 2025 were approximately HK\$1,031.4 million (31 December 2024: approximately HK\$1,214.6 million). As at 31 December 2025, the Group had net current assets of approximately HK\$926.2 million (31 December 2024: approximately HK\$1,132.1 million). The Group adopted a conservative treasury approach and had tight control over its cash management. As at 31 December 2025, the Group had outstanding bank loans and other borrowings amounted to approximately HK\$1,576.7 million¹ (31 December 2024: approximately HK\$1,379.1 million), none of which were due within one year (31 December 2024: none of which were due in one year). As at 31 December 2025, the Group's gearing ratio (total borrowings/total assets) was approximately 42.3% (31 December 2024: approximately 39.8%). The Group constantly monitors its cash flow position, maturity profile of borrowings, availability of banking facilities, gearing ratio and interest rate exposure. Borrowing requirements are not seasonal as they tend to follow the pattern of capital expenditure and investment.

During the Year, the Group had maintained two interest rate swap agreements with a notional amount of EUR175,000,000 whereby it received interest at a variable rate equal to the Europe Interbank Offered Rate (“**EURIBOR**”) on the notional amount and paid interest at a fixed rate of 2.123% (2024: 2.123%). The interest rate swap is designated as a hedging instrument to hedge the exposure to changes in future cash outflows of interest arising from a bank loans of the same amount.

- (1) Approximately HK\$1,576.7 million (equivalent to €175,000,000) at the interest rate of 3 months EURIBOR plus 2.5% per annum.

ACQUISITIONS AND DISPOSALS

During the Year, the Group had no material acquisition or disposal of subsidiaries, associates and joint ventures.

FOREIGN EXCHANGE EXPOSURE

The Group had operations in France, Luxembourg, the People’s Republic of China (the “**PRC**”) and Hong Kong where transactions and cash flow were denominated in local currencies, including Euro, Renminbi, United States dollars and Hong Kong dollars. As a result, the Group was exposed to foreign currency exposure with respect to Euro and Renminbi, which mainly occurred from conducting daily operations and financing activities through local offices where local currencies were different from the Group. For the Year, the Group had not entered into any forward contracts to hedge the foreign exchange exposure. The Group managed its foreign exchange risks by performing regular review and monitoring of foreign exchange exposure. The Group would consider employing foreign exchange hedging arrangements when appropriate and necessary.

CONTINGENT LIABILITIES

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

PLEDGE ON THE GROUP’S ASSETS

As at 31 December 2025, cash deposits amounting to approximately HK\$101.2 million (31 December 2024: approximately HK\$38.3 million) and a building of the Group with a net carrying amount of approximately HK\$2,557.5 million (31 December 2024: approximately HK\$2,189.1 million) were pledged to secure bank loan granted to the Group.

EMPLOYEES AND REMUNERATION

The Group had 9 employees as at 31 December 2025 (31 December 2024: 9). The total employee remuneration during the Year was approximately HK\$8.8 million (31 December 2024: approximately HK\$8.2 million). Remuneration policies were reviewed regularly to ensure that compensation and benefits packages were in line with market level. In addition to basic remuneration, the Group also provided other employee benefits including bonuses, mandatory provident fund scheme, medical insurance scheme and participation in the share option scheme.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the Year, neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities (including sale of treasury shares). As of 31 December 2025, the Company did not hold any treasury shares.

CORPORATE GOVERNANCE REPORT

The Board and the management of the Company are committed to maintaining high standards of corporate governance. Continuous efforts are made to review and enhance the Group's internal control policy and procedures in light of local and international developments to instill best practices.

The Board has set up procedures on corporate governance that comply with the requirements of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") on corporate governance practices based on the principles and code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to Listing Rules.

The Company had complied with the code provisions of the CG Code throughout the year ended 31 December 2025 with the following deviations:

- C.2.1 The Company does not have a Chairman. No replacement appointment of the Chairman of the Board was made during the Year. The role and responsibilities of the Chairman on governance matters of the Company were shared between the executive Directors during the Year. The Company will publish an announcement once an appointment has been made in accordance with the Listing Rules.
- F.2.2 The Company does not have a Chairman, an executive Director, Mr. Law Wing Chi, Stephen, was elected to chair the annual general meeting of the Company held on 3 June 2025 in accordance with the Bye-laws.

The Board will keep these matters under review.

Following sustained development and growth of the Company, we will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies meet the general rules and standards required by the shareholders of the Company.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") comprises four independent non-executive Directors namely Mr. Tam Sun Wing (Chairman), Mr. Ng Ge Bun, Mr. He Yi and Ms. Kwok Pui Ha. The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed risk management and internal control systems and matters. The Audit Committee is satisfied with the Group's internal control procedures and financial reporting disclosures. The annual results for the year ended 31 December 2025 have been reviewed by the Audit Committee and the auditors of the Group.

AUDITOR'S PROCEDURES PERFORMED ON THE RESULTS ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this results announcement have been agreed by the Group's auditor, Ernst & Young, to the amounts set out in the audited consolidated financial statements of the Group for the Year. The work performed by Ernst & Young in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Ernst & Young on this results announcement.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "**Remuneration Committee**") has been set up with written terms of reference in accordance with the requirements of the Listing Rules, amongst other things, to make recommendations to the Board on the Company's remuneration policy and structure for all directors and senior management. The Remuneration Committee comprises one executive Director namely Mr. Law Wing Chi, Stephen, and four independent non-executive Directors namely Mr. Tam Sun Wing (Chairman), Mr. He Yi, Mr. Ng Ge Bun and Ms. Kwok Pui Ha.

NOMINATION COMMITTEE

The nomination committee of the Company (the “**Nomination Committee**”) has been set up with written terms of reference in accordance with the requirements of the Listing Rules, amongst other things, to review the structure, size and composition of the Board. The Nomination Committee currently consists of one executive Director namely Mr. Law Wing Chi, Stephen and four independent non-executive Directors namely Mr. Ng Ge Bun (Chairman), Mr. He Yi, Mr. Tam Sun Wing and Ms. Kwok Pui Ha.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors’ securities transactions on terms no less exacting than the required standard of the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix C3 to the Listing Rules. The Company, having made specific enquiry, has confirmed with the Directors that they have complied with the required standard set out in the Model Code and its code of conduct regarding Directors’ securities transactions.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT

This results announcement is published on the websites of the Stock Exchange (<http://www.hkex.com.hk>) and the Company (www.kaiyuanholdings.com). The annual report of the Company for the year ended 31 December 2025 containing all information required by Appendix D2 to the Listing Rules will be despatched to the shareholders of the Company and made available for review on the same websites in due course.

By order of the Board
Kai Yuan Holdings Limited
Mr. Law Wing Chi, Stephen
Executive Director

Hong Kong, 27 March 2026

As at the date of this announcement, the Board comprises Mr. Xue Jian and Mr. Law Wing Chi, Stephen (both being executive Directors), and Mr. Tam Sun Wing, Mr. Ng Ge Bun, Mr. He Yi and Ms. Kwok Pui Ha (all being independent non-executive Directors).