

Zhongchang International Holdings Group Limited 中昌國際控股集團有限公司

(Incorporated in Bermuda with limited liability)

Stock code : 859



2025
ANNUAL
REPORT

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Chen Zhiwei (*Chairman*)
Ms. Ku Ka Lee (*Chief Executive Officer*)
Mr. Wu Hao (Appointed on 23 January 2026)
Ms. Huang Zhenghong (Resigned on 23 January 2026)

Non-Executive Directors

Dr. Huang Qiang (Resigned on 17 March 2026)
Mr. Wu Jun (Appointed on 17 March 2026)
Mr. Wong Chi Keung, Kenjie
Ms. Yu Dan

Independent Non-Executive Directors

Mr. Liew Fui Kiang
Mr. Liu Xin
Mr. Yip Tai Him

COMMITTEES

Audit Committee

Mr. Yip Tai Him (*Chairman*)
Mr. Liu Xin
Ms. Yu Dan

Nomination Committee

Mr. Chen Zhiwei (*Chairman*)
Mr. Liew Fui Kiang
Mr. Liu Xin
Mr. Yip Tai Him (Appointed on 24 December 2025)
Ms. Yu Dan (Appointed on 24 December 2025)

Remuneration Committee

Mr. Liu Xin (*Chairman*)
Mr. Wong Chi Keung, Kenjie
Mr. Yip Tai Him

AUTHORISED REPRESENTATIVES

Mr. Chen Zhiwei
Mr. Chow Hok Lim

COMPANY SECRETARY

Mr. Chow Hok Lim

AUDITOR

Ernst & Young
Certified Public Accountants

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1701, 17/F
OfficePlus@Wan Chai
303 Hennessy Road
Wan Chai
Hong Kong

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL BANKERS

(*In Alphabetical order*)

Hang Seng Bank Limited
Nanyang Commercial Bank (China), Limited
Shanghai Pudong Development Bank Co, Limited
Hong Kong Branch

LEGAL ADVISERS

As to Hong Kong law:
Morgan, Lewis & Bockius

As to Bermuda law:
Conyers Dill & Pearman

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

CORPORATE WEBSITE

<http://www.zhongchangintl.hk>

STOCK CODE

859

Corporate Profile

Zhongchang International Holdings Group Limited (hereinafter referred to as the “**Company**”, together with its subsidiaries, collectively referred to as the “**Group**”) is principally engaged in leasing of investment properties in Hong Kong. The Company was incorporated in Bermuda on 16 December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended). The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

The major investment properties owned by the Group is Jardine Center, located at No. 50 Jardine’s Bazaar, Causeway Bay, Hong Kong.

The board (the “**Board**”) of directors (the “**Directors**”, and each, a “**Director**”) of the Company will continue to drive the performance of its core business at a steady pace in order to create value for the Company and the shareholders of the Company (the “**Shareholders**”, and each a “**Shareholder**”).

Chairman's Statement

Dear Shareholders,

On behalf of the Board, I am pleased to present the annual report of Zhongchang International Holdings Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) for the year ended 31 December 2025 (“**Reporting Period**” or “**FY2025**”).

2025 was a very challenging year for the Group. Although Hong Kong posted a real gross domestic product growth rate of 3.5% in 2025, structural pressure is hindering the growth of local retail sectors. According to the provisional figures released by Hong Kong Census and Statistics Department, for 2025 as a whole, the value of Hong Kong's total retail sales was estimated at HK\$380.5 billion, increased by only 1.0% in value and remained at a similar level in volume compared with 2024. Global economic uncertainties, geopolitical tensions, changes of consumption patterns of visitors and resident, as well as reduced demand due to outbound travel and cross-border shopping in Shenzhen have collectively contributed to the adverse impact on the local retail market. During the Reporting period, the Group continued to be affected by the drop of Hong Kong's total retail sales of 7.3% in 2024, which lead to decline in occupancy rate of the Group.

The difficult operating and economic environment will continue to put pressure on the Group's performance in 2026. While the retail sector continues to adapt to the changes in consumption patterns of visitors and residents, Hong Kong Government's proactive efforts in promoting tourism and mega events, in tandem with the Central Government's consumption stimulus measures and sustained steady growth of the Mainland economy, will help bolster consumption sentiment and support the consumption market. The Group also believes that Hong Kong Government's measures to attract talent and promote Hong Kong as a business headquarters will have a positive impact on the retail market.

According to the provisional figures released by Hong Kong Census and Statistics Department, the value of Hong Kong's total retail sales recovered solidly in December 2025, rising by 6.6% over a year earlier. Improving local consumption sentiment underpinned by robust economic growth momentum and steadier local real estate market, together with continued vibrant growth in inbound visitors, will continue to be favourable to retail businesses. As the investment properties of the Group are mainly situated in the prime shopping district of Causeway Bay in Hong Kong, the Group believes it remains well-placed to capture potential growth opportunities during the recovery of Hong Kong's tourism and retail sector.

Under the impact of ongoing uncertainties, the Group will continue to focus on its core business in property leasing and will continue to act with prudence and caution. The business priorities of the Group are to improve its liquidity and financial position. The Group is negotiating with financial institutions to roll over or to reschedule the loan repayments. The Group will continue with its best effort to adopt prudent capital management and liquidity risk management in order to meet the challenges ahead. In response to the market conditions, the Group will continue to proactively adjust the tenant mix and enhance our operational efficiency.

Chen Zhiwei

Chairman

Hong Kong, 27 March 2026

Management Discussion and Analysis

PROPERTY LEASING BUSINESS

During FY2025, the Group recorded rental income from investment properties in Hong Kong of approximately HK\$28.9 million, which represented a decrease of approximately 11.4% from approximately HK\$32.6 million recorded in FY2024. The decrease in rental income was primarily attributable to the negative rental reversion arising from renewal of certain existing tenancy agreements and the decline in the occupancy rate during FY2025.

As at 31 December 2025, the investment properties portfolio of the Group achieved an occupancy rate (as measured by the percentage of total leased lettable area over the total lettable area of the Group's portfolio) of approximately 67.2% (31 December 2024: approximately 70.6%). The decrease in occupancy rate was mainly due to overall market softness. Jardine Center remained as the Group's core and steady income generator, accounted for approximately 76.6% of the total revenue of the Group during FY2025.

The Group's revenue growth and occupancy rates are the key measurements used for the assessment of its core leasing business performance. In response to the economic situation, the Group adopted rigorous cost control measures during FY2025. Set out below is a table summarising the key performance indicators for the Group's property leasing business in Hong Kong for FY2024 and FY2025.

Key performance indicators	Definition	Business performance	
		FY2025	FY2024
Revenue growth	Rental revenue in current year vs the previous year	-11.4%	-3.6%
Occupancy rate	Percentage of total leased lettable area/total lettable area at year-end	67.2%	70.6%
Operating cost ratio	(Staff costs plus other operating expenses) divided by revenue	30.6%	27.6%

In 2025, the Group remained focused on further bolstering the resilience of its core business of property leasing in Hong Kong, particularly in Causeway Bay, in order to preserve its long-term competitiveness and ensure sustainable development in this challenging market. The investment properties of the Group are mainly situated in the prime shopping district of Causeway Bay in Hong Kong. During FY2025, the tenants of the Group were mainly engaged in catering, beauty parlour and other retailing businesses.

Set out below is a table summarising the valuation of the investment properties portfolio of the Group in Hong Kong as at the end of FY2025 and FY2024 and revenue contribution of the investment properties portfolio of the Group in Hong Kong in FY2025 as compared to that in FY2024.

Management Discussion and Analysis

	Valuation of investment properties as at 31 December		Decrease in fair value of investment properties	Revenue for		Increase/(decrease) in revenue
	2025	2024		FY2025	FY2024	%
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
Causeway Bay						
Jardine Center, No. 50						
Jardine's Bazaar ⁽¹⁾	1,149,000	1,270,000	(121,000)	22,144	24,962	(11.3)
Ground Floor and Cockloft Floor,						
No. 38 Jardine's Bazaar ⁽²⁾	66,800	69,000	(2,200)	1,960	1,924	1.9
First Floor, Nos. 38 and						
40 Jardine's Bazaar ⁽³⁾	6,800	11,600	(4,800)	498	472	5.5
Ground Floor including Cockloft,						
No. 41 Jardine's Bazaar ⁽²⁾	83,700	87,000	(3,300)	2,129	2,144	(0.7)
Ground Floor, No. 57						
Jardine's Bazaar ⁽²⁾	71,000	98,000	(27,000)	2,184	2,184	–
Mid-Levels						
Shop No. 1 on Ground Floor of						
K.K. Mansion, Nos. 119, 121						
& 125 Caine Road ⁽²⁾	31,800	46,500	(14,700)	–	952	(100.0)
Total	1,409,100	1,582,100	(173,000)	28,915	32,638	(11.4)
⁽¹⁾ 24-storey commercial building						
⁽²⁾ Street-shop						
⁽³⁾ Upstairs shop						

As at 31 December 2025, the investment properties of the Group were revalued at HK\$1,409.1 million (31 December 2024: HK\$1,582.1 million) by an independent professional valuer. During FY2025, the loss in fair value of investment properties of HK\$173.0 million (FY2024: approximately HK\$149.5 million) was recognised in the consolidated statement of profit or loss and other comprehensive income. The loss in fair value of investment properties was mainly due to challenging macro environment.

FINANCIAL REVIEW

Revenue

For FY2025, the revenue of the Group amounted to approximately HK\$28.9 million, representing a decrease of approximately 11.4% from approximately HK\$32.6 million in FY2024. The decrease in rental income was primarily attributable to the negative rental reversion arising from renewal of certain existing tenancy agreements and the decline in the occupancy rate during FY2025.

Other income

Other income for FY2025 was approximately HK\$0.01 million (FY2024: approximately HK\$1.25 million), representing a decrease of approximately HK\$1.24 million as compared to FY2024. The decrease was mainly due to decrease in bank interest income during FY2025 as compared with FY2024.

Management Discussion and Analysis

Staff costs

For FY2025, the Group's staff costs amounted to approximately HK\$2.5 million, representing a decrease of approximately 18.9% from approximately HK\$3.1 million recorded in FY2024. The decrease in staff costs was mainly due to departures of certain staff during FY2025.

Other operating expenses

Other operating expenses amounted to approximately HK\$6.3 million for FY2025, representing an increase of approximately 7.6% from approximately HK\$5.9 million recorded in FY2024. The composition of other operating expenses by nature mainly classified as follows:

	FY2025 HK\$'000	FY2024 HK\$'000
Investment properties operating costs	3,153	2,627
Professional fees	1,520	1,647
General administrative costs	1,558	1,585
Exchange loss, net	76	–
	6,307	5,859

Professional fees decreased by approximately 7.7% as compared to FY2024. General administrative expenses decreased by approximately 1.7% as compared to FY2024.

The increase in investment properties operating costs was primarily due to increase in building management fee arising from the decline in occupancy rate during FY2025.

Net loss in fair value of investment properties

As at 31 December 2025, the investment properties of the Group were revalued at HK\$1,409.1 million (31 December 2024: HK\$1,582.1 million) by an independent professional valuer. During FY2025, a fair value loss on investment properties of approximately HK\$173.0 million was recognised in the consolidated statement of profit or loss and other comprehensive income. The fair value loss on the investment properties was mainly due to the challenging macro environment.

Finance costs

For FY2025, finance costs of the Group amounted to approximately HK\$46.4 million, representing a decrease of approximately 8.2% from approximately HK\$50.5 million recorded in FY2024. Such decrease was mainly attributable to the decrease in bank loan interest rate during FY2025.

Loss for the year attributable to the owners of the Company

Loss for the year attributable to the owners of the Company for FY2025 amounted to approximately HK\$200.9 million (FY2024: loss of approximately HK\$176.7 million). As a result of the reasons mention above, the loss for FY2025 was primarily due to loss in fair value of investment properties of approximately HK\$173.0 million and finance costs of approximately HK\$46.4 million incurred.

Management Discussion and Analysis

Liquidity and financial resources

The Group's business operations were generally funded by its internal resources and bank and other borrowings.

As at 31 December 2025, the Group's outstanding bank and other borrowings amounted to approximately HK\$815.5 million (31 December 2024: approximately HK\$792.0 million), of which all outstanding bank and other borrowings are repayable within one year.

As at 31 December 2025, the Group maintained cash and bank balances of approximately HK\$11.1 million (31 December 2024: approximately HK\$16.7 million). The decrease in cash and bank balances was mainly attributable to payment of interest on bank borrowings during FY2025.

The breakdown of the interest-bearing banks and other borrowings are as follows:

- (1) As at 31 December 2025, pursuant to loan agreements entered into between China Cinda (HK) Asset Management Co., Limited ("**China Cinda (HK)**"), a controlling shareholder of the Company, and the Company on 28 December 2023 and 29 August 2025, China Cinda (HK) granted unsecured loans in aggregate principal amount of HK\$196.0 million to the Company on normal commercial terms with fixed interest rates. As at 31 December 2025, the accrued interest of the aforesaid shareholder loans was HK\$29.73 million. The maturity date of the aforesaid shareholder loans is 31 March 2026, which is renewable to 31 March 2027.
- (2) As 31 December 2025, the total outstanding loan principal together with accrued interest owed to Hang Seng Bank amounted to HK\$589.8 million. The maturity date of the Hang Seng Bank loan is 31 March 2026 and the Company is currently negotiating the repayment arrangement with Hang Seng Bank. The aforesaid Hang Seng Bank Loan carries floating interest rate. Please refer to Note 22 of the FY2025 Consolidated Financial Statements for further details.

The Group's gearing ratio as at 31 December 2025, which is calculated on the basis of total liabilities over total assets, was approximately 59.6% (31 December 2024: approximately 51.5%). The current ratio of the Group, which is calculated by dividing current assets over current liabilities as at 31 December 2025, was approximately 0.018 (31 December 2024: approximately 0.024). The decrease in current ratio as at 31 December 2025 as compared to 31 December 2024 was mainly due to decrease in cash and bank balances of the Group.

As at 31 December 2025, the Group recorded net current liabilities of approximately HK\$814.0 million (31 December 2024: approximately HK\$787.5 million) and thus indicating potential liquidity risk. The net current liabilities were mainly due to maturity of the Group's bank and other borrowings which were repayable within one year. The Group's ability to continue as a going concern largely depends on the sufficiency of financial resources available to the Group. The Directors considered that the controlling shareholder of the Company has the intention to provide continuing financial support to the Company. Accordingly, the Directors are of the view that, the Group has sufficient working capital to meet its financial obligations as and when they fall due within one year.

Capital Structure

As at 31 December 2025, the issued share capital of the Company was 1,125,027,072 shares. During the Reporting Period, there was no movement of the issued share capital of the Company.

As at 31 December 2025, the net assets of the Group amounted to approximately HK\$575.9 million, representing a decrease of approximately 25.9% from the net assets of approximately HK\$776.7 million as at 31 December 2024. With the total number of 1,125,027,072 ordinary shares in issue as at 31 December 2025, the net assets value per share was approximately HK\$0.51 (31 December 2024: approximately HK\$0.69).

Management Discussion and Analysis

Treasury Policy

The Group's transactions and its monetary assets and liabilities are principally denominated in HK\$ and RMB. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations. The Group does not use any financial instruments for hedging purpose.

DIVIDEND

The Directors do not recommend any dividend for FY2025 (FY2024: Nil).

CORPORATE GUARANTEES

As at 31 December 2025, the Company provided corporate guarantee to Hang Seng Bank for securing banking facilities granted to its subsidiaries which amounted to HK\$1,127 million (31 December 2024: HK\$1,127 million).

CHARGES ON GROUP ASSETS

As at 31 December 2025, the Group has pledged the following assets:

- a) Investment properties in Hong Kong with an aggregate carrying amount of HK\$1,409.1 million for securing the Group's bank borrowings;
- b) Share mortgage of certain subsidiaries for securing their respective bank borrowings; and
- c) Rent assignments in respect of the investment properties held by the Group.

CONTINGENT LIABILITIES

As at 31 December 2025, the Group had no significant contingent liabilities.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group had 3 employees (31 December 2024: 5 employees). The Group offers its employees competitive remuneration packages which commensurate with their performance, experience and job responsibilities. The Group also provides other benefits including but not limited to medical insurance, discretionary bonus and mandatory provident fund schemes.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

The Group did not have significant investments, material acquisitions and disposals during the Reporting Period.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

As at 31 December 2025, the Group did not have any concrete future plans for material investments or capital assets.

Report of the Directors

The Directors present the annual report and the audited consolidated financial statements of the Group for the Reporting Period.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements. The business review of the Group for the Reporting Period as well as further discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the laws of Hong Kong) are set out in the section headed "Management Discussion and Analysis" from pages 5 to 9, the section headed "Chairman's Statement" on page 4 and the "Environmental, Social and Governance Report" from pages 38 to 65 of this annual report, which form parts of this directors' report.

FINANCIAL STATEMENTS

The results of the Group for the Reporting Period and the state of the Company's and the Group's affairs as at 31 December 2025 are set out in the consolidated financial statements from pages 71 to 136 (the **"FY 2025 Consolidated Financial Statements"**).

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

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the annual general meeting ("AGM")

For determining the entitlement to attend and vote at the AGM, which will be held on 22 June 2026, the register of members of the Company will be closed from Tuesday, 16 June 2026 to Monday, 22 June 2026 (both dates inclusive), during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong by not later than 4:30 p.m. on Monday, 15 June 2026.

INVESTMENT PROPERTIES

The Group's investment properties as at 31 December 2025 were revalued by an independent firm of professional properties valuers using income approach. Details of movements in the investment properties of the Group during the Reporting Period are set out in Note 16 to the FY 2025 Consolidated Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the Reporting Period are set out in Note 14 to the FY 2025 Consolidated Financial Statements.

Report of the Directors

SHARE CAPITAL

During the Reporting Period, there was no change to the authorised and issued share capital of the Company. Details of the share capital of the Company and the issuance of shares made by the Company are set out in Note 24 to the FY2025 Consolidated Financial Statements.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's bye-laws, or the laws of Bermuda, which would obligate the Company to offer new shares on a pro-rata basis to existing Shareholders.

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

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float as required under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") throughout FY2025 and up to the date of this report.

RESERVES

Movements in reserves of the Group and the Company during the Reporting Period are set out on page 73 and page 136 of this annual report respectively.

As at 31 December 2025, the Company's reserve available for distribution to shareholders of the Company, calculated in accordance with the Companies Act 1981 of Bermuda (as amended), amounted of approximately HK\$97,445,000 (2024: approximately HK\$96,135,000).

MAJOR PROPERTIES

Particulars of the major properties held by the Group are set out on page 138 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2025 and up to the date of this annual report, as far as the Company is aware, there was no material breach of or non-compliance with relevant laws and regulations by the Group that has a significant impact on the business and operations of the Group.

Report of the Directors

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 137 of this annual report.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

DIRECTORS

The Directors during the Reporting Period and up to the date of this report were:

Executive Directors

Mr. Chen Zhiwei (*Chairman*)
Ms. Ku Ka Lee (*Chief Executive Officer*)
Ms. Huang Zhenghong (Resigned on 23 January 2026)
Mr. Wu Hao (Appointed on 23 January 2026)

Non-executive Directors

Dr. Huang Qiang (Resigned on 17 March 2026)
Mr. Wong Chi Keung, Kenjie
Ms. Yu Dan
Mr. Wu Jun (Appointed on 17 March 2026)

Independent non-executive Directors

Mr. Liew Fui Kiang
Mr. Liu Xin
Mr. Yip Tai Him

In accordance with the Company's bye-laws and the Listing Rules, Mr. Chen Zhiwei, Ms. Yu Dan, Mr. Wong Chi Keung, Kenjie, Mr. Wu Hao and Mr. Wu Jun will retire from office at the forthcoming AGM and being eligible, will offer themselves for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors as at the date of this report are set out on pages 18 to 21 of this annual report.

EQUITY-LINKED AGREEMENTS

For the year ended 31 December 2025, the Company has not entered into any equity-linked agreements, and there did not subsist any equity-linked agreement entered into by the Company as at 31 December 2025.

Report of the Directors

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with the Company for an initial term of two years, commencing from his or her date of appointment. Such service contracts are renewable prior to the expiry for an additional year, subject to the compliance with the Listing Rules and the termination in accordance with the provisions of the service contract, or by either party giving the other not less than one month's prior written notice prior to the expiry or re-election to not renew the existing term, or three months' prior written notice in other cases.

Each of the non-executive Directors and independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one year to three years depending on the terms of appointment and commencing from the date of his or her letter of appointments. Such letters of appointment are renewable on the date of appointment or re-election at the general meeting of the Company, and up to the next annual general meeting of the Company when his or her re-election is being considered, subject to the compliance with the Listing Rules and the termination in accordance with the provisions of the letters of appointment, or by either party giving the other not less than one month's prior written notice or three months' prior written notice in other cases.

No Director who is proposed for re-election at the forthcoming AGM has a service contract or letter of appointment with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in this annual report, there were no other transaction, arrangement or contract of significance to which the Company, its holding company, any of its subsidiaries or fellow subsidiaries was a party and in which any Director or an entity connected with a Director had an interest whether directly or indirectly, subsisted at the end of the Reporting Period or at any time during the Reporting Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the heading "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of The Company or any of its Associated Corporations" on page 14 of this annual report, at no time during the Reporting Period were rights to acquire benefits by means of the acquisition of shares, or underlying shares in, or debenture of the Company granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or chief executive of the Company to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Reporting Period, there was no competing business in which a Director had an interest which is required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

Other than the Director's service contracts and appointment letters, no contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or in existence as at the end of the year or at any time during the year ended 31 December 2025.

Report of the Directors

MAJOR CUSTOMERS AND SUPPLIERS

In relation to the Group's business, the percentages of Group's total revenue for the Reporting Period attributable to the largest customer and the five largest customers in aggregate were approximately 7.6% and 36.0%, respectively.

Taking into account the nature of the Group's business and operations, the Group did not have any major suppliers in relation to its property investment business during the year.

None of the Directors, their respective close associates or any Shareholders (which to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interests in any major customers or suppliers noted above.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group has maintained a good relationship with its employees, customers and suppliers. For more details, the "Environmental, Social and Governance Report" from pages 38 to 65 of this annual report.

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

As at 31 December 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")), which were notified to the Company and The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required and pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules as adopted by the Company, to be notified to the Company and the Stock Exchange.

Report of the Directors

SUBSTANTIAL SHAREHOLDERS

So far as is known to any Directors or chief executives of the Company, as at 31 December 2025, Shareholders who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange were as follows:

Name of substantial shareholder	Capacity and nature of interest	As at 31 December 2025	
		Number of ordinary shares and underlying shares interested L – (long position)/ S – (short position)	Approximate percentage of issued share capital of the Company ⁽¹⁾
China Cinda (HK) Asset Management Co., Limited ⁽²⁾⁽³⁾	Beneficial owner	L – 843,585,747	74.98%
Bonds & Sons Holdings Limited ⁽⁴⁾	Beneficial owner	L – 111,642,295	9.93%
Bonds & Sons International Limited ⁽⁴⁾	Interest in controlled corporation	L – 111,642,295	9.93%
Bonds Chan Family Holdings (PTC) Ltd. ⁽⁴⁾	Interest in controlled corporation	L – 111,642,295	9.93%
China Cinda Asset Management Co., Ltd. ⁽²⁾⁽³⁾	Interest in controlled corporation	L – 843,585,747	74.98%
Central Huijin Investment Limited (“Huijin”) ⁽⁵⁾	Interest in controlled corporation	L – 843,585,747	74.98%

Notes:

- (1) Based on 1,125,027,072 ordinary shares of the Company in issue at 31 December 2025.
- (2) China Cinda (HK) Asset Management Co., Limited is the beneficial owner of 843,585,747 shares.
- (3) China Cinda Asset Management Co., Ltd. controlled 100% of China Cinda (HK) Holdings Company Limited, which is the sole shareholder of China Cinda (HK) Asset Management Co., Limited and is deemed under the SFO to be interested in the 843,585,747 Shares held by China Cinda (HK) Asset Management Co., Limited.
- (4) To the best knowledge, information and belief of the Directors, Bonds & Sons Holdings Limited is 100% controlled by Bonds & Sons International Limited, which is in turn 100% controlled by Bonds Chan Family Holdings (PTC) Ltd. Accordingly, Bonds Chan Family Holdings (PTC) Ltd. and Bonds & Sons International Limited are deemed under the SFO to be interested in the 111,642,295 Shares held by Bonds & Sons Holdings Limited.
- (5) As per the Corporate Substantial Shareholders Notice filed by Huijin with the HK Stock Exchange on 14 February 2025, Huijin is deemed to hold interest in shares of the Company indirectly owned by China Cinda Asset Management Co., Limited.

Report of the Directors

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any person who had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO or as otherwise notified to the Company and the Stock Exchange.

PERMITTED INDEMNITY

In accordance with the bye-law 164(1) of the Company's bye-laws, every Director and other officers of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them shall or may incur sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of them.

Such permitted indemnity provisions have been in force throughout the Reporting Period and is currently in force at the time of approval of this report.

In addition, the Company has arranged Directors' and officers' liability insurance coverage for the Directors and officers of the Company.

CHARITABLE DONATIONS

No charitable or other donations were made by the Group during the year ended 31 December 2025.

CONNECTED TRANSACTION

The Loan Agreement as disclosed in Note 30 to the FY2025 Consolidated Financial Statements is a continuing connected transaction which is fully exempt from shareholders' approval, annual review and all disclosure requirement under the Listing Rules.

PRINCIPAL RISKS AND UNCERTAINTIES

There are a number of potential risks and uncertainties which could affect the Group's business model, future performance and solvency which are considered by the Board on a regular basis. The Board, through its Audit Committee, has established and maintained the Group's internal control system and risk management process in order to monitor significant risks and achieve the Group's strategic objectives and missions. Additional information on the Group's risk management and internal control is set out in the Corporate Governance Report. The key major risks affecting the Group's business are as follows:

Economic and Financial Risk

The Group's major assets are investment properties located in Hong Kong which contributed to the Group's revenue and results of operations. Accordingly, the Group is exposed to the risk of uncertain and/or negative performance of Hong Kong economy, financial and property markets, either directly or indirectly through restrictions in the availability of credit from the Group's bankers and the reduction in rental income and occupancy rate of the Group's investment properties. Such adverse impact in effect might reduce the Group's rental revenue, increase the finance cost and decrease the fair value of the Group's investment properties and hence the net asset values of the Group. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences. Therefore, the Group will continue to develop and expand into diverse tenant mix to reduce its dependence on specific markets.

Report of the Directors

All of the Group's bank borrowings secured by the investment properties in Hong Kong are subject to floating interest rates based on HIBOR plus a fixed margin. The Group will closely monitor and manage its exposure to the interest rate fluctuations and will consider engaging hedging instruments against interest rate risks as and when appropriate.

The Group's business operation is exposed to risks from interest rates, foreign currency, credit, liquidity and capital management. Please refer to Note 35 to FY2025 Consolidated Financial Statements for discussion of the financial risks facing by the Group.

Regulatory Risk

The Group is subject to the introduction of new laws, policies or regulations, changes in the interpretation or application of new laws, policies and regulations applicable to the Group.

During the Reporting Period, as far as the Company is aware, there was no material breach or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operation of the Group.

SHARE OPTION SCHEME

The Company has no share option scheme currently in force.

EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2025 and up to the date of the annual report.

AUDITOR

The consolidated financial statements for the Reporting Period were audited by Ernst & Young whose term of office will expire upon the forthcoming AGM, and being eligible, offer themselves for re-appointment. A resolution for the re-appointment as the auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board

Chen Zhiwei

Chairman and Executive Director

Hong Kong, 27 March 2026

Directors' Biography

DIRECTORS

Executive Directors

Mr. Chen Zhiwei ("Mr. Chen")

Mr. Chen, aged 41, has been appointed as an executive Director with effect from 13 May 2020 and the chairman of the Board (the **"Chairman"**) on 15 January 2021. Mr. Chen was previously the chief executive officer (**"CEO"**) of the Company between 22 June 2020 and 14 January 2021. Mr. Chen was appointed as the chairman of the Nomination Committee with effect from 15 January 2021. He has over 19 years of investment and research experience in the financial industry. Mr. Chen obtained his Bachelor of Economics in July 2004 from Tsinghua University of the People's Republic of China and his Master of Science (Estate Management) in August 2009 from National University of Singapore. Mr. Chen joined China Cinda (HK) Holdings Company Limited (**"Cinda HK"**) in June 2010 and is currently serving as its deputy general manager, and is responsible for managing its investment and financing business. Cinda HK is a wholly-owned subsidiary of China Cinda Asset Management Co., Ltd (**"China Cinda"**), a company listed on the Main Board of the Stock Exchange (Stock code: 1359). Both Cinda HK and China Cinda are substantial Shareholders (having the meaning ascribed to it in the Rules Governing the Listing of Securities on the Stock Exchange (**"Listing Rules"**)) whose interests in the shares of the Company (**"Shares"**) fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (**"SFO"**). Mr. Chen has been a non-executive director of Silver Grant International Holdings Group Limited, a company listed on the Main Board (stock code: 171) since January 2019. In addition, during the past three years, Mr. Chen was previously a non-executive director of (1) Modern Land (China) Co., Limited, a company listed on the main board of the Stock Exchange of Hong Kong Limited (**"Main Board"**) (stock code: 1107) from December 2016 to March 2022; (2) SouthGobi Resources Ltd., a company listed on the Main Board (stock code: 1878), and the Toronto Stock Exchange (TSX: SGQ) from April 2018 to December 2022; and (3) China Fortune Financial Group Limited, a company listed on the Main Board (stock code: 290) from April 2018 to November 2022.

Ms. Ku Ka Lee ("Ms. Ku")

Ms. Ku, aged 55, has been appointed as an executive Director and CEO of the Company with effect from 15 January 2021. She was appointed as a non-executive Director from 6 January 2021 up to 14 January 2021. She has been a director of all subsidiaries of the Company incorporated in Hong Kong and the British Virgin Islands since 17 June 2020. Ms. Ku is currently the managing director of the Investment Department of Cinda HK, responsible for sourcing and execution of private and secondary market transactions valuing in excess of HK\$10 billion. Ms. Ku has over 25 years' experience in the management and finance sectors. She joined China Cinda in 1996 and throughout her career at China Cinda, she has worked in a variety of roles and positions. Prior to her appointment in 2018 as the managing director of the Investment Department in Cinda HK, Ms. Ku was an executive director of the Investment Department in Cinda HK from March 2017 to March 2018 and prior to that, a Senior Manager Assistant of the Investment Department in Cinda HK from March 2016 to March 2017. While at Cinda HK, Ms. Ku has provided corporations with financial supports through loans, equity investments, mezzanine investments, bond investments, initial public offerings, and additional investment opportunities at every stage of corporate growth. Ms. Ku studied international trade at Hubei University in China in 1989. She subsequently obtained a Diploma in Business Management which was jointly organised by The Hong Kong Management Association and Lingnan University in Hong Kong in July 2005. Ms. Ku also completed the Licensing Examination for Securities and Futures Intermediaries from the Hong Kong Securities and Investment Institute for the practising certificate for securities and asset management in October 2013 and December 2013, respectively. Furthermore, Ms. Ku is a member of the Canadian Institute of Corporate Directors. Ms. Ku has been serving as an executive director of Silver Grant International Holdings Group Limited, a company listed on the Main Board (Stock Code: 171) since September 2024. In addition, during the past three years, Ms. Ku has been a non-executive director of SouthGobi Resources Limited, a company listed on the Main Board (Stock code: 1878), from December 2020 to December 2022.

Directors' Biography

Mr. Wu Hao ("Mr. Wu")

Mr. Wu, aged 35, has been appointed as an executive Director with effect from 23 January 2026. Mr. Wu joined Cinda HK in October 2025. Cinda HK is a wholly-owned subsidiary of China Cinda, a company listed on the main board of the Stock Exchange (stock code: 1359). Mr. Wu currently serves as the Department Head of Risk Management at Cinda HK. Mr. Wu obtained a Master's degree in International Finance and Accounting Management from University of Glasgow, UK, in 2014 and is a member of the Association of Chartered Certified Accountants (ACCA). From 2015 to 2019, Mr. Wu worked at Deloitte Touche Tohmatsu Certified Public Accountants as a Senior Auditor. Mr. Wu joined China Cinda in November 2019 as Manager of the Risk Management Department.

Non-Executive Directors

Mr. Wu Jun ("Mr. Wu")

Mr. Wu, aged 43, has been appointed as a non-executive Director with effect from 17 March 2026. Mr. Wu joined Cinda HK in May 2021. Cinda HK is a wholly-owned subsidiary of China Cinda, a company listed on the Main Board of the Stock Exchange (Stock Code: 1359). Mr. Wu currently serves as Head of Special Opportunities Investment Department and Managing Director at Cinda HK. Mr. Wu obtained a Master of Finance degree from Nankai University in 2010. From July 2010 to June 2014, Mr. Wu served as Senior Business Director in the Investment Banking Division of Ping An Securities Co., Ltd. From July 2014 to May 2021, Mr. Wu worked at China Huarong International Holdings Limited as Investment Director and Head of Asset Management Department, holding the position of Managing Director.

Mr. Wong Chi Keung, Kenjie ("Mr. Wong")

Mr. Wong, aged 66, has been appointed as a non-executive Director and a member of the Remuneration Committee with effect from 26 February 2021. He has over 30 years of experience in providing a range of services such as strategy, marketing and business consulting services to international businesses in particular for those wishing to expand into China, including Hong Kong. Through direct experience as well as relationships formed with industry players, he has knowledge in a broad range of market sectors such as consumer products, automotive, finance and banking, property, luxury fashions and wine & spirits. In June 2016, Mr. Wong joined House of Connoisseur Ltd. as executive director. House of Connoisseur Ltd. is a wine and spirit company in Hong Kong that carry a wide range of wine and spirits, including fine wine and premium spirits. Mr. Wong is responsible for leading, developing and executing a comprehensive business and marketing strategy for it to become a leader in this competitive market. Prior to joining the House of Connoisseur Ltd., Mr. Wong held senior posts in a number of private companies. In April 2015, Mr. Wong joined Kingsway Cars Ltd., the authorised dealer of Lamborghini in Hong Kong, as general sales manager. From January 2013 to March 2015, Mr. Wong was the executive director of Gao Peng Cultural and Media Group Ltd., a consulting company advising on licensing, intellectual property and merchandising. Between March 2011 and January 2013, Mr. Wong was the general manager of Newcastle Shanghai, the branded content and engagement arm of ZenithOptimedia. From 1997 to 2011, Mr. Wong held various positions mainly focused in the field of advertising and marketing. Mr. Wong obtained a Bachelor of Arts degree majoring in Communication Studies from Simon Fraser University in British Columbia, Canada in 1984.

Directors' Biography

Ms. Yu Dan ("Ms. Yu")

Ms. Yu, aged 43, has been appointed as a non-executive Director on 12 May 2021. Ms. Yu has been a member of the Audit Committee since 12 May 2021 and a member of the Nomination Committee since 24 December 2025. She joined Cinda HK in January 2017 and currently serving as the Head of Finance Department of Cinda HK primarily responsible for all aspects of financial management. Ms. Yu has more than eight years of experience in auditing. Prior to joining the Board, Ms. Yu worked in international accounting firm from December 2004 to April 2013 with her last position as an audit manager at KPMG. Also, Ms. Yu worked in Like International Limited in Shanghai, which primarily engages in design and manufacture of smart point of sale ("POS") machines and system for restaurants and supermarkets, as finance director from September 2013 to March 2015. Furthermore, Ms. Yu worked in NQ International Limited (NYSE symbol: NQ) as investor relations director from April 2015 to January 2016. Ms. Yu obtained a bachelor's degree major in business administration from 華東師範大學 (East China Normal University) in July 2004. Ms. Yu is a member of each of the Chinese Institute of Certified Public Accountants and American Institute of Certified Public Accountants.

Independent Non-Executive Directors

Mr. Liew Fui Kiang ("Mr. Liew")

Mr. Liew, aged 59, has been appointed as an independent non-executive Director of the Company since January 2018. Mr. Liew is currently a member of the Nomination Committee of the Company. Mr. Liew is currently an independent non-executive director of Shandong Gold Mining Company Limited (stock code: 1787 and Shanghai Stock Exchange stock code: 600547), Zhaoke Ophthalmology Limited (stock code: 6622) and Zhengye International Holdings Limited (stock code: 3363), respectively.

Mr. Liew currently serves as an independent member of the board of supervisors for Ping An Insurance (Group) Company of China, Limited (stock code: 2318 and Shanghai Stock Exchange stock code: 601318), a Fortune Global 500 corporation.

Mr. Liew previously served as an independent director of Baoshan Iron & Steel Company Limited (寶山鋼鐵股份有限公司, Shanghai Stock Exchange stock code: 600019), a Fortune Global 500 corporation. He previously served as an independent non-executive director of China Apex Group Limited (stock code: 2011). Mr. Liew was the chairman of the board of directors and executive director of PacRay International Holdings Limited (stock code: 1010).

Mr. Liew is a fellow of the Hong Kong Institute of Directors. He is a solicitor of England and Wales, and a solicitor of Hong Kong. Mr. Liew graduated from the University of Leeds of the United Kingdom with a Bachelor of Laws (Tetley & Lupton scholar) and he graduated from the Hull University Business School of the United Kingdom with a Master of Business Administration. Mr. Liew was awarded the General Management Certificate of Achievement by the University of Cambridge Judge Business School of the United Kingdom; and he earned the Certificate for ESG Investing from the CFA Institute of the United States of America.

Directors' Biography

Mr. Liu Xin ("Mr. Liu")

Mr. Liu, aged 70, has been appointed as the independent non-executive Director, the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee of the Company since 12 May 2021. Mr. Liu has over 30 years of extensive experience and knowledge in finance and investment banking. Mr. Liu has been serving as a senior advisor of Deloitte China since March 2019, participated in anti-money laundry training, project financing and strategy of business development in a number of China financial institutions. Prior to Deloitte China, Mr. Liu was with BNP Paribas in Hong Kong between July 2007 and June 2018. Mr. Liu's positions during his time at BNP Paribas included the managing director of financial institution group of BNP Paribas in Hong Kong as well as the head of Global Risk Solutions (China). Prior to joining BNP Paribas, Mr. Liu worked as senior adviser of China Affairs Department in HSBC in London from 2001 to 2002. Mr. Liu also worked as the director of the Investment Division in China's State Administration of Foreign Exchange (SAFE) from 1989 to 2001, where he accumulated rich knowledge in interpreting Chinese policies and regulations for the Chinese financial system. In addition, during the past three years, Mr. Liu has also been an independent non-executive director, a member of each of the audit committee, remuneration committee and nomination committee of China Fortune Financial Group Limited (stock code: 290) from 10 March 2020 to 27 September 2022.

Mr. Liu graduated from Hubei University in June 1982 with a bachelor's degree in Arts. He then further obtained a master's degree in Economics from Wuhan University in June 1989 and a doctor's degree majoring in Economics from The University of Leeds in August 2007. Mr. Liu was honoured as a Senior Economist by the People's Bank of China in 1996. He also published extensively in world-class journals and books as a co-author with well-known British scholars.

Mr. Yip Tai Him ("Mr. Yip")

Mr. Yip, aged 55, was appointed as an independent non-executive Director on 13 May 2020. Mr. Yip has been the chairman of the Audit Committee with effect from 15 June 2020, a member of Remuneration Committee with effect from 26 February 2021 and as a member of the Nomination Committee with effect from 24 December 2025. He has over 30 years of experience in accounting, auditing and financial management. Mr. Yip obtained his Bachelor degree from the City University of Hong Kong in November 1993. He has been admitted as a member of the HKICPA, a fellow of the Association of Chartered Certified Accountants in the United Kingdom and a fellow of the Institute of Chartered Accountants in England and Wales since June 1997, September 2001 and January 2016 respectively. Mr. Yip is an independent non-executive director of (1) Shentong Robot Education Group Company Limited (a company with principal business of robotic education and listed on GEM with stock code: 8206); (2) GCL-Poly Energy Holdings Limited (a solar energy related company listed on the Main Board with stock code: 3800); (3) Redco Properties Group Limited (a property developer listed on the Main Board with stock code: 1622). Mr. Yip is also an independent non-executive director of Dongguan Rural Commercial Bank Co., Ltd (a PRC banking services company listed on the Main Board with stock code: 9889). He has resigned from this position since 21 March 2025. Such resignation is subject to approval from relevant authorities in the PRC.

Corporate Governance Report

The Company is committed to good corporate governance practices in order to safeguard the interests of the Shareholders. This is essential to the success of the Group.

CORPORATE GOVERNANCE PRACTICES

The Board believes that good corporate governance is important to the success of the Company. The Company is committed to attaining good standard of corporate governance practices in order to enhance shareholders' value and safeguard the interests of shareholders.

The Company's corporate governance practices are based on the principles and code provisions (the **"Code Provisions"**) set out in the Corporate Governance Code (the **"CG Code"**) contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the **"Listing Rules"**). The Company has complied with the Code Provisions as set out in the CG Code during the year ended 31 December 2025.

RESPONSIBILITIES OF THE BOARD

The Board is responsible for overall management and control of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

All directors have full and timely access to all relevant information as well as the advice and service of the company secretary and senior management. Any director may request independent professional advice in appropriate circumstances at the Company's expense, upon making reasonable request to the Board.

The Board establishes the Company's purpose, values and strategies, and needs to satisfy itself that these and the Company's culture are aligned. All Directors must act with integrity, lead by example and take active steps to promote the culture of the Company. The Board will continue to drive the performance of its core business at a steady pace in order to create value for the Company and the Shareholders in the long run.

DELEGATION BY THE BOARD

The Board has delegated responsibilities to the executive Directors and senior management of the Company, including implementing decisions of the Board and directing and conducting the day-to-day operation and the management of the Group. The delegated functions and responsibilities are periodically reviewed by the Board and approval has to be obtained from the Board prior to any significant transactions are entered.

CORPORATE CULTURE

The Group has always believed that good corporate culture can provide enlightening direction for corporate business development and "compass" for actions during the crucial period of business restructuring and development. It can also create strong unity and motivational forces, helping the Company achieve its objectives and generate the greatest effectiveness with limited resources. Striving to establish its unique corporate culture, the Group firmly believes that talent is the most important capital for corporate development. A management team of cohesive, dedicated, professional, progressive personnel can help a company to deliver the greatest efficiency, provide customers with the most satisfactory services, and create the biggest returns to the Shareholders.

Corporate Governance Report

We believe that strengthening the establishment of corporate culture will boost the efficiency of the Company. The Group actively fosters a set of values and behavioural models.

(1) United with Solidarity:

Share the same corporate philosophy together in good and bad times; create bright future for the Company;

(2) Honest and responsible:

Be loyal to the Company and responsible for fulfilling obligations; make one's utmost effort for the best performance;

(3) Diligent and confident:

Be diligent, eager to learn and add value to oneself, have full confidence in one's work;

(4) Proactive and cohesive:

Proactive and co-operative, get along well with colleagues, strives to handle matters in the best way;

(5) Flexible and adaptable:

React flexibly in the face of challenges, make appropriate adjustment while adhering to one's principles;

(6) Practical and Innovative:

Be practical and courageous to overcome difficulties and innovative while facing challenges with the Company; and

(7) Fully committed:

Unswerving towards objectives, strives to complete one's task with perseverance and commitment.

CORPORATE GOVERNANCE FUNCTIONS

The Company has not established any corporate governance committee. The Board is responsible for performing the corporate governance functions including (i) developing and reviewing the Company's policies, practices on corporate governance; (ii) reviewing and monitoring the training and continuous professional development of Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report; and (v) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and directors.

THE COMPOSITION OF THE BOARD

As at 31 December 2025 and at the date of publication of this report, the Board comprised three executive Directors, three non-executive Directors and three independent non-executive Directors. The number of the independent non-executive Directors represents no less than one-third of the Board members. At least one of the independent non-executive Directors has appropriate professional qualifications, or accounting or related financial management expertise.

Corporate Governance Report

All members of the Board possess the appropriate expertise and skills to discharge their duties. Biographical details of the current Directors are set out in the section titled “Directors’ Biography” of this annual report. The Directors, Mr. Chen Zhiwei, Ms. Ku Ka Lee, Ms. Huang Zhenghong (resigned on 23 January 2026), Mr. Wu Hao (appointed on 23 January 2026), Dr. Huang Qiang (resigned on 17 March 2026), Mr. Wu Jun (appointed on 17 March 2026) and Ms. Yu Dan are senior officers of Cinda HK. Cinda HK is a substantial Shareholder (within the meaning of the Listing Rules). Save for the aforesaid, there is no relationship between the members of the Board, in terms of financial, business, family or other material/relevant relationship.

Appropriate directors’ liability insurance cover has been arranged to indemnify the Directors for liabilities arising out of corporate activities. The coverage and the sum insured under the policy are to be reviewed regularly.

BOARD MEETINGS AND GENERAL MEETING

Number of meetings attended/eligible to attend

In compliance with the code provision C.5.1 of the CG Code, there are at least four regular board meetings should be held each year.

For the year ended 31 December 2025, 6 Board meetings and one general meeting, being the Annual General Meeting, were held and the attendance record of the Directors during their tenure is set out below:

Name of Directors	Number of Board meetings attended/held ⁽¹⁾	General meeting
Executive Directors		
Mr. Chen Zhiwei (<i>Chairman</i>)	6/6	1/1
Ms. Ku Ka Lee (<i>Chief Executive Officer</i>)	6/6	1/1
Ms. Huang Zhenghong ⁽³⁾	6/6	1/1
Mr. Wu Hao ⁽³⁾	N/A	N/A
Non-executive Directors		
Dr. Huang Qiang ⁽⁴⁾	6/6	1/1
Mr. Wong Chi Keung, Kenjie	6/6	1/1
Ms. Yu Dan	6/6	1/1
Mr. Wu Jun ⁽⁴⁾	N/A	N/A
Independent non-executive Directors		
Mr. Liew Fui Kiang	6/6	1/1
Mr. Liu Xin	6/6	1/1
Mr. Yip Tai Him	6/6	1/1

Notes:

- (1) Board meetings are attended by a majority of the Directors through electronic means of communication.
- (2) In addition, the Chairman held a meeting with the independent non-executive Directors without the presence of other executive Directors during the Reporting Period.
- (3) Ms. Huang Zhenghong resigned on 23 January 2026, and Mr. Wu Hao appointed on 23 January 2026.
- (4) Dr. Huang Qiang resigned on 17 March 2026, and Mr. Wu Jun appointed on 17 March 2026.

Corporate Governance Report

BOARD PROCEEDINGS

The company secretary of the Company (“**Company Secretary**”) assists the Chairman in establishing the meeting agenda and each Director may request inclusion of items in the agenda. A notice of at least 14 days is given to all Directors for all regular Board meetings. Relevant information such as agendas and accompanying board papers are circulated to all Directors normally three days in advance of the Board meetings.

With the assistance of the Company Secretary, the Chairman ensures that all Directors are properly briefed on issues arising from Board meetings and that they receive adequate information in a timely manner in order to assist them to make informed decisions and discharge their duties as Directors. Upon reasonable request, the Directors and Board committees will have access to the advice of the Company Secretary and independent professional advice in appropriate circumstances at the Company’s expense in carrying out their duties.

According to the current Board practice, if a substantial Shareholder or a Director has any conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The bye-laws of the Company also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting on any Board resolution and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his close associates has a material interest.

Meeting minutes of the Board and Board committees are recorded in appropriate details and draft minutes are circulated to the respective Board members for comments before being approved by the Board and Board committees.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

The appointment of a new director must be approved by the Board. The Board has delegated to the Nomination Committee to select and recommend candidates for directorship including the consideration of referrals and engagement of external recruitment professionals when necessary. The Nomination Committee has established certain guidelines to assess the candidates. These guidelines emphasize appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and possible time commitments to the Board and the Company.

Each newly appointed director would receive briefings and orientation covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant legal and regulatory requirements and the Company’s business and governance policies.

Mr. Wu Hao was appointed as an executive Director on 23 January 2026. He had obtained the legal advice regarding obligations as a director of a listed issuer referred to in Rule 3.09D of the Listing Rules on 19 January 2026. And he has confirmed he understood his obligations as a director of a listed issuer.

Mr. Wu Jun was appointed as a non-executive Director on 17 March 2026. He had obtained the legal advice regarding obligations as a director of a listed issuer referred to in Rule 3.09D of the Listing Rules on 12 March 2026. And he has confirmed he understood his obligations as a director of a listed issuer.

Each of the Directors (including non-executive Directors and independent non-executive Directors) has entered into a service contract or letter of appointment with the Company and is appointed for an initial term of not more than three years. All Directors are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings in accordance with the Listing Rules and the Bye-laws of the Company. Every Director newly appointed by the Board is subject to re-election at the next following general meeting after his/her appointment.

Corporate Governance Report

According to the Bye-laws of the Company, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3) the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall retire from office by rotation at least once every three years.

None of the independent non-executive Directors have served more than nine years.

See “Report of the Directors” for details of retirement and re-election of Directors at the forthcoming AGM.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Pursuant to code provisions B.1.4 of the CG Code, the Board established mechanism(s) to ensure independent views and input are available to the Board, in particular, (i) independent non-executive Directors are encouraged to actively participate in the Board meetings; (ii) long-serving independent non-executive Directors are discouraged to be re-elected; (iii) the number of independent non-executive Directors must comply with the requirement under the Listing Rules; and (iv) the independent non-executive Directors shall devote sufficient time to discharge their duties as a Director. Furthermore, the Directors may access external independent professional advice to assist their performance of duties at the expense of the Company. The Board will review the implementation and effectiveness of such mechanism(s) on an annual basis.

Pursuant to code provisions E.1.9 of the CG Code, the Company generally should not grant equity-based remuneration (e.g. share options or grants) with performance-related elements to independent non-executive directors of the Company as this may lead to bias in their decision-making and compromise their objectivity and independence. The independent non-executive Directors of the Company were not granted equity-based remuneration up to the date of this report.

The Company has received the annual written confirmations of independence from all of the independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. During the Reporting Period and up to the date of this report, none of the independent non-executive Directors at the time and currently sitting on the Board has served on the Board for more than nine years. The Board is of the view that all of the independent non-executive Directors are independent in character and judgement and that they all meet the specific independence criteria as required by the Listing Rules.

FINANCIAL REPORTING

The Directors acknowledge their responsibilities for preparing the financial statements which give a true and fair view of the state of affairs of the Group in accordance with the relevant statutory requirements and applicable accounting standards.

The responsibilities of the auditor with respect to the financial statements are set out in the “Independent Auditor’s Report” annexing in the annual report.

Corporate Governance Report

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding Directors’ securities transactions. All Directors have confirmed that, following specific enquiry by the Company, that they have complied with the required standards as set out in the Model Code throughout the Reporting Period.

The Company has also adopted codes of conduct regarding securities transactions by relevant employees (as defined in the CG Code) on terms no less exacting than the required standards set out in the Model Code.

DIRECTORS’ TRAINING AND PROFESSIONAL DEVELOPMENT

Each of the Directors newly appointed during the Reporting Period have received induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. All Directors are also encouraged to attend training courses relevant to changes and developments to the Group’s business and to the legislative and regulatory environments in which the Group operates at the Company’s expenses.

Under the code provision C.1.4 of the CG Code, all Directors should participate in continuous development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. The Directors are continuously updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities. During the Reporting Period, the Company engaged external professional firm to provide update seminar on corporate governance practices. Continuous briefing and seminars on professional development for the Directors are arranged where necessary.

The table below summarised the trainings each Director received during the Reporting Period:

Name of Directors	Seminar on corporate governance practices	Reading materials relating to regulatory update and corporate governance matters
Executive Directors		
Mr. Chen Zhiwei (<i>Chairman</i>)	√	√
Ms. Ku Ka Lee (<i>Chief Executive Officer</i>)	√	√
Ms. Huang Zhenghong (Resigned on 23 January 2026)	√	√
Mr. Wu Hao (Appointed on 23 January 2026)	N/A	N/A
Non-Executive Directors		
Dr. Huang Qiang (Resigned on 17 March 2026)	√	√
Mr. Wong Chi Keung, Kenjie	√	√
Ms. Yu Dan	√	√
Mr. Wu Jun (Appointed on 17 March 2026)	N/A	N/A
Independent non-executive Directors		
Mr. Liew Fui Kiang	√	√
Mr. Liu Xin	√	√
Mr. Yip Tai Him	√	√

Corporate Governance Report

BOARD COMMITTEES

The Board currently has established three committees, being the Remuneration Committee, the Audit Committee and the Nomination Committee (collectively the “**Board Committees**”), for overseeing particular aspects of the affairs of the Group. All Board Committees have been established with specific terms of reference, which are available on the Company’s website at <http://www.zhongchangintl.hk> and the website of the Stock Exchange at <http://www.hkexnews.hk>. All the Board Committees should report to the Board on their decisions or recommendations made.

All Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expenses. The duties and work done by the foregoing Board Committees for the Reporting Period are detailed below.

Remuneration Committee

A Remuneration Committee has been established with written terms of reference in compliance with the Corporate Governance Code and in line with the Listing Rules requirement. The primary functions of the Remuneration Committee include determining the remuneration packages of individual executive Directors and senior management; reviewing and making recommendation to the Board on the remuneration policy and structure for all Directors and senior management.

The Remuneration Committee comprised the following members: i) Mr. Liu Xin, the chairman of the Remuneration Committee and an independent non-executive Director, (ii) Mr. Wong Chi Keung, Kenjie, a non-executive Director, and (iii) Mr. Yip Tai Him, an independent non-executive Director.

The Remuneration Committee meets at least once a year and the Remuneration Committee will meet on other occasion when required.

The Remuneration Committee has adopted the operation model where it performs an advisory role to the Board, with the Board retaining the final authority to approve the remuneration packages of individual Directors and senior management. During the Reporting Period, one Remuneration Committee meeting was held to review the annual remuneration packages of Directors.

The major roles and functions of the Remuneration Committee are as follows:

- to make recommendations to the Board on the Company’s policy and structure for all Directors’ and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- to review and approve management’s remuneration proposals with reference to the Board’s corporate goals and objectives;
- to make recommendations to the Board on the remuneration packages of individual Directors and senior management. The remuneration package should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- to make recommendation to the Board on the remuneration of non-executive Directors;
- to review and approve the compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

Corporate Governance Report

- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules;
- to review from time to time as appropriate the terms of reference of the Remuneration Committee and recommend to the Board any necessary changes; and
- to consider other topics or matters, as defined by the Board.

Details of Directors' emoluments on named basis for the Reporting Period are set out in note 9 to the consolidated financial statements. The annual remuneration of the senior management by band for the year ended 31 December 2025 is set out below:

Remuneration bands	Number of Individual
HK\$1,000,001–HK\$1,500,000	1
	1

The Remuneration Committee held one meeting during the Reporting Period and the record of attendance of its members is as follows:

Name of member	Attendance/Number of meeting(s)
Mr. Liu Xin (<i>Chairman</i>)	1/1
Mr. Wong Chi Keung, Kenjie	1/1
Mr. Yip Tai Him	1/1

Note: The number of meeting(s) represent the meeting(s) held during the respective Directors' office term.

Corporate Governance Report

Audit Committee

The Audit Committee has been established with written terms of reference in compliance with the Corporate Governance Code and in line with the Listing Rules requirement. The primary functions of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, internal control procedures and risk management system, the effectiveness of the Company's internal audit function and relationship with external auditor and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Audit Committee comprised the following members: (i) Mr. Yip Tai Him, the chairman of the Audit Committee and an independent non-executive Director; (ii) Mr. Liu Xin, an independent non-executive Director; and (iii) Ms. Yu Dan, a non-executive Director. Mr. Yip Tai Him and Ms. Yu Dan possess appropriate accounting or relevant financial management expertise and meet the requirements of Rule 3.21 of the Listing Rules.

The Audit Committee meets at least twice a year to review the Company's interim and annual results and the integrity of the Group's financial statements. During the Reporting Period, the Audit Committee had reviewed and discussed with management, among others, the accounting principles and practices adopted by the Group, audit, internal control and risk management systems, financial reporting matters, made recommendation on the re-appointment of external auditor, including a review of the unaudited consolidated financial statements of the Company for the six months ended 30 June 2025 and audited consolidated financial statements of the Company for the year ended 31 December 2024.

The major roles and functions of the Audit Committee are as follows:

- to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of its resignation or dismissal;
- to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;
- to review and discuss with the auditor the nature and scope of the audit and reporting obligations;
- to develop and implement policy on engaging an external auditor to supply non-audit services;
- to monitor the integrity of the Company's financial statements and the annual report and accounts and interim report and, if prepare for publication, and to review significant financial reporting judgments contained in them;
- to liaise with the Board and senior management and meet with external auditor, and to consider any significant or unusual items that are, or may need to be, reflected in the annual report and accounts and interim report, and to give due consideration to any matters that have been raised by the staff responsible for the accounting and financial reporting function, compliance officer or external auditor of the Company;
- to review the financial controls, internal control and risk management systems of the Company;
- to discuss the risk management and internal control systems with management of the Company to ensure that management has performed its duty to have effective systems;
- to review the Group's financial and accounting policies and practices;

Corporate Governance Report

- to review the management letter of the external auditor, any material queries raised by the external auditor to management of the Company about the accounting records, financial accounts or systems of control and the response of management of the Company;
- to establish a whistleblowing policy and system for employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, with the Audit Committee;
- to review arrangements for employees and those who deal with the Company (e.g. customers and suppliers) of the Company to raise concerns, in confidence and anonymity, about possible improprieties in financial reporting, internal control or other matters, and to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up actions; and
- to act as the key representative body for overseeing the Company's relations with external auditor.

The Audit Committee held three committee meetings during the Reporting Period and the record of attendance of its members is as follows:

Name of member	Attendance/Number of meetings
Mr. Yip Tai Him (<i>Chairman</i>)	3/3
Mr. Liu Xin	3/3
Ms. Yu Dan	3/3

Note: The number of meetings represent the meetings held during the respective Directors' office term.

Nomination Committee

A Nomination Committee has been established with written terms of reference in compliance with the Corporate Governance Code and in line with the Listing Rules requirement. The primary functions of the Nomination Committee are to review the Board composition, make recommendations to the Board on the appointment and succession planning of Directors, and assess the independence of independent non-executive Directors.

The Nomination Committee comprised the following members: (i) Mr. Chen Zhiwei, the chairman of the Nomination Committee and an executive Director and Chairman of the Board; (ii) Mr. Liew Fui Kiang, an independent non-executive Director; (iii) Mr. Liu Xin, an independent non-executive Director; (iv) Mr. Yip Tai Him, an independent non-executive Director (appointed on 24 December 2025); and (v) Ms. Yu Dan, a non-executive Director (appointed on 24 December 2025). During FY2025 and up to the date of this report, the composition of the Nomination Committee complies with the requirements under Rule 3.27A of the Listing Rules. Following the above appointments on 24 December 2025, the Nomination Committee has one member of a different gender and continues to comprise a majority of independent non-executive directors.

The Nomination Committee meets at least once a year and the Nomination Committee will meet on other occasion when required.

During the Reporting Period, the Nomination Committee reviewed the structure, size and composition of the Board; considered the independence of independent non-executive Directors; made recommendations on the re-election of retiring Directors; and reviewed the terms of reference of the Nomination Committee.

Corporate Governance Report

The primary duties of the Nomination Committee are to (1) review the structure, size and diversity (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; (2) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; (3) assess the independence of the independent non-executive Directors; (4) make recommendation to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive officer.

The Nomination Committee held one committee meeting during the Reporting Period and the record of attendance of its members is as follows:

Name of member	Attendance/Number of meeting(s)
Mr. Chen Zhiwei (<i>Chairman</i>)	1/1
Mr. Liew Fui Kiang	1/1
Mr. Liu Xin	1/1
Mr. Yip Tai Him (Appointed on 24 December 2025)	N/A
Ms. Yu Dan (Appointed on 24 December 2025)	N/A

Note: The number of meeting(s) represent the meeting(s) held during the respective Directors' office term.

The Nomination Committee adopted the following procedures and criteria for nomination of Directors:

In relation to the nomination procedures:

- When the Board considers it necessary to appoint a new Director, the Board evaluates the balance of skills, knowledge and experience of the Board, diversity of the Board and identifies any special requirements for the vacancy (e.g. independence status in the case of an independent non-executive Director).
- Prepare a description of the role and capabilities required for the particular vacancy.
- Identify a list of candidates through personal contacts/recommendations by Board members, senior management, business partners or investors.
- Arrange interview(s) with each candidate for the Board to evaluate whether he/she meets the established written criteria for nomination of Directors. One or more members of the Board will attend the interview.
- Conduct verification of information provided by the candidate.
- Make recommendations to the Board on the appointment or re-appointment of Directors.

In relation to the nomination criteria:

- Common Criteria for all Directors:
 - Character and integrity
 - The willingness to assume Board fiduciary responsibility
 - Present needs of the Board for particular experience or expertise and whether the candidate would satisfy those needs

Corporate Governance Report

- (d) Relevant experience, including experience at the strategy/policy setting level, high level managerial experience in a complex organisation, industry experience and familiarity with the business and processes used by the Company
- (e) Significant business or public experience relevant and beneficial to the Board and the Company
- (f) Breadth of knowledge about issues affecting the Company
- (g) Ability to objectively analyse complex business problems and exercise sound business judgment
- (h) Ability and willingness to contribute special competencies to Board activities
- (i) Fit with the Company's culture

2. Criteria applicable to non-executive Directors/independent non-executive Directors:

- (a) Willingness and ability to make a sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a Director, including attendance at and active participation in Board and Board Committee meetings
- (b) Accomplishments of the candidate in his/her field
- (c) Outstanding professional and personal reputation
- (d) The candidate's ability to meet the independence criteria for Directors established in the Listing Rules

BOARD DIVERSITY

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience. The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels are appropriately structured so that a diverse range of candidates are considered.

The Board has set measurable objective (at least one Board member with different gender) to implement the Board Diversity Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. As of 31 December 2025, the Company has achieved gender diversity of the Board (consisting of 66.7% of male and 33.3% of female members) and in compliance with the requirements under Rule 13.92 of the Listing Rules. The Nomination Committee reviews the Board Diversity Policy, as appropriate, to ensure its effectiveness.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. As at 31 December 2025, 66.7% of the Group's employees were male and 33.3% were female. The Group when hiring employees considers a number of factors, including but not limited to gender, age, cultural and education background, qualification, ethnicity, professional experience, skills, knowledge and length of service, and the Group will make sure achieving gender diversity across the workforce.

Corporate Governance Report

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The consolidated financial statements for the Reporting Period were audited by Ernst & Young, whose term of office will expire upon the forthcoming AGM of the Company.

The amount of fees charged by the auditor generally depends on the scope and volume of the auditor's work. For the Reporting Period, the remuneration charged to the Group was HK\$1.028 million for statutory audit services and no remuneration was charged for non-audit services.

Ernst & Young is appointed as the external auditor of the Company upon the recommendation of the Audit Committee. During the past 3 years including the Reporting Period, there has been no change of auditor of the Company.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility for the Company's risk management and internal control systems, and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group has established internal control policies and procedures for the approval and control of expenditures and has set up a structure with defined authority and proper segregation of duties. An annual budget with financial targets provides the foundation for the allocation of resources in accordance with prioritized business opportunities. Regular review is carried out by Directors to ensure the reliability of the financial reporting, effectiveness and efficiency of operation and the compliance with applicable laws and regulations. The Company has also engaged China Resources Property Management Limited as the property manager of the core investment properties in Hong Kong to safeguard the Group's assets and to strengthen internal control procedures. In meeting its responsibility, the employees of the Group have to complete a risk and internal control self-assessment, identify and evaluate those significant risks and report to the Board members and Audit Committee annually that appropriate internal control policies and procedures have been established and properly complied with. The internal control report will identify the weakness in the Group's internal control and accounting procedure (if any) which have come to their attention during the course of their review. The Audit Committee reviews the internal control report and provide its recommendation to the Board for any necessary enhancement. Whilst these policies and procedures are designed to identify, monitor, report and follow up on risks that could adversely impact the achievement of the Group's business objectives, they do not provide absolute assurance against material misstatement, errors, losses, fraud or non-compliance.

The Company does not have an internal audit department to carry out the internal audit function during the Reporting Period. The Company has conducted an annual review on whether there is a need for an internal audit department. Given the Group's corporate and operational structure, as opposed to diverting scarce resources to establish a separate internal audit department during the current difficult economic environment, the Board, supported by the Audit Committee, is directly responsible for risk management and internal control systems of the Group and for reviewing its effectiveness annually. The Group will continue to review the need for an internal audit function annually. The Board is satisfied that the existing risk management and internal control systems of the Group is effective and adequate for its present requirement.

Corporate Governance Report

Inside information

The Group attaches utmost importance to the proper handling and dissemination of inside information. Internal practices have been put in place to ensure that inside information is adequately controlled. The access of inside information is restricted to a limited number of employees on a need-to-know basis, who are fully aware of their obligations to preserve confidentiality. To ensure the confidentiality and the timely disclosure of inside information, the Group discloses inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours as provided in the SFO. Before the information is fully disclosed to the public, the Group ensures the information is kept strictly confidential. If the Group believes that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the Group would immediately disclose the information to the public. The Group is committed to ensure that information contained in the announcements or circulars of the Company are not false or misleading as to a material fact, or false or misleading through the omission of a material fact. In the event of disclosing the inside information, it shall be made on the fair, true and effective basis. The executive Directors are designated persons who speak on behalf of the Company when communicating with external parties such as the media, analysts or investors.

Whistleblowing Policy

Pursuant to the new code provision D.2.6 of the CG Code, the Company has established a whistleblowing policy and system, whereby employees and those who deal with the Company (e.g. customers and suppliers) may raise concerns, in confidence, with the Audit Committee about possible improprieties in any matter related to the Company. Written complaints can be lodged directly to the Audit Committee. The Audit Committee will then convene a meeting to decide whether and/or how to carry out any necessary investigation and, depending upon the circumstances, consider to nominate investigating officer or set up a special committee to investigate the matter independently.

COMPANY SECRETARY

Mr. Chow Hok Lim, the Company Secretary appointed by the Board and an employee of the Company, possesses the necessary qualification and experience, and is capable of performing of the functions of the Company Secretary. Mr. Chow Hok Lim has taken not less than 15 hours of relevant professional training in each financial year as required under Rule 3.29 of the Listing Rules.

INVESTOR RELATIONS AND SHAREHOLDERS' COMMUNICATIONS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company has established a shareholders' communication policy, and endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings.

Information of the Company shall be communicated to the shareholders of the Company and the investment community mainly through the Company's financial reports (interim and annual reports), announcements, circulars, annual general meeting and other meetings that maybe convened. The chairman of the Board as well as chairperson of Audit Committee, Remuneration Committee and Nomination Committee or, in their absence, other members of the respective committees will make themselves available at the annual general meetings to meet shareholders and answer their enquiries.

Shareholders are encouraged to attend the annual general meeting and other general meeting of the Company. Notice of the annual general meeting and related papers shall be sent to shareholders in accordance with the requirements of the Bye-laws of the Company and the Listing Rules and such documents shall be also made available on the Company's website (<http://www.zhongchangintl.hk>) and the Stock Exchange's website (<https://www.hkexnews.hk>). In addition, the Company's website provides information such as e-mail address and telephone number for making inquiries to the Company in order to maintain effective communication with its shareholders and investors.

Corporate Governance Report

The Board conducted an annual review of the implementation and effectiveness of the Company's shareholders' communication policy and concluded that the policy was effectively implemented during the year of 2025. The Company keeps on promoting investor relations and enhancing communication with the existing shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public. Enquiries to the Board or the Company may be sent by post to the Company's principal place of business in Hong Kong at Unit 1701, 17/F., OfficePlus@Wan Chai, 303 Hennessy Road, Wan Chai, Hong Kong.

DIVIDEND POLICY

The Company has adopted the dividend policy (the **"Dividend Policy"**) which has set out the principle and procedures for the payment of dividend to Shareholders to provide stable and sustainable returns to the Shareholders and to share the profits of the Company with the Shareholders. The Board may decide from time to time to declare interim dividends or to recommend the payment of final dividends and special dividends to the Shareholders.

The dividend amount shall be determined at the absolute discretion of the Board taking into account the following factors including but not limited to (1) the Group's financial performance; (2) the liquidity position and capital requirements of the Group; and (3) any other factors that the Board may consider appropriate, if profitable and without affecting the normal operations of the Group. As disclosed in this report, the Board did not recommend the declaration of final dividend for FY2025.

SHAREHOLDERS' RIGHTS

Convening Special General Meeting by Shareholders

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a special general meeting. The purposes of the meeting must be stated in the related requisition and deposited at the Company's registered office and principal place of business in Hong Kong. If the Directors do not within 21 days from the date of the deposit of a request (after being verified to be valid) proceed to convene a special general meeting, the Shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a special general meeting, but any special general meeting so convened shall not be held after the expiration of three months from the date of the deposit of the request.

Putting Forward Proposals at General Meetings by Shareholders

Shareholders holding not less than one-twentieth of the total voting rights of those Shareholders having the right to vote at a general meeting or not less than one hundred Shareholders can submit a written request to move a resolution at a general meeting. The written request must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution and deposited at the Company's registered office and principal place of business in Hong Kong not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. Upon the request verified to be valid, the Company will give notice of the resolution or circulate the statement provided that the Shareholders concerned have deposited a sum reasonably sufficient to meet the Company's expenses in regard thereto.

Procedures for Directing Shareholders' Enquiries to the Board

Shareholders can raise enquiries to the Board. All enquiries shall be in writing and sent by post to the Company's principal place of business in Hong Kong at Unit 1701, 17/F., OfficePlus@Wan Chai, 303 Hennessy Road, Wan Chai, Hong Kong for the attention of the Company Secretary.

Corporate Governance Report

AMENDMENTS TO THE COMPANY'S BYE-LAWS

During the Reporting Period, there was no change to the bye-laws of the Company.

ESG REPORT PUBLICATION

The Company published its ESG report at the same time as the publication of the annual report. For details, please refer to the Environmental, Social and Governance Report in this annual report.

Environmental, Social and Governance Report

ABOUT THIS REPORT

The Group acts as an investment holding company and the principal activities are property investments and leasing.

The Group is pleased to present its Environmental, Social and Governance (“ESG”) report (“ESG Report”) for the Reporting Period. The ESG Report provides a comprehensive overview of the Group’s ESG policies, practices and performances in managing material environmental and social risks and opportunities. For details on the Group’s corporate governance, please refer to the “Corporate Governance Report” on pages 22 to 37 of this Annual Report.

Scope of the ESG Report

The scope of the ESG Report covers the Group’s principal business in property leasing. The reporting scope for 2025 is the same as that for 2024. The environmental Key Performance Indicators (“KPIs”) disclosed in the ESG Report are based on the performance of the Hong Kong head office, considering their materiality to the business operations,

Reporting Framework

The ESG Report was prepared in accordance with Appendix C2 Environmental, Social and Governance Reporting Code (the “ESG Code”) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “HKEX”), following all the reporting principles.

(i) **Materiality**

The Group has determined the content of the ESG Report based on the results of the stakeholder engagement and materiality assessment as set out in the Stakeholder Engagement and Materiality Assessment and has covered the key ESG issues of concern to stakeholders.

(ii) **Quantitative**

The environmental and social KPIs have been disclosed in the ESG report. The criteria, methodology and references used to calculate the KPIs are set out in the ESG report to provide stakeholders with a comprehensive understanding of the Group’s ESG performance.

(iii) **Consistency**

The Group uses consistent reporting and calculation methods as far as reasonably practicable and details significant changes in data or methods in the corresponding chapters to achieve comparability of ESG performance.

Feedbacks and Contact

The Group values your feedback on the ESG Report and its sustainability performance. Should you have any advice, please feel free to send us your comments to the Group’s principal place of business in Hong Kong at Suite 1701, OfficePlus@Wan Chai, 303 Hennessy Road, Wan Chai, Hong Kong.

Environmental, Social and Governance Report

ITS APPROACH TO ESG

The Group firmly believes that well-established ESG principles and practices enhance investment values and deliver sustainable and long-term returns to stakeholders. To identify key environmental and social issues, the Group values stakeholder feedback and conduct a regular review of sustainability performance, to identify key environmental and social issues, fostering sustainable development and value creation.

Board Statement

The Board bears the responsibility for overseeing the Group's ESG issues, including climate-related risks and opportunities, performance, measures, and compliance with relevant laws and regulations. To facilitate effective oversight, the Board has assigned the Audit Committee to directly monitor the implementations of ESG-related reviews and conduct an annual review of the ESG report. An independent ESG consulting firm was appointed to support execution by carrying out directives from the Board and the Audit Committee on ESG and climate-related matters.

The Board recognises that an effective ESG and climate-related strategy should be based on materiality to the Group's business and stakeholders. Accordingly, it commissioned the ESG consulting firm to perform a materiality assessment, drawing on stakeholder surveys, industry materiality map, professional expertise, and Directors participation in the engagement to shape priorities. The Board has been fully informed of the assessment outcomes and remains committed to the ongoing review and refinement of engagement mechanisms.

To track effective management, the Board supervises cross-departmental coordination aligned with departmental ESG targets and goals. The Group also shares ongoing ESG and climate-related progresses with stakeholders, principally via the ESG Report, to foster accountability and informed engagement.

Stakeholder Engagement

The Group views sustainability as a strategic opportunity to drive corporate growth, minimise environmental impact and contribute positively to the communities where it operates. The Group recognises the critical importance of sustainability to its stakeholders and has prioritised integrating their interests into its business operations throughout the Reporting Period to create and sustain long-term value.

The Group incorporates stakeholders' priorities and concerns into its decision-making. Regular engagement activities are conducted with its key stakeholder groups, including employees, customers, suppliers, and tenants, community, regulatory bodies and media, to objectively examine material areas.

The following engagement activities allow the Board to understand their key concerns, guiding the implementation of targeted measures and enhancements to its ESG strategy. To supports transparency and facilitate communication with internal and external stakeholders, formal and informal engagement channels are employed within the Reporting Period.

Environmental, Social and Governance Report

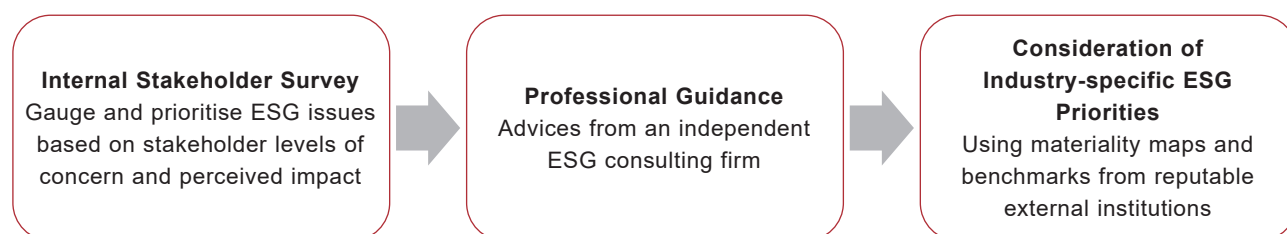
Stakeholder groups	Material issues concerning stakeholders	Engagement channels
Government and regulators	• Compliance with national policies, law and regulation • Support for local economic growth • Contribution in local employment • Tax payment in full and on time	• Regular reporting • Regular meetings with regulators • Dedicated reports • Examination and inspection
Shareholders and investors	• Operational compliance • Corporate governance • Rise in company value • Transparency and effective communication	• General meetings • Announcements and circulars • On-site inspection • Email, telephone communication and company website • Annual and interim reports
Customers	• Outstanding products and services • Performance of contracts • Operation with integrity	• Customer service centre and hotlines • Customer survey • Meetings with customers • Customers visits
Environment	• Energy saving and emissions reduction • Climate-related risks and opportunities	• Implementation of environmental protection measures
Employees	• Protection of rights • Remunerations and benefits	• Meetings with employees • Employee mailbox • Notice boards • Training and workshop • Orientation session
Suppliers	• Operational compliance • Operation with integrity • Performance of contracts • Fair play	• Business communications • Exchange and discussion
Tenants/licensees¹	• Outstanding services • Building safety and security • Performance of contracts • Operation with integrity	• Business communications
Community and the public	• Transparency	• Company website

¹ Tenants refer to the occupier(s) of the premises and/or utilities.

Environmental, Social and Governance Report

Materiality Assessment

The Group has conducted a comprehensive materiality assessment to identify and prioritise ESG issues that are material to both the Group's long-term business success and expectations of its stakeholders. The assessment process incorporated the following key steps:



During the Reporting Period, the Group has identified 11 material issues that are sufficiently important to the Group's business, strategy, and stakeholders. These issues are addressed in detail throughout this ESG Report. Compared to the previous year, Responding to Climate Change has been newly identified as a material issue, reflecting heightened regulatory expectations, evolving climate-related risks and opportunities, and stakeholder priorities.

Aspects	Material issues
Environmental	Environmental compliance Energy consumption Green office Responding to climate change
Employment and Labour Practices	Employment compliance Occupational health and safety Training and education Remuneration and benefits
Operating Practices	Operational compliance Customer privacy protection Anti-corruption

Environmental, Social and Governance Report

OPERATING PRACTICES

The Group regards effective management of its environmental, social and economic performance as a core value embedded in daily operations. The Group demonstrates its commitment towards sustainable development by fostering a close relationship with suppliers and upholding rigorous standards for its operation and business conduct.

Supply Chain Management

The Group values its supplier partnership and works collaboratively to promote sustainable development. The Group is devoted to improving operational efficiency throughout its supply chain while proactively identifying and mitigating ESG-related risks.

Given the nature of the Group's principal business in property leasing, the Group does not have significant suppliers. Its operations primarily rely on utilities and general administrative supplies such as stationary. The Group maintains policies on managing environmental and social risks in the supply chain, including the selection criteria that evaluate product quality, delivery reliability, compliance and ESG performance. For existing suppliers, the Group conducts regular evaluations and monitoring. Suppliers failing to meet its standards are not retained or are phased out. Where practicable, the Group prioritises suppliers offering environmentally preferable products and services to support sustainable operations.

Environmental and social risks along the supply chain remain a key concern of the Group and maintains dedicated oversight to address them. Specific personnel are assigned to monitor updates in local supply chain-related policies, enabling early identification and assessment of potential environmental and social risks. In supplier selection and ongoing engagement, priority is given to those demonstrating strong environmental and social performance, particularly in areas such as energy conservation, occupational safety, supply chain management and anti-corruption. Suppliers with relevant certification or international recognition are preferentially considered, while those with records of significant corruption, safety violations, or other major ESG incidents are excluded or downgraded.

To further promote sustainability in office operations, the Group implements green procurement policies. Priority is given to eco-friendly products, including those bearing water or energy efficiency labels, using minimal packaging materials, offering extended durability, or made from recyclable or recycled materials.

In managing its business properties, the Group is committed to maintaining a responsible and well-governed supply chain. The Group has appointed China Resources Property Management Limited ("**China Resources**") as the building manager to oversee day-to-day operations and supplier or contractor coordination. All contractors and suppliers are bound by standard purchase order and job order terms and conditions, which mandate:

- i) Full compliance with relevant laws, regulations, and obtaining of required government approvals or licences.
- ii) Strict adherence to environmental guidelines, including measures to minimise pollution during on-site activities.
- iii) Implementation of safety management practices to ensure a safe working environment, with adequate training, information, and supervision provided to workers.

These policies support responsible supplier practices and aligns with the Group's materiality priorities for sustainable property management.

Environmental, Social and Governance Report

Service Quality and Customer Health and Safety

The Group places operational excellence at the forefront of its strategy, delivering responsible property leasing operations through consistent high-quality services and unwavering commitment to the health and safety of customers and tenants. The Group has implemented targeted policies and measures in its property leasing activities to manage and continually improve service quality and customer health and safety. Due to the nature of its business, the Group is not involved in advertising, product labelling or product recall.

In its business properties, conducts regular inspections of lifts, fire service systems, and equipment to safeguard tenant and customer health and safety. To maintain service quality and minimise disruption to tenants' business operations, China Resources performs ongoing checks on critical systems, including electricity supply, water pumping and drainage system, air conditioning, lighting, and fragrance dispensing, ensuring reliable and efficient performance.

During the Reporting Period, the Group's business properties were honoured with the Outstanding Security Services – Industrial/Commercial Property Award 2024-2025. This recognition underscores the high calibre of the security and property management services delivered, ensuring its robust protection for the health, safety, and wellbeing of tenants, customers, and all building users. The award reflects the Group's ongoing commitment to maintaining exemplary security standards that support a secure and reliable operating environment.



Outstanding Security Services – Industrial/Commercial Property Award 2024-2025

The Group places significant importance on customer and tenant opinions and complaints, as essential for continuous service improvement. The Group maintains systematic processes to collect, manage and track opinions and complaints across all business operations. Upon receipt of any complaints related to service quality, designated staff respond promptly to address the issue. Cross-departmental teams collaborate on follow-up actions, including independent root-cause investigations where necessary, to resolve matters effectively and minimise the impact on or inconvenience to customers. During the Reporting Period, no complaints were received in its business properties.

Environmental, Social and Governance Report

Protection of Privacy and Intellectual Property Rights

The Group is committed to safeguarding the personal information of customers, tenants, employees, and other stakeholders, while minimising unnecessary data security risks through strict compliance with relevant laws and regulations, including the Personal Data (Privacy) Ordinance (Cap. 486) of Hong Kong.

Personal information is collected legally, with all the usage is limited by contractual terms and data protection principles. All data is stored on protected servers by robust information technology controls and security infrastructure. Strict access controls are enforced for confidential or proprietary information from clients, suppliers, employees, and other parties, where authorisation is required for any access.

The Group also values intellectual property rights through an established intellectual property management system. The Group obtains proper authorisation and licensing agreements before utilising any third-party intellectual property. At the Hong Kong's head office, all computers are equipped with individual formal software licences to prevent unauthorised use and ensure full compliance.

Anti-Corruption

The Group is committed to operating with the highest standards of business integrity and ethical standards, creating a culture of honesty and accountability through robust policies and controls.

In compliance with relevant laws and regulations, including the Prevention of Bribery Ordinance (Cap. 201), the Group has adopted an Employee Code of Conduct that prohibits bribery, extortion, fraud, and money laundering. Employees must strictly adhere to the Code, which permits only token gifts or favours deemed acceptable, and no employee may offer, solicit, or accept anything of material value without prior the Group's prior approval. With proper management and strict control of employees' business conduct, the Group had no reported or prosecuted case of bribery, extortion, fraud or money laundering during the Reporting Period.

The Group maintains effective whistle-blowing channels for reporting on suspected corruption, theft, fraud and embezzlement cases. The Board and senior management follow the Model Code for interested dealings, ensuring full compliance with relevant regulatory requirements. Under the Group's Whistleblowing Policy, employees, contractors, suppliers, tenants, and other third parties are encouraged to report concerns about potential irregularities or unethical practices through secure, anonymous, or confidential channels without the fear of recrimination. Reports submitted are promptly referred to the Audit Committee. The Audit Committee independently reviews each case, determines the appropriate investigation approach, and oversees any necessary corrective action. All reported cases are handled fairly, objectively, and in accordance with established procedures to uphold integrity and accountability.

In addition, the Group remains committed to enhancing internal management and further preventing reducing the risk of disciplinary violations. The Group provides dedicated anti-corruption training for directors and senior management in Hong Kong, reinforcing the Group's zero-tolerance stance and support a proactive culture of integrity across all levels.

Environmental, Social and Governance Report

EMPLOYMENT

Recruiting and retaining engaged talents is fundamental to the Group's long-term sustainable growth. The Group is committed to providing a safe, healthy and productive working environment for all employees while actively supporting their career development to unleash their greatest potential.

Recruitment and Compensation

The Group's talent acquisition, promotion, compensation and dismissal procedures are governed by the relevant laws and regulations including the Employment Ordinance (Cap. 57) of Hong Kong, Minimum Wage Ordinance (Cap. 608) of Hong Kong and the Mandatory Provident Fund Schemes Ordinance (Cap. 485) of Hong Kong.

During recruitment, all candidates are required to submit legitimate identification, education and work references, and other relevant documents. This rigorous vetting process verifies identity, qualifications, and suitability for the role while preventing child labour and ensuring full compliance with labour standards. In the event child labour is identified, the Group would conduct a thorough investigation and immediately terminate the employment relationship. During the Reporting Period, no cases of child labour were identified by the Group.

For voluntary resignations, the Group manages turnover issues proactively and may conduct exit interviews to gain insights into reasons for departure and improve retention strategies.

The Group offers competitive compensation package as outlined in the employees' contracts in accordance with statutory requirements. A performance-based reward system is in place to motivate and recognise high performance. Annual performance appraisals assess individual competencies, job performance and contributions, with salary adjustments determined accordingly to support employee development and organisational effectiveness.

Rights and Benefits

The Group is fully committed to upholding labour rights and strictly prohibits all forms of forced labour. All employees are protected under the Employment Ordinance (Cap. 57) of Hong Kong, with clear terms regarding job duties and working hours explicitly stated in the employment contracts. Any suspected case of forced labour will be promptly and thoroughly investigated, with immediate and decisive action taken, including the dismissal of any individuals involved. During the Reporting Period, no cases of forced labour were identified by the Group.

Besides, the Group offers a comprehensive benefits package, including paid annual leave, sick leave, maternity and paternity leave, examination leave, medical insurance, provident fund and allowances, and long service payments for eligible employees. The Group maintains a standard work hours policy of no more than 8 hours per day or 40 hours per week. While overtime work is not encouraged, any overtime work performed is compensated depending on the situation.

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Anti-discrimination

The Group strives to fostering a discrimination-free workplace and fully complies with the Sex Discrimination Ordinance (Cap.480) of Hong Kong. The Group has established the policy on equal employment opportunities, which indicates that recruitment, internal transfer and promotion decisions are conducted fairly and equitably. All candidates are assessed solely on merit, without the discrimination on the ground of sex, nationality, marital status, disability and religious belief. All employees receive equal benefits and treatment.

In addition, the Group has established the Guidelines on Sexual Harassment to reinforce a respectful workplace culture. During the Reporting Period, there were no cases of material non-compliance with relevant labour-related laws and regulations found, and no cases of complaints with regard to workplace discrimination or harassment.

Health and Safety

Ensuring the health and safety of its employees remains a top priority for the Group. The Group strictly complies with the Occupational Safety and Health Ordinance (Cap. 509) of Hong Kong and has incorporated detailed occupational health and safety guidelines and accident response procedures into the Employee Handbook. The Group is committed to providing a safe working environment by continuously identifying and eliminating potential occupational health and safety risks.

Over the past three reporting periods, the Group recorded 0 work-related injuries and fatalities, resulting in zero lost days due to work injury. This achievement reflects the Group's ongoing efforts in fostering an injury-free workplace.

In addition, the Group extends its commitment to the occupational health and safety of employees of China Resources operating in the Group's business properties. All operations conducted by China Resources are required to strictly adhere to the Occupational Safety and Health Ordinance (Cap. 509). A dedicated occupational health and safety work procedure guideline is in place, which outlines safety principles, risks identification, implementation and monitoring mechanisms, as well as detailed procedures for handling emergency incidents, such as injury, fire, chemical spills and leakage.

Training and Development

The Group recognises that continuous training and development are essential to achieving sustainable business growth. New director(s) are required to attend specifically designed director training to enhance their understanding of duties and improve the overall management of the Group. During the Reporting Period, approximately 100% of the employees of the Group received training.

Besides, the Group conducts periodic performance appraisals to provide employees with constructive feedback, identify areas for improvement, and determine training needs where necessary. The Group values and rewards employees' contributions, performance, and skills. Priority is given to internal promotion over external recruitment to support career development and employee retention.

Environmental, Social and Governance Report

COMMUNITY

The Group views contributing to society and creating shared value as a core element of its intrinsic value. In addition to pursuing sustainable business development, the Group actively supports minority groups in need and remains committed to environmental protection. The Group actively encourages its employees to participate in voluntary activities and render assistance to the needy.

Leveraging its prime location in the business and tourist hub of Hong Kong Island, the Group's properties attract a diverse range of customers, including both local residents and tourists. The operation of these contributes significantly to the prosperity of Hong Kong's tourism and retail industries. Moving forward, the Group will continue to engage with the community and demonstrate its roles as a responsible corporation.

ENVIRONMENT

Climate change has emerged as a key issue for businesses in recent years, presenting both risks and challenges to business operations. Although the Group's property leasing business has no significant direct impacts on the environment or natural resources, the Group recognises the potential indirect environmental impacts arising from its operations. The Group is committed to build a greener future through proactive environmental management.

The Group strictly complies with all relevant laws and regulations in its daily operation, including but not limited to the Air Pollution Control Ordinance (Cap. 311) of Hong Kong and the Waste Disposal Ordinance (Cap. 354) of Hong Kong. Environmental conservation awareness and compliance are actively promoted among employees, tenants and building users via various environmental initiatives and measures.

During the Reporting Period, the Group recorded no material violations with regarding relevant environmental laws and regulations.

Waste Generation

The Group generates mainly non-hazardous waste, including general domestic waste and waste paper from office operations. Hazardous waste is minimal and mainly comprises used toner cartridges produced during daily operation. To ensure proper handling and environmental compliance, all hazardous and non-hazardous waste is collected and managed by a qualified cleaning company.

Resources Usage

The Group consumes resources to support its business operations and daily activities. Electricity is the primary source of energy consumed by the Group, powering both office operations and its business properties.

Exhaust Emissions Reduction and Resources Conservation

The Group believes that conserving energy, water, and other resources is significant for reducing GHG emissions and minimising waste throughout its operation. During the Reporting Period, the Group's business operation did not generate any significant air pollutants.

While the Group's business properties generate only a small amount of indoor air emissions, the Group places the highest priority on the comfort and well-being of its tenants and building users. In partnership with China Resources, the Group requires all tenants to strictly comply with the Air Pollution Control Ordinance (Cap. 311) of Hong Kong, thereby maintaining a healthy and pleasant indoor environment.

Environmental, Social and Governance Report

Energy Conservation

Energy efficiency is significant in the Group's operational responsibility. The Group takes deliberate steps to enhance energy efficiency and minimise wastage:

- (i) Switch off unnecessary lights and air-conditioning when not in use.
- (ii) Maximise the use of natural light in offices and cleans all the light fixtures and air conditioners regularly to maintain high energy efficiency.
- (iii) Adopt a relaxed dress code to reduce air-conditioning demand for employees in selected offices on high temperatures days and Friday.
- (iv) Set at a minimum of approximately 26°C of air-conditioning temperature.

For its business properties, the Group focuses on energy conservation in common areas. The buildings are designed and operated in compliance with the Buildings Energy Efficiency Ordinance (Cap. 610). Continuous efforts are made to improve energy performance and explore energy conservation opportunities.

Water Conservation

To manage water consumption effectively, the Group has adopted a multi-stakeholder approach encompassing operational controls and behavioral engagement. These includes:

- (i) Post signs on each toilet to remind its employees to close the faucets after usage and conserve water.
- (ii) Strengthen the maintenance of water equipment and regularly inspect and replace ageing faucets to minimise water leakage in business properties.
- (iii) Encourage tenants to cut down on their water usage in common areas.

During the Reporting Period, the Group has no issue in sourcing water that is fit for purpose.

Waste Reduction

The Group advances waste reduction through green office practices and professional property management. Key initiatives include employee engagement on stationery reuse, procurement of reusable and recyclable office products including refillable pens and reusable toner cartridges.

In property-level management, the Group works closely with China Resources and has adopted a comprehensive waste management framework centered on the waste hierarchy for its business property. Measures includes waste avoidance and reduction by-product reuse, collecting and recycling recyclable materials and purchase of recycled materials during product procurement. Recycling bins are strategically stationed to encourage recycling participation among building users. Tenants are further encouraged to voluntarily join the Food Waste Recycling Partnership Scheme organised by the Environmental Protection Department. Additionally, other wastes, including waste cooking oil and construction waste generated by the tenants, are subject to strict handling requirements in full compliance with relevant laws and regulations.

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Climate Change

Climate change intensifies the extreme weather events, threatening the Group's business and financial performance while boosting the low-carbon economy transition. In adherence to these changes, the Group integrates the climate-related considerations into its operations and performs climate-related risks assessment. During the Reporting Period, the Group discloses climate-related information across four-pillar framework (Governance, Strategy, Risk Management, and Metrics and Targets) in compliance with the ESG Code.

Governance

The Group has integrated climate-related risk assessment into its governance framework. The Board, as the highest decision-making authority, oversees the risk assessment process and formulates strategies and emissions reduction targets for climate-related issues and strategies.

The Board integrates climate-related risks and opportunities into the agenda of regular meetings at least once annually to address climate matters systematically. This enables the Board to review the completeness and accuracy of climate disclosures, monitor evolving conditions, and adjust operational policies as needed. The management team supports this process by executing strategic goals and reporting progress on climate-related risk assessments to the Board. This approach enables the proactive identification of potential climate-related risks, promotes data-driven decision-making, and supports effective coordination with relevant business units to develop and execute robust climate action plans.

To ensure the Board has the expertise to effectively identify climate-related issues, shape strategies, and fulfill its oversight role, the Group actively provides directors in continuous professional development to enhance their awareness and capabilities in responding to climate change. This includes providing access to organising internal training sessions, and encouraging participation in external climate-focused programmes and seminars delivered by professional institutions. These efforts enable the Board to remain informed of the latest developments in climate-related risks and opportunities, thereby strengthening its ability to address complex climate challenges effectively.

At present, the Group's remuneration policy focuses on business performance and long-term value creation, without yet incorporating climate-related factors. However, recognising the growing importance of these issues, the Group will monitor relevant climate indicators and industry best practices. When conditions are appropriate, it will assess the feasibility of integrating such factors into the remuneration policy to further improve sustainability performance.

This well-structured and transparent climate governance framework empowers the Group to proactively manage climate-related risks and opportunities, ensuring consistent oversight, adaptive decision-making, and robust assurance for sustained long-term value creation and sustainability.

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Strategy

The Group is committed to enhancing green operations within its real estate investment portfolios and bolstering its business resilience by exploring climate-related risks and opportunities. By utilising climate scenario analysis tools, it evaluates potential impact on current and future business and value chain, while developing suitable mitigation strategies.

During the Reporting Period, the Group carried out its first climate scenario analysis (the “**Analysis**”) to evaluate climate-related risks and opportunities. In response to the global demand for greater transparency in climate disclosures, it assesses various climate scenarios, integrating factors that present both physical and transition risks and opportunities for its operations:

Physical Risks	Risks related to physical impacts of climate change, which can be event-driven (acute risks) or caused by longer-term shifts in climate patterns (chronic risks).
Transition Risks	Risks related to the transition to a lower-carbon economy, which may entail policy, legal, technology, and market changes to address mitigation and adaptation requirements related to climate change.

Both low-emissions and high-emissions scenario models, along with their relevant parameters published by the Sixth Assessment Report (AR6) of the Intergovernmental Panel on Climate Change (“**IPCC**”) and the Phase 5 public release of the Network for Greening the Financial System (“**NGFS**”), have been selected. These scenarios provide a contrast and comparison for the Group’s business development in an uncertain future, offering comprehensive insights into both physical and socio-economic impacts. They also align with the Hong Kong Government’s goal of “Achieving Carbon Neutrality by 2050,” reflecting its commitment to the vision of “Net-zero Electricity Generation, Energy Saving, and Green Buildings” outlined in Hong Kong’s Climate Action Plan 2050, targeting 20-40% energy reduction by 2050.

The Group defines the time horizon as short-term (2030), medium-term (2040), and long-term (2050). This structure aligns with the Group’s strategic business planning cycle. Additionally, the scope of the Analysis will be consistent with the reporting framework outlined in the Report. For further details, please refer to the “Scope of the ESG Report” section.

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In the Analysis, the Group assumes that there will be no changes to its reporting scope throughout the time horizon. The following table presents the selected climate scenario models:

Physical Risks Analysis

Scenario Used	IPCC Climate Model: SSP 1-2.6 Low GHG Emissions Scenario	IPCC Climate Model: SSP 5-8.5 Very High GHG Emissions Scenario
Description	Global warming reaches 2.0°C. Governments' social, economic and clean energy transitions align with historical trends. Stringent policies amplify transition risks for enterprises, while physical risks remain notable.	Global warming exceeds 4°C. Delayed government climate action, stalled emissions reduction/adaptation and insufficient policies drive extreme climate impacts, increasing enterprises' immediate and long-term physical risks.

Transition Risks Analysis

Scenario Used	NGFS: Net Zero 2050	NGFS: Current Policies
Description	Early adoption of stringent climate policies. By reducing energy demand and advancing low-carbon technologies, it aims to limit global warming to well below 1.5°C and achieve global net-zero carbon dioxide emissions around 2050.	Only currently implemented climate policies remain in place, leading to continued growth in GHG emissions. Global warming is projected to about 3°C at the end of century, resulting in severe physical risks.

Climate-related Risks and Opportunities under Scenario Analysis

The Group acknowledges that both qualitative and quantitative assessments can offer a comprehensive view of its business operations, aiding in developing more effective mitigation strategies. However, due to the absence of recognised or industry-standardised calculation methodology and the relevant operational data is dispersed across its real estate business portfolios, the Group is unable to quantify different cross-industry metrics in a reasonable and cost-effective manner. Additionally, the mitigation measures implemented during the Reporting Period are part of routine operations. These measures do not involve specific allocations for climate-related risks and opportunities, which limits its ability to provide quantitative data on the current and anticipated financial impacts. Nonetheless, the Group will disclose any material financial impacts on its financial position, operating performance, and cash flows if its operational strategy undergoes significant changes.

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Besides, the Group has developed risk matrix that assess both likelihood and significance of impact to evaluate climate-related risks and opportunities impact levels based on 4 reference scenarios drawn from the IPCC and NGFS international climate models, and establish response priorities while categorised into three levels:

Priorities	Definitions
	Requires management strategy planning and implementation tracking.
	Needs to be monitored consistently.
	Handles through existing standard processes.

Within the time horizon (2030–2050), the Group has identified 5 climate-related risks and opportunities. All identified items converge on the same key affected area, the Group's office and business properties. The qualitative descriptions of risks and opportunities assessment result is shown as below:

Physical Risks

Types of Risk	Key Affected Area	Materiality Level			Potential Impacts
		Short term	Medium term	Long term	
Acute: Typhoon	Hong Kong's head office and Jardine Centre				Business Model: - Increase travel risks for employees such as health, safety, attendance - Damage property or facility due to the extreme weather event Value Chain: - Disrupt tenant operations, impacting their revenue and leading to decreased rental stability Financial Performance: - Increase repair and maintenance cost due to the damage to equipment, facilities and machinery - Increase insurance costs due to the intensified and more frequent extreme weather event
Acute: Heavy Rainfall	Hong Kong's head office and Jardine Centre				
Chronic: Extreme Heat	Hong Kong's head office and Jardine Centre				Business Model: - Increase frequency of machinery and electronic equipment failures, primarily due to poor heat dissipation, intensive usage and accelerated aging Value Chain: - Impact tenant dissatisfaction due to the increased air conditioner usage, which in turn raises the chance of break down Financial Performance: - Increase electricity cost due to higher cooling demand - Decrease property value due to the material aging and becoming brittle

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Transition Risks

Types of Risk	Key Affected Area	Materiality Level			Potential Impacts
		Short term	Medium term	Long term	
Market Risk: Changing Preference of Tenants	Jardine Centre				Business Model: - Increase pressure to develop renewable energy system, requiring additional workforce and resources allocation Value Chain: - Decrease occupancy rates due to higher utility costs for tenants by the absence of an efficient energy management system Financial Performance: - Decrease rental income due to the tenant preferences in seeking a certified green building, leading to lower occupancy - Devalue the investment portfolios due to the high-risk nature of the building under climate change

Qualitative Descriptions of Risks and Opportunities Assessment Result – Opportunities

Opportunity	Key Affected Area	Materiality Level			Potential Impacts
		Short term	Medium term	Long term	
Resource Efficiency	Jardine Centre				Business Model: - Increase portfolios valuations by enhancing the properties' resilience and demonstrating renewable energy commitment Value Chain: - Attract tenant and boost the occupancy rates due to the reduction of utility cost Financial Performance: - Hedge the energy cost due to the replacing reliance on grid purchases by self-generated power

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Mitigation Measures

Although climate scenario analysis and climate transition plan was not previously conducted and established, the Group is allocating human resources and internal capital to the identified physical risks and incorporated corresponding mitigation measures into its operational practices. The Group has also explicitly identified the material Scope 3 categories to advance its decarbonisation and climate resilience efforts.

During the Reporting Period, the Analysis identified additional latent risks and opportunities, prompting the Group to expand, refine existing mitigations, and develop targeted response strategies aligned with the assessed risk levels.

Climate-related Risks		Mitigation Measures	
Physical Risks			
Typhoon		- Continuously monitor policies and regulations to identify climate-related risks and maintained emergency capital reserves for extreme weather events - Prioritise property protection through comprehensive insurance coverage for assets exposed to climate-related physical risks - Issue safety alerts and make tailored work arrangements to protect employees and workplaces	
Heavy Rainfall			
Extremely Heat			
Transition Risks			
Market Risk: Changing Preference of Tenants		- Analyse the availability and potential properties that can pursue Green Building certification, appealing to international clients - Engage current tenant in conducting tenant surveys to understand their preferences such as indoor air quality and lighting system, to retain high-value occupiers	
Climate-related Opportunities		Response Strategies	
Opportunities			
Resource Efficiency		- Conduct site-specific feasibility studies such as roof area, orientation, shading for installing the rooftop solar system - Explore the potential implementations in the system upgrades and compliance on sustainable features on the existing portfolios - Investigate the applicability in pursuing Green Building Certification	

During the Reporting Period, the Group did not have any capital expenditure, financing or investment dedicated to climate-related risks and opportunities. While the Group has implemented proactive climate measures, it recognises that significant uncertainties remain, including the pace of climate policy evolution, the severity of physical risks, and future regulatory requirements. Leveraging its strong adaptive capabilities, the Group is positioned to flexibly adjust its strategies and business models across short-, medium-, and long-term horizons, integrating these adjustments into daily operations to respond promptly to evolving risks and market dynamics.

As the Group's core business involves property investment and leasing, no carbon pricing mechanism in the market imposes a material financial impact on its operations. Additionally, due to the limited maturity and industry coverage, the Group has not yet incorporated carbon pricing into its decision-making processes. Nevertheless, it will continue to closely monitor global and regional developments in carbon pricing, evaluate potential future implications, and assess their relevance to our business as conditions evolve.

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Risk Management

The Group has established a comprehensive approach to managing climate-related risks, encompassing identification, assessment, prioritisation, and continuous monitoring. They are also integrated into the Group's risk management framework and embedded within routine operational activities.

Throughout the processes, the Group considers parameters such as asset location and type, historical exposure to extreme weather and energy consumption patterns. Climate data from the publicly available scenario sources, as well as internal data such as utility consumption records and operational incident logs are utilised. Climate-related risk drivers have been mapped against the Group's existing risk register and fully integrated into the overall risk management framework. With input from stakeholders, the Board and management team evaluate the likelihood and potential impact of these risks to determine the priority of response actions. The climate-related risks and opportunities management processes are outlined below:

- (i) Identification: The Group performs benchmarking, stakeholder consultations, and research on climate trends, thereby identifying physical and transition risks and associated opportunities across its head office and business properties in Hong Kong. Scenario analysis are also performed by taking into account its operational conditions and business characteristics.
- (ii) Assessment: The Group performs a thorough assessment of climate-related risks and opportunities, evaluating their potential effects on its business model, value chain, and overall financial performance.
- (iii) Prioritisation: Based on the assessment results, the Group prioritises identified risks and opportunities by their likelihood and significance of impact, in alignment with its overall business objectives.
- (iv) Monitoring: The Group formulates response strategies for identified risks and opportunities and periodically reviews their effectiveness based on the results of identification and assessment activities. The management team reports regularly to the Board on the identification, assessment, and management of climate-related risks and opportunities, enhancing Board oversight and supporting the effective execution of climate initiatives.

During the Reporting Period, there were no significant changes to the risk management framework.

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Metrics and Targets

Aligning with the Hong Kong Government's "Achieving Carbon Neutrality by 2050," and the vision of "Net-zero Electricity Generation, Energy Saving, and Green Buildings" outlined in Hong Kong's Climate Action Plan 2050, the Group conducts ongoing assessments of its ESG KPIs and has established targeted greenhouse gas ("GHG") reduction and management goals that align with the requirements of relevant regional climate and sustainability frameworks. The current targets have not yet undergone third-party verification or determined based on established sectoral decarbonisation standards. Nevertheless, the Board will conduct annual reviews of progress and target relevance, ensuring continuous improvement to minimise environmental impacts and maintaining strong oversight to enhance transparency and credibility in emissions reduction.

During the Reporting Period, the Group revised its climate-related goals to establish 3 quantifiable targets, designating the 2025 as the baseline.

Aspects	The Goals
Emissions	Reduce the Group's Scope 2 emissions intensity by 5% by 2030 compared to the baseline year of 2025.
Waste	Reduce the Group's total waste generation intensity by 5% by 2030 compared to the baseline year of 2025.
Electricity	Reduce the Group's total energy intensity by 5% by 2030 compared to the baseline year of 2025.

The Group has integrated sustainable practices into all its office and investment properties based on existing mitigation strategies. Currently, it does not intend to use carbon credits for emissions offsetting. The Group will, however, keep abreast of carbon credit market developments and related policies to explore appropriate opportunities for long-term carbon neutrality goals when appropriate.

GHG Identification

During the Reporting Period, the Group performed GHG identification, assessment, and verification across its operations to strengthen emissions management. It established accounting regulations for Scope 1 and Scope 2 emissions, with audits conducted in compliance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (2004). Besides, the Group completed a preliminary mapping of its Scope 3 emissions sources with reference to the "Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011)", and includes Category 5: Waste Generated in the Operation in its Scope 3 calculation:

For GHG emissions data during the Reporting Period, please refer to the Key Performance Indicators.

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KEY PERFORMANCE INDICATORS

Environmental Indicators ^{(Note (i))}	2025	2024
Air Pollutants ^{(Note (ii))}		
Nitrogen oxides (kg)	0.00	0.00
Sulphur dioxide (kg)	0.00	0.00
Particulate matter (kg)	0.00	0.00
Greenhouse Gases ^{(Note (iii))}		
Total GHG emissions (tonnes CO ₂ e) ^{(Note (iv))}	7.78	6.09
Scope 1: Direct emissions	0	0
Scope 2: Energy indirect emissions ^{(Note (v))}	3.31	6.09
Scope 3: Other indirect emissions ^{(Note (vi))}	4.47	0
Emissions per million HKD of revenue (tonnes CO ₂ e/million)	0.27	0.18
Waste ^{(Note (vii))}		
Total amount of non-hazardous waste (tonnes) ^{(Note (viii))}	14.10	1.44
Amount of non-hazardous waste per million HKD of revenue (tonnes/million)	0.49	0.04
Total amount of hazardous waste (kg)	13.34	0.00
Amount of hazardous waste per million HKD of revenue (kg/million)	0.46	0.00
Use of Resources		
Total energy consumption (MWh)	5.51	9.22
Direct energy consumption	0.00	0.00
Indirect energy consumption ^{(Note (ix))}	5.51	9.22
Energy consumption per million HKD of revenue (MWh/million)	0.19	0.28
Total water consumption (m ³) ^{(Note (x))}	N/A	N/A
Water consumption per million HKD of revenue (m ³ /million)	N/A	N/A

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Notes:

- (i) The Group's revenue in FY2025 is HKD28.915 million.
- (ii) During the Reporting Period, the Group did not have vehicle usage. As a result, there was no generation of air pollutants.
- (iii) The Group adopts an operational control approach for GHG emissions accounting. Under this methodology, the accounting scope is determined by the Group's authority to introduce and enforce operational policies across its business activities. This approach more accurately reflects the Group's actual responsibilities in managing carbon emissions, enhances GHG monitoring and governance, and ensures that the reported emissions align closely with its sustainability objectives.
- (iv) The calculation of carbon emissions is based on Appendix 2 "Reporting Guidance on Environmental KPIs" issued by the Stock Exchange of Hong Kong ("**Appendix 2**"). The Group inventory includes carbon dioxide, methane and nitrous oxide. For ease of reading and understanding, the greenhouse gas emissions data is presented in carbon dioxide equivalent (CO₂e).
- (v) Scope 2 includes emissions from purchased electricity. The calculation is based on the emission factor provided by the Hong Kong Electric Company. Compared to 2024, Scope 2 emissions decreased due to data unavailability at the new office from October 2025 to December 2025.
- (vi) Scope 3 includes Category 5: Waste Generated in the Operation. The calculation is based on the emission factor provided by the Appendix 2 and China Products Carbon Footprint Factors Database. Compared to 2024, Scope 3 emissions increased mainly due to higher waste generation resulting from the office relocation and the categorisation of emissions categories.
- (vii) Due to the office relocation, waste generation increased during the Reporting Period.
- (viii) Emissions data relating to non-hazardous waste is based on the daily estimated volume of general waste in the office and the volume-to-weight conversion factors provided by the United States Environmental Protection Agency.
- (ix) Indirect energy consumption includes purchased electricity. After the relocation of the Group's head office in October 2025, the electricity consumption data was not available at the new office as it cannot be identified separately from other tenants within the commercial building.
- (x) Water consumption at the head office in Hong Kong is not available because it shares a lavatory with other tenants within the commercial building.

Environmental, Social and Governance Report

Social Indicators	2025	2024
Total Workforce		
By gender		
Male	2	3
Female	1	2
By employment type		
Full-time	3	5
Part-time	0	0
By age		
<30	0	0
30-50	1	2
>50	2	3
By geographical region		
Chinese Mainland	0	0
Hong Kong	3	5
Employee Turnover Rate (%) (Note (i))		
By gender		
Male	40.00	0
Female	66.67	85.70
By age		
<30	0	0
30-50	66.67	86.00
>50	40.00	0
By geographical region		
Chinese Mainland	0	0
Hong Kong	50.00	46.00
Average Training Hours (hours) and Percentage of Employees Trained (%) (Note (ii))		
By gender		
Male	8.00 (100)	15.00 (100)
Female	1.00 (100)	6.00 (50)
By employment category		
Senior	8.00 (100)	15.00 (100)
Middle	1.00 (100)	7.00 (67)
Junior	0.00 (0)	0.00 (0)

Notes:

- (i) Employee turnover rate is calculated as: (number of employees who left during the Reporting Period/Average headcount) x 100%, where the average headcount is the arithmetic mean of the total number of employees at the end of 2024 and at the end of 2025.
- (ii) % of Employees Trained is calculated as: (Employees in the specified category who received training/Total number of employees in the specified category) x 100%.

Environmental, Social and Governance Report

CONTENT INDEX OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
A. Environmental			
Aspect A1: Emissions			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment – Emissions, Waste Generation, Resources Usage	47
KPI A1.1	The types of emissions and respective emissions data.	Key Performance Indicators	57
KPI A1.3	Total hazardous waste produced and intensity.	Key Performance Indicators	57
KPI A1.4	Total non-hazardous waste produced and intensity.	Key Performance Indicators	57
KPI A1.5	Description of emissions target set and steps taken to achieve them.	Environment – Environmental Goals and Progress, Emissions Reduction and Resources Conservation	47-56
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target set and steps taken to achieve them.	Environment – Environmental Goals and Progress, Waste Generation, Emissions Reduction and Resources Conservation	47-56

Environmental, Social and Governance Report

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect A2: Use of Resources			
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment – Resources Usage	47
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity.	Key Performance Indicators	57
KPI A2.2	Water consumption in total and intensity.	N/A	The Group is unable to access water consumption data managed by the property department.
KPI A2.3	Description of energy use efficiency target set and steps taken to achieve them.	Environment – Environmental Goals and Progress, Emissions Reduction and Resource Conservation	47-56
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target set and steps taken to achieve them.	Environment – Environmental Goals and Progress, Emissions Reduction and Resource Conservation	47-56
KPI A2.5	Total packaging material used for finished products and with reference to per unit produced.	N/A	The Group's business does not involve the use of packaging materials.
Aspect A3: The Environment and Natural Resources			
General Disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources.	Environment – Emissions Reduction and Resource Conservation	47-48
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment – Emissions Reduction and Resource Conservation	47-48

Environmental, Social and Governance Report

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
B. Social			
Aspect B1: Employment			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment – Recruitment and Compensation, Rights and Benefits, Anti-Discrimination	45, 46
KPI B1.1	Total workforce by gender, employment type, age group and geographical region.	Key Performance Indicators	59
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Key Performance Indicators	59
Aspect B2: Health and Safety			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment – Recruitment and Compensation, Health and Safety	45, 46
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Employment – Health and Safety	46
KPI B2.2	Lost days due to work injury.	Employment – Health and Safety	46
KPI B2.3	Description of occupational health and safety measures adopted and how they are implemented and monitored.	Employment – Health and Safety	46

Environmental, Social and Governance Report

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect B3: Development and Training			
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Employment – Training and Development	46
KPI B3.1	The percentage of employees trained by gender and employee category.	Employment – Training and Development Key Performance Indicators	46, 59
KPI B3.2	The average training hours completed per employee by gender and employee category.	Key Performance Indicators	59
Aspect B4: Labour Standards			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Employment – Recruitment and Compensation, Rights and Benefits	45
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Employment – Recruitment and Compensation, Rights and Benefits	45
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered.	Employment – Recruitment and Compensation, Rights and Benefits	45

Environmental, Social and Governance Report

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
Aspect B5: Supply Chain Management			
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operating Practices – Supply Chain Management	42
KPI B5.1	Number of suppliers by geographical region.	Operating Practices – Supply Chain Management	42
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Operating Practices – Supply Chain Management	42
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices – Supply Chain Management	42
KPI B5.4	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Operating Practices – Supply Chain Management	42
Aspect B6: Product Responsibility			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Operating Practices – Service Quality and Customer Health and Safety	43
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	N/A	The Group's business does not involve in product recall.
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Operating Practices – Service Quality and Customer Health and Safety	43
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Operating Practices – Protection of Privacy and Intellectual Property Right	44

Environmental, Social and Governance Report

ESG Indicators	Description	Chapters	Page no./ Explanation/ Reasons for Omissions
KPI B6.4	Description of quality assurance process and recall procedures.	Operating Practices – Service Quality and Customer Health and Safety	43
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored.	Operating Practices – Protection of Privacy and Intellectual Property Right	44
Aspect B7: Anti-corruption			
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to prevention of bribery, extortion, fraud and money laundering.	Operating Practice – Anti-Corruption	44
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the Reporting Period and the outcomes of the cases.	Operating Practice – Anti-Corruption	44
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Operating Practice – Anti-Corruption	44
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Operating Practice – Anti-Corruption	44
Aspect B8: Community Investment			
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community	47
KPI B8.1	Focus areas of contribution.	Community	47
KPI B8.2	Resources contributed to the focus area.	N/A	The Group's community investment did not involve in resource contribution.

Independent Auditor's Report



**TO THE SHAREHOLDERS OF
ZHONGCHANG INTERNATIONAL HOLDINGS GROUP LIMITED**
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Zhongchang International Holdings Group Limited (the “**Company**”) and its subsidiaries (the “**Group**”) set out on pages 71 to 136, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

Independent Auditor's Report

KEY AUDIT MATTERS

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

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

Key audit matter	How our audit addressed the key audit matter
Valuation of Investment Properties	
The Group owns investment properties in Hong Kong which were measured at fair value and their aggregate carrying amount was HK\$1,409,100,000 as at 31 December 2025, which represented 98.93% and 244.69% of the Group's total assets and net assets, respectively. The Group has engaged an external valuer to perform the valuation of these properties as at 31 December 2025. Significant judgement is required to determine the fair values of the investment properties, which reflects market conditions as at the end of the reporting period. The use of different valuation techniques and assumptions could produce significantly different estimates of fair value. Accordingly, the valuation of investment properties is considered as a key audit matter. The accounting policies and disclosures of the investment properties are included in Notes 2, 3 and 16 to the consolidated financial statements.	Our audit procedures included, among others, the following: 1) We evaluated the competency, capabilities, independence and objectivity of the external valuer. 2) We ascertained the valuation approach and key assumptions used by the external valuer and assessed the correctness of the property related data used as inputs for the valuation. 3) We involved our internal valuation experts to assist us in evaluating the valuation techniques, the underlying assumptions and the source data used in the valuation by benchmarking them to relevant market information on a sample basis. 4) We evaluated the disclosures on the valuation of the investment properties.

Independent Auditor's Report

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the Annual Report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors of the Company either intend to liquidate the Group or to cease operations or have no realistic alternative but to do so.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

Independent Auditor's Report

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

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

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

Independent Auditor's Report

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Man Lok Chau (practising certificate number: P05662).

Certified Public Accountants
27/F, One Taikoo Place
979 King's Road
Quarry Bay, Hong Kong

27 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Revenue	5	28,915	32,638
Other income	6	13	1,251
Net loss in fair value of investment properties	16	(173,000)	(149,451)
Staff costs	7	(2,531)	(3,119)
Depreciation of property, plant and equipment	14	–	(17)
Depreciation of right-of-use assets	15	(642)	(857)
Impairment loss on financial assets, net	19	(372)	(162)
Other operating expenses		(6,307)	(5,859)
Loss from operations		(153,924)	(125,576)
Finance costs	8	(46,362)	(50,510)
Loss before tax	7	(200,286)	(176,086)
Income tax expense	11	(649)	(657)
Loss for the year		(200,935)	(176,743)
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange difference on translating foreign operations		120	(106)
Other comprehensive income for the year, net of tax		120	(106)
Total comprehensive loss for the year		(200,815)	(176,849)
Loss for the year attributable to the owners of the Company		(200,935)	(176,743)
Total comprehensive loss for the year attributable to the owners of the Company		(200,815)	(176,849)
Loss per share attributable to ordinary equity holders of the Company			
– Basic and diluted (in HK cents)	13	(17.86)	(15.71)

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Right-of-use assets	15	–	642
Investment properties	16	1,409,100	1,582,100
		1,409,100	1,582,742
Current assets			
Trade and other receivables, deposits and prepayments	19	3,878	2,064
Tax recoverable		251	377
Cash and cash equivalents	20	11,129	16,738
		15,258	19,179
Current liabilities			
Other payables, deposits and accrued expenses	21	9,939	10,171
Lease liabilities	15	–	702
Interest-bearing bank and other borrowings	22	815,535	792,028
Tax payable		3,749	3,803
		829,223	806,704
Net current liabilities		(813,965)	(787,525)
Total assets less current liabilities		595,135	795,217
Non-current liabilities			
Other payables and deposits	21	4,653	4,607
Deferred tax liabilities	23	14,612	13,925
		19,265	18,532
Net assets		575,870	776,685
EQUITY			
Share capital	24	112,502	112,502
Reserves	25	463,368	664,183
Total equity		575,870	776,685

These consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2026 and signed on its behalf by:

CHEN Zhiwei
Director

KU Ka Lee
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the Company							Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Special reserve HK\$'000	Exchange reserve HK\$'000	Contributions from shareholders* HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	
At 1 January 2024	112,502	168,300	9,628	(12,388)	233,606	5,619	436,267	953,534
Loss for the year	–	–	–	–	–	–	(176,743)	(176,743)
Other comprehensive income for the year, net of tax: Exchange difference on translating foreign operations	–	–	–	(106)	–	–	–	(106)
Total comprehensive loss for the year	–	–	–	(106)	–	–	(176,743)	(176,849)
At 31 December 2024 and 1 January 2025	112,502	168,300*	9,628*	(12,494)*	233,606*	5,619*	259,524*	776,685
Loss for the year	–	–	–	–	–	–	(200,935)	(200,935)
Other comprehensive income for the year, net of tax: Exchange difference on translating foreign operations	–	–	–	120	–	–	–	120
Total comprehensive loss for the year	–	–	–	120	–	–	(200,935)	(200,815)
At 31 December 2025	112,502	168,300*	9,628*	(12,374)*	233,606*	5,619*	58,589*	575,870

Note:

The contributions from shareholders represent the aggregation of discount on acquisition of an indirect wholly-owned subsidiary, Uptodate Management Limited ("**Uptodate**"), with the amount of approximately HK\$233,606,000 from one former controlling shareholder – Mr. Ng Chun For, Henry.

* These reserve accounts comprise the consolidated reserves of HK\$463,368,000 (2024: HK\$664,183,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(200,286)	(176,086)
Adjustments for:			
Depreciation of property, plant and equipment	14	–	17
Depreciation of right-of-use assets	15	642	857
Net loss in fair value of investment properties	16	173,000	149,451
Interest income	6	(11)	(357)
Interest expenses	8	46,362	50,510
Impairment loss on financial assets, net	19	372	162
Foreign exchange difference, net		76	(64)
Operating cash flows before changes in working capital		20,155	24,490
(Increase)/decrease in trade and other receivables, deposits and prepayments		(2,186)	748
Decrease in other payables, deposits and accrued expenses		(21)	(786)
CASH GENERATED FROM OPERATIONS		17,948	24,452
Interest paid		(28,855)	(39,339)
Tax paid		(55)	(414)
NET CASH FLOWS USED IN OPERATING ACTIVITIES		(10,962)	(15,301)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		11	357
Additions to an investment property	16	–	(451)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		11	(94)
CASH FLOWS FROM FINANCING ACTIVITIES			
New other loan	29	66,000	30,000
Repayment of bank borrowings		(60,000)	(120,000)
Payment of lease liabilities	15	(702)	(872)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		5,298	(90,872)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(5,653)	(106,267)
Cash and cash equivalents at beginning of year		16,738	123,047
Effect of foreign exchange rate changes, net		44	(42)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	20	11,129	16,738
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	20	11,129	16,218
Non-pledged time deposits with original maturity of less than three months when acquired	20	–	520
Cash and cash equivalents as stated in the statement of financial position		11,129	16,738

Notes to the Consolidated Financial Statements

31 December 2025

1. CORPORATE INFORMATION

The Company was incorporated in Bermuda on 16 December 1999 as an exempted company with limited liability under the Companies Act 1981 of Bermuda (as amended).

The Company acts as an investment holding company and the principal activities of the Group are leasing of investment properties in Hong Kong.

The Company's shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. 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.

In the opinion of the directors of the Company (the "**Directors**", and each a "**Director**"), as at 31 December 2025, the controlling shareholder of the Company is China Cinda (HK) Asset Management Co., Limited ("**China Cinda (HK)**"), a company incorporated in Hong Kong.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital	Percentage of equity attributable to the Company/ proportion of voting power held by the Company		Principal activities
			Direct	Indirect	
Agile Scene Limited (" Agile Scene ")	The British Virgin Islands (" The BVI ")/Hong Kong	Ordinary US\$1	–	100%	Investment holding
Bond Victory Limited	Hong Kong	Ordinary HK\$5,000	–	100%	Property investment
Crystal City Global Limited	The BVI/Hong Kong	Ordinary US\$1	–	100%	Investment holding
High Morality Limited	The BVI/Hong Kong	Ordinary US\$1	–	100%	Investment holding
Joy Depot Limited	The BVI/Hong Kong	Ordinary US\$1	–	100%	Investment holding
Max Act Enterprises Limited	The BVI/Hong Kong	Ordinary US\$1	–	100%	Investment holding
New Treasure Group Limited	The BVI/Hong Kong	Ordinary US\$1	100%	–	Investment holding

Notes to the Consolidated Financial Statements

31 December 2025

1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital	Percentage of equity attributable to the Company/ proportion of voting power held by the Company		Principal activities
			Direct	Indirect	
Perfect Shield Investments Limited	The BVI/Hong Kong	Ordinary US\$1	–	100%	Investment holding
Pioneer Delight Limited	Hong Kong	Ordinary HK\$2	–	100%	Property investment
Red Ribbon Group Limited	The BVI/Hong Kong	Ordinary US\$1	–	100%	Investment holding
Rose City Group Limited	The BVI/Hong Kong	Ordinary US\$1	–	100%	Investment holding
Sharp Wonder Investments Limited	The BVI/Hong Kong	Ordinary US\$1	–	100%	Investment holding
Shenwei (Hong Kong) Limited	Hong Kong	Ordinary HK\$1	–	100%	Investment holding
Smart Land Properties Limited	Hong Kong	Ordinary HK\$1	–	100%	Property investment
Top Bright Properties Limited	Hong Kong	Ordinary HK\$9,999 Deferred share HK\$1	–	100%	Property investment
Top Grade Properties Limited	Hong Kong	Ordinary HK\$1	–	100%	Property investment
Wealth Properties Limited	Hong Kong	Ordinary HK\$100	–	100%	Property investment
Wingplace Investments Limited	The BVI/Hong Kong	Ordinary US\$1	–	100%	Investment holding

Notes to the Consolidated Financial Statements

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1. CORPORATE INFORMATION (continued)

Information about subsidiaries (continued)

Name of subsidiaries	Place of incorporation/ establishment/ operations	Issued and paid-up share capital	Percentage of equity attributable to the Company/ proportion of voting power held by the Company		Principal activities
			Direct	Indirect	
Zhongchang International Holdings Management Limited	Hong Kong	Ordinary HK\$1	100%	–	Provision of administration services to group companies
浙江自貿區鑫盛海洋產業投資有限公司** (Zhejiang Free Trade Zone Xinsheng Marine Industry Investments Co., Limited*)	The People's Republic of China (the "PRC")	Registered capital RMB109,000,000; paid-up capital RMB109,000,000	–	100%	Investment holding
舟山銘義文化產業投資有限公司** (Zhoushan Mingyi Cultural Assets Investment Co., Limited*)	The PRC	Registered capital RMB48,000,000; paid-up capital RMB47,699,800	–	100%	Investment

* For identification purpose only.

** The company is registered as a wholly owned foreign enterprise in the PRC.

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss 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.

Going concern

As at 31 December 2025, the Group's total current liabilities exceeded its total current assets by approximately HK\$813,965,000 (2024: approximately HK\$787,525,000). The Directors considered that the controlling shareholder of the Company has the intention to provide unconditional continuing financial support to the Company so as to enable the Company to meet its liabilities as and when they fall due. Accordingly, the Directors believe that the Group has adequate resources to continue its operations in the foreseeable future of not less than 12 months from the end of the reporting period. Therefore, they are of the opinion that it is appropriate to adopt the going concern basis in preparing the consolidated financial statements.

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.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

Basis of consolidation (continued)

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, 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 associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

2.3 Issued but not yet effective HKFRS Accounting Standards

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these 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: Disclosures</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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective HKFRS Accounting Standards (continued)

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective HKFRS Accounting Standards (continued)

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

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

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.3 Issued but not yet effective HKFRS Accounting Standards (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. 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.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies

Investment in associates

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

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

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

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

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

Business combinations and goodwill

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

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Business combinations and goodwill (continued)

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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

Fair value measurement

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Fair value measurement (continued)

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

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

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

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly.
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal ("FVLCD"), and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of non-financial assets (continued)

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

Related parties

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Leasehold improvements	Over the shorter of the lease terms or 5 years
Furniture, fixtures and equipment	4-5 years

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

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

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases

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

Group as a lessee

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

(a) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	3 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Leases (continued)

Group as a lessee (continued)

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

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

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

Group as a lessor

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

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

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Investments and other financial assets (continued)

Initial recognition and measurement (continued)

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

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

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Impairment of financial assets (continued)

General approach (continued)

The Group considers a financial asset in default when contractual payments are 30 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

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

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include other payables, deposits and accrued expenses, Interest-bearing bank and other borrowings and lease liabilities.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Financial liabilities (continued)

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and interest-bearing bank and other borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Provisions

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

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

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

Income tax

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

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

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

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

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Income tax (continued)

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

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

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

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

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

Revenue recognition

Revenue from contracts with customers

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

Revenue from other sources

Rental income from operating leases is recognised on a straight-line basis over the terms of the relevant lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Revenue recognition (continued)

Other income

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

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Employee Benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operates in the Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

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

Notes to the Consolidated Financial Statements

31 December 2025

2. ACCOUNTING POLICIES (continued)

2.4 Material accounting policies (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in Note 12 to the consolidated financial statements.

Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries and associates are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

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

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

Notes to the Consolidated Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Estimation uncertainty

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

Fair value of investment properties

Investment properties carried at fair value, were revalued at the end of each of the reporting period based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each of the reporting period.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin. The carrying amounts of investment properties at 31 December 2025 and 2024 were HK\$1,409,100,000 and HK\$1,582,100,000, respectively.

Provision for expected credit losses on trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade and other receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the real estate sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future.

Notes to the Consolidated Financial Statements

31 December 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. No deferred tax assets relating to tax losses were recognised as at 31 December 2025 (2024: Nil).

The Group has tax losses of HK\$93,284,000 (2024: HK\$80,616,000) carried forward. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by HK\$16,146,000. Further details are contained in note 23 to the financial statements.

4. OPERATING SEGMENT INFORMATION

Operating segments and the amounts of each segment item reported in the financial statements are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

The Group operates in a single business, which is the leasing of investment properties in Hong Kong. Accordingly, no segmental analysis is presented.

Information about major customers

There were no customers individually contributing over 10% of the revenue for the years reported.

5. REVENUE

	2025 HK\$'000	2024 HK\$'000
Revenue from other sources		
Gross rental income from investment properties in Hong Kong:	28,915	32,638

Notes to the Consolidated Financial Statements

31 December 2025

6. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Bank interest income	11	357
Exchange differences	–	64
Sundry income	2	830
Total other income	13	1,251

7. LOSS BEFORE TAX

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

	2025 HK\$'000	2024 HK\$'000
Directors' emoluments (Note 9)	540	540
Other staff costs:		
Salaries and allowances	1,837	2,434
Retirement benefit scheme contributions	44	58
Other benefits in kind	110	87
Total staff costs	2,531	3,119
Bank interest income	(11)	(357)
Net loss in fair value of investment properties (Note 16)	173,000	149,451
Exchange difference, net	76	(64)
Auditor's remuneration		
– Audit services	1,028	1,050
Depreciation of property, plant and equipment (Note 14)	–	17
Depreciation of right-of-use assets (Note 15)	642	857
Lease payments not included in the measurement of lease liabilities (Note 15(c))	369	293
Impairment loss on financial assets, net	372	162
Gross rental income from investment properties	(28,915)	(32,638)
Less: Direct operating expenses from investment properties that generated rental income during the year	3,153	2,627
	(25,762)	(30,011)

8. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on bank and other loans	46,338	50,414
Interest on lease liabilities (Note 15)	24	96
Total	46,362	50,510

Notes to the Consolidated Financial Statements

31 December 2025

9. DIRECTORS' EMOLUMENTS

Directors' remuneration for the year, disclosed pursuant to the Listing Rules, Section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK\$'000	2024 HK\$'000
Fees	540	540

2025

	Directors' fees HK\$'000	Basic salaries, allowances and other benefits HK\$'000	Discretionary bonus HK\$'000	Contributions to retirement benefit schemes HK\$'000	Total HK\$'000
Executive directors:					
Mr. Chen Zhiwei	-	-	-	-	-
Ms. Ku Ka Lee	-	-	-	-	-
Ms. Huang Zhenghong	-	-	-	-	-
Subtotal	-	-	-	-	-
Non-executive directors:					
Dr. Huang Qiang	-	-	-	-	-
Mr. Wong Chi Keung, Kenjie	-	-	-	-	-
Ms. Yu Dan	-	-	-	-	-
Subtotal	-	-	-	-	-
Independent non-executive directors					
Mr. Liew Fui Kiang	180	-	-	-	180
Mr. Yip Tai Him	180	-	-	-	180
Mr. Liu Xin	180	-	-	-	180
Subtotal	540	-	-	-	540
Total	540	-	-	-	540

Notes to the Consolidated Financial Statements

31 December 2025

9. DIRECTORS' EMOLUMENTS (continued)

2024

	Directors' fees HK\$'000	Basic salaries, allowances and other benefits HK\$'000	Discretionary bonus HK\$'000	Contributions to retirement benefit schemes HK\$'000	Total HK\$'000
Executive directors:					
Mr. Chen Zhiwei	—	—	—	—	—
Ms. Ku Ka Lee	—	—	—	—	—
Ms. Huang Zhenghong (Note (a))	—	—	—	—	—
Mr. Tang Lunfei (Note (b))	—	—	—	—	—
Subtotal	—	—	—	—	—
Non-executive directors:					
Dr. Huang Qiang	—	—	—	—	—
Mr. Wong Chi Keung, Kenjie	—	—	—	—	—
Ms. Yu Dan	—	—	—	—	—
Subtotal	—	—	—	—	—
Independent non-executive directors					
Mr. Liew Fui Kiang	180	—	—	—	180
Mr. Yip Tai Him	180	—	—	—	180
Mr. Liu Xin	180	—	—	—	180
Subtotal	540	—	—	—	540
Total	540	—	—	—	540

There was no arrangement under which a director waived or agreed to waive any emoluments in respect of the years ended 31 December 2025 and 2024 respectively.

No emoluments were paid or payable by the Group to any of the Directors as an inducement to join, or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2025 and 2024.

Notes:

(a) Ms. Huang Zhenghong has been appointed as an executive Director on 9 December 2024.

(b) Mr. Tang Lunfei has tendered his resignation as an executive Director on 9 December 2024.

Notes to the Consolidated Financial Statements

31 December 2025

10. FIVE HIGHEST PAID EMPLOYEES

No Director was included in the five highest paid employees of the Group during the year ended 31 December 2025 (2024: nil), details of whose remuneration are set out in Note 9 to the consolidated financial statements. Details of the remuneration for the year of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries, allowances and other benefits	1,837	2,434
Contributions to retirement benefit schemes	44	58
Total	1,881	2,492

The number of the highest paid employees who are not the Directors whose remuneration fell within the following bands is as follows:

	No. of individuals	
	2025	2024
Nil to HK\$500,000	2	1
HK\$500,001 to HK\$1,000,000	1	2
HK\$1,000,001 to HK\$1,500,000	1	1
Total	4	4

No emoluments were paid or payable by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office during the years ended 31 December 2025 and 2024. No five highest paid individuals waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

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11. INCOME TAX EXPENSE

	2025 HK\$'000	2024 HK\$'000
Current		
Hong Kong		
– Provision for the year	–	–
– Over-provision in prior years	(38)	(18)
	(38)	(18)
Deferred		
– Charged to the consolidated statement of profit or loss and other comprehensive income (Note 23)	687	675
Total	649	657

The provision for Hong Kong Profits Tax for the year ended 31 December 2025 is calculated at 16.5% of the estimated assessable profits for the year (2024: 16.5%). The concession of 8.25% tax band under the two-tiered tax regime introduced by the Hong Kong SAR Government was taken up by an indirect wholly-owned subsidiary incorporated in Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for the years ended 31 December 2025 and 2024.

Notes to the Consolidated Financial Statements

31 December 2025

11. INCOME TAX EXPENSE (continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates to the effective tax rates, are as follows:

	2025		2024	
	HK\$'000	%	HK\$'000	%
Loss before tax	(200,286)		(176,086)	
Tax at the Hong Kong profits tax rate of 16.5% (2024: 16.5%)	(33,047)	16.5	(29,054)	16.5
Tax effect of expenses not deductible for tax purpose	30,733	(15.3)	30,943	(17.6)
Tax effect of income not taxable for tax purpose	(1)	—	(58)	0.0
Over provision in respect of prior years	(38)	—	(18)	0.0
Statutory tax concession	(165)	0.1	(165)	0.1
Tax losses and temporary differences not recognised/(used)	3,167	(1.6)	(991)	0.6
Tax charge at the Group's effective rate	649	(0.3)	657	(0.4)

12. DIVIDEND

The Directors do not recommend any dividend for the year ended 31 December 2025 (2024: Nil).

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

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

	2025 HK\$'000	2024 HK\$'000
Loss attributable to ordinary equity holders of the Company, used in the basic and diluted loss per share calculation	(200,935)	(176,743)

Notes to the Consolidated Financial Statements

31 December 2025

13. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (continued)

	Number of shares	
	2025 '000	2024 '000
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	1,125,027	1,125,027

For the years ended 31 December 2025 and 2024, the diluted loss per share is the same as the basic loss per share. The Group had no potentially dilutive ordinary shares outstanding during the years ended 31 December 2025 and 2024.

14. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement HK\$'000	Furniture fixtures and equipment HK\$'000	Total HK\$'000
Cost			
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	4,763	469	5,232
ACCUMULATED DEPRECIATION			
At 1 January 2024	4,747	468	5,215
Provided for the year – Additions (Note 7)	16	1	17
At 31 December 2024, 1 January 2025 and 31 December 2025	4,763	469	5,232
NET CARRYING AMOUNT			
At 31 December 2025 and 2024	–	–	–

Notes to the Consolidated Financial Statements

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15. LEASES

The Group as lessee

The Group have lease contracts for various items of buildings used in its operations. Leases of buildings generally have lease terms of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are as follows:

	Buildings HK\$'000
COST:	
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	6,845
ACCUMULATED DEPRECIATION:	
At 1 January 2024	5,346
Provided for the year	
– Additions (Note 7)	857
At 31 December 2024 and 1 January 2025	6,203
Provided for the year	
– Additions (Note 7)	642
At 31 December 2025	6,845
NET CARRYING AMOUNT:	
At 31 December 2025	–
At 31 December 2024	642

Notes to the Consolidated Financial Statements

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15. LEASES (continued)

The Group as lessee (continued)

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 HK\$'000	2024 HK\$'000
Carrying amount at 1 January	702	1,574
Interest on lease liabilities (Note 8)	24	96
Lease payments	(726)	(968)
Carrying amount at 31 December	—	702

The maturity analysis of lease liabilities is disclosed in Note 35 to the consolidated financial statements.

(c) The amounts recognised in the consolidated profit or loss and other comprehensive income in relation to leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Interest on lease liabilities (Note 8)	24	96
Depreciation of right-of-use assets (Note 7)	642	857
Expense relating to short-term leases and leases of low-value assets (included in other operating expenses) (Note 7)	369	293
Total amount recognised in the consolidated statement of profit or loss and other comprehensive income	1,035	1,246

(d) The total cash outflow for leases is disclosed in Notes 29(c) to the consolidated financial statements.

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15. LEASES (continued)

The Group as lessor

The Group leases its investment properties (Note 16 to the consolidated financial statements) consisting of commercial properties in Hong Kong under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

Rental income recognised by the Group for the year ended 31 December 2025 was HK\$28,915,000 (2024: HK\$32,638,000), details of which are included in Note 5 to the consolidated financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	20,688	20,392
After one year but within two years	11,124	8,518
After two years but within three years	4,944	3,276
After three years but within four years	1,386	1,186
Total	38,142	33,372

16. INVESTMENT PROPERTIES

Completed Investment properties, in Hong Kong HK\$'000
--

FAIR VALUE:

At 1 January 2024	1,731,100
Additions	451
Loss in fair value recognised in the consolidated statement of profit or loss and other comprehensive income	(149,451)
At 31 December 2024 and 1 January 2025	1,582,100
Loss in fair value recognised in the consolidated statement of profit or loss and other comprehensive income	(173,000)
At 31 December 2025	1,409,100

The Group's investment properties consist of residential and commercial properties in Hong Kong. The Directors have determined that the investment properties consist of two classes of asset, i.e., residential and commercial, based on the nature, characteristics and risks of each property. The investment properties are leased to third parties under operating leases, further summary details of which are included in Note 15 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

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16. INVESTMENT PROPERTIES (continued)

- (a) The analysis of the carrying amount of investment properties is as follows:

	2025 HK\$'000	2024 HK\$'000
In Hong Kong – long-term leases	1,409,100	1,582,100

(b) Pledge of investment properties

Details of pledge of investment properties are set out in Note 31 to the consolidated financial statements.

(c) Fair value measurement of the Group's investment properties

Each year, the management of the Group decide to appoint which independent valuer to be responsible for the valuation of the Group's investment properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

The fair value of the Group's investment properties as at 31 December 2025 and 2024 has been arrived at on the basis of a valuation carried out on the respective dates by Vincorn Consulting and Appraisal Limited, independent qualified professional valuers not connected to the Group.

The responsible valuers of Vincorn Consulting and Appraisal Limited are members of the Hong Kong Institute of Surveyors, and they have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was determined based on (i) the sales comparison approach, which involves an analysis of sales transactions of comparable properties within the neighbourhood area of the properties; and (ii) the income capitalisation approach, which involves estimating the rental incomes of the properties and capitalising them all on an appropriate rate to produce a capital value.

As at 31 December 2025 and 2024, the fair values of the investment properties were generally determined based on income capitalisation approach and by making reference to comparable rent and sales transactions of similar properties in the similar locations and conditions as available in the market to assess the market value of the investment properties.

At each financial year end, the management of the Group will (i) verify all major inputs to the independent valuation report; (ii) assess property valuations movements when compared to the prior year valuation report; and (iii) hold discussion with the independent valuer.

Changes in level 2 and 3 fair values are analysed at each reporting date by the management of the Group.

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

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31 December 2025

16. INVESTMENT PROPERTIES (continued)

(c) Fair value measurement of the Group's investment properties (continued)

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2025 and 2024 are as follows:

2025

	Level 3 HK\$'000	Fair values 2025 HK\$'000
Recurring fair value measurement for:		
Residential units located in Hong Kong	6,800	6,800
Commercial units located in Hong Kong	1,402,300	1,402,300
Total	1,409,100	1,409,100

2024

	Level 3 HK\$'000	Fair values 2024 HK\$'000
Recurring fair value measurement for:		
Residential units located in Hong Kong	11,600	11,600
Commercial units located in Hong Kong	1,570,500	1,570,500
Total	1,582,100	1,582,100

During the year, there were no transfers into or out of Level 3 (2024: Nil).

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16. INVESTMENT PROPERTIES (continued)

(c) Fair value measurement of the Group's investment properties (continued)

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

	Fair value		Valuation technique	Significant unobservable inputs	Sensitivity
	2025 HK\$'000	2024 HK\$'000			
Investment properties located in Hong Kong	1,409,100	1,582,100	Income capitalisation approach	Capitalisation rate, taking into account the capitalisation of rental, income potential, nature of property, and prevailing market condition, of 2.3% to 7.9% (31 December 2024: 2.2% to 4.1% per annum). Monthly market rent, taking into account the differences in location, and individual factor, such as frontage and size, between the comparables and the property.	The higher the capitalisation rate, the lower the fair value. A significant increase in the market rent used result in significant increase in fair value, and vice versa.

The fair value of completed investment properties is determined by the income capitalisation method by taking into account the net rental income of the properties derived from the existing leases and/or achievable in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the fair value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

Reversionary yield is the rate taking into account the capitalisation of rental income potential, nature of the property and prevailing market condition. Market rent per square foot is the market rent taking into account the direct comparable market transactions to the related properties.

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

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16. INVESTMENT PROPERTIES (continued)

(c) Fair value measurement of the Group's investment properties (continued)

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Residential properties in Hong Kong HK\$'000	Commercial properties in Hong Kong HK\$'000	Total HK\$'000
Carrying amount at 1 January 2024	12,100	1,719,000	1,731,100
Additions	–	451	451
Fair value changes	(500)	(148,951)	(149,451)
Carrying amount at 31 December 2024 and 1 January 2025	11,600	1,570,500	1,582,100
Fair value changes	(4,800)	(168,200)	(173,000)
Carrying amount at 31 December 2025	6,800	1,402,300	1,409,100

17. INVESTMENT IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE

	2025 HK\$'000	2024 HK\$'000
Share of net assets	–	–
Goodwill on acquisition	–	–
	–	–
Amount due from an associate	53,708	52,384
Allowance of credit losses (note)	(53,708)	(52,384)
	–	–

Note:

The adjustment in the allowance for credit losses was attributable to exchange rate fluctuations.

Particulars of the Group's associate as of 31 December 2025 is as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Yitai International (BVI) Holdings Limited ("Yitai")	Ordinary shares	The BVI	49%	Investment holding

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17. INVESTMENT IN AN ASSOCIATE/AMOUNT DUE FROM AN ASSOCIATE (continued)

On 4 February 2019, Agile Scene, an indirect wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Sanshenghongye (BVI) Holdings Limited (“**Sansheng BVI**”), pursuant to which Agile Scene agreed to purchase and Sansheng BVI agreed to sell 49% equity interest in Yitai at a cash consideration of approximately RMB255,600,000 (equivalent to approximately HK\$299,000,000). Yitai is an investment holding company and indirectly holds 99% beneficial equity interest in 金華銘瑞房地產開發有限公司 (Jinhua Mingrui Real Estate Development Co., Ltd.*) (“**Jinhua Mingrui**”), which is engaged in property development in Jinhua City, Zhejiang Province, the PRC. The acquisition was completed on 2 April 2019.

Yitai is considered as an associate of the Group and are accounted for using the equity method.

* For identification purpose only.

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

	2025 HK\$'000	2024 HK\$'000
Share of the associate's loss for the year	—	—
Share of the associate's other comprehensive income	—	—
Share of the associate's total comprehensive income	—	—
Aggregate carrying amount of the Group's investments in the associate	—	—

The Group has discontinued the recognition of its share of losses of an associate because the share of losses of the associate exceeded the Group's interest in the associate and the Group has no obligation to take up further losses. On 9 February 2023, Jinhua Mingrui entered into the bankruptcy liquidation procedure, thus no financial information was available as at 31 December 2025 and 2024.

At 31 December 2025 and 2024, amount due from an associate was HK\$53,708,000 and HK\$52,384,000, respectively. The amount due from an associate are unsecured, interest-free and repayable on demand. The directors of the Group considered that the recoverability of the receivables due from Yitai was remote and the expected credit loss were HK\$53,708,000 and HK\$52,384,000, respectively.

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Unlisted equity investments (Note)	—	—

Note:

During the year ended 31 December 2019, 舟山銘泰物業管理有限公司 (Zhoushan Mingtai Property Management Co., Limited*) (“**Zhoushan Mingtai**”), an indirect wholly-owned subsidiary of the Group, entered into a limited partnership agreement to subscribe, as a limited partner. The investment entity is principally engaged in investment management and equity investments, Zhoushan Mingtai is a limited partner of the investment entity and does not have control nor significant influence in the operational and financing decisions of the investment entity.

As at 31 December 2025, the fair value of financial assets at fair value through profit or loss was nil (2024: nil) and no fair value gain or loss of financial assets at fair value through profit or loss was recognised in the consolidated statement of profit or loss and other comprehensive income (2024: nil).

* For identification purpose only.

Notes to the Consolidated Financial Statements

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19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Rental receivables (Note (i))	1,816	84
Less: Allowance for credit losses (Note (ii))	(372)	–
	1,444	84
Other receivables, deposits and prepayments, net of allowance for credit losses (Note (iii))	2,434	1,980
Total	3,878	2,064

Notes:

- (i) The amount represents rental receivables for leasing of investment properties.

The Group maintains a defined and restricted credit policy to assess the credit quality of each counterparty or tenant. The collection is closely monitored to minimise any credit risk associated with these rental receivables.

The ageing analysis of the Group's rental receivables net of allowances of credit losses is as follows:

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	268	23
31 to 60 days	257	20
61 to 90 days	291	21
91 to 180 days	622	20
181 to 365 days	6	–
Total	1,444	84

Rental receivables that were past due but not impaired relate to a number of independent tenants that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there have not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

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19. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Notes: (continued)

(ii) The movement in the allowance for credit losses of trade receivables are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	–	–
Impairment losses	372	–
At 31 December	372	–

(iii) The amount represents other receivables, deposits and prepayments:

	2025 HK\$'000	2024 HK\$'000
Prepayments	25	35
Deposits and other receivables	279,634	272,377
Prepaid tax	14	14
	279,673	272,426
Less: Allowance for credit losses	(277,239)	(270,446)
Total	2,434	1,980

The movements in the allowance for credit losses of other receivables, deposits and prepayments are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	270,446	276,158
Impairment losses	–	162
Exchange realignment	6,793	(5,874)
At 31 December	277,239	270,446

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20. CASH AND CASH EQUIVALENTS

	2025 HK\$'000	2024 HK\$'000
Cash and bank balances	11,129	16,218
Short-term time deposits	–	520
Cash and cash equivalents	11,129	16,738

Cash and cash equivalents comprise cash held by the Group and bank balances, short-term time deposits that earn interest at prevailing market rates ranging from 0.001% to 0.050% (2024: 0.001% to 4.270%) per annum and have original maturity of three months or less. The bank balances and short-term time deposits are deposited with creditworthy banks with no recent history of default.

At 31 December 2025, the cash and bank balances of the Group denominated in Renminbi (“RMB”) amounted to approximately HK\$2,033,000 (2024: approximately HK\$4,860,000). The RMB is not freely convertible into other currencies, however, under Mainland China Foreign Exchange Control Regulations and Administration of Settlement, the Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

21. OTHER PAYABLES, DEPOSITS AND ACCRUED EXPENSES

	2025 HK\$'000	2024 HK\$'000
Rental deposits received	8,941	9,123
Other payables and accrued expenses	5,445	5,440
Contract liabilities (Note)	14,386 206	14,563 215
	14,592	14,778
Analysed into:		
Non-current portion	4,653	4,607
Current portion	9,939	10,171

Note:

Details of contract liabilities are as follows:

	2025 HK\$'000	2024 HK\$'000
Short-term advance payments received from tenants	206	215

Contract liabilities include short-term advance payments received from tenants, which is related to the provision of rental concession and/or advance rental payments from tenants at the end of the reporting period.

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22. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025			2024		
	Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
Current						
Bank loans – secured	HIBOR plus 1.25%	On demand	589,810	HIBOR plus 1.25%	On demand	649,910
Other loan – unsecured	10%-12%	31 March 2026	225,725	12%	31 December 2025	142,118
Total – current			815,535			792,028

The carrying amount of the above bank and other borrowings are repayable as follows:

	2025 HK\$'000	2024 HK\$'000
On demand or within one year	815,535	792,028

As at 31 December 2025, interest payable of approximately HK\$29,725,000 (2024: approximately HK\$12,218,000) was included in bank and other borrowings.

The bank borrowings are secured by the Group's assets which were set out in Note 31 to the consolidated financial statements.

Details of corporate guarantees of the Group were set out in Note 37 to the consolidated financial statements.

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23. DEFERRED TAX

The movements in deferred tax liabilities and assets during the year are as follows:

2025

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
At 31 December 2024 and 1 January 2025	13,935	107	14,042
Deferred tax charged/(credited) to the statement of profit or loss during the year (Note 11)	677	(107)	570
Gross deferred tax liabilities at 31 December 2025	14,612	–	14,612

Deferred tax assets

	Lease liabilities HK\$'000
At 31 December 2024 and 1 January 2025	117
Deferred tax charged to the statement of profit or loss during the year (Note 11)	(117)
Gross deferred tax assets at 31 December 2025	–

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23. DEFERRED TAX (continued)

2024

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation HK\$'000	Right-of-use assets HK\$'000	Total HK\$'000
At 31 December 2023 and 1 January 2024	13,262	248	13,510
Deferred tax charged/(credited) to the statement of profit or loss during the year (Note 11)	673	(141)	532
Gross deferred tax liabilities at 31 December 2024	13,935	107	14,042

Deferred tax assets

	Lease liabilities HK\$'000
At 31 December 2023 and 1 January 2024	260
Deferred tax charged to the statement of profit or loss during the year (Note 11)	(143)
Gross deferred tax assets at 31 December 2024	117

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

	2025 HK\$'000	2024 HK\$'000
Net deferred tax liabilities recognised in the consolidated statement of financial position	14,612	13,925

At the end of the reporting period, the Group has unused tax losses of approximately HK\$93,284,000 (2024: approximately HK\$80,616,000) available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by the subsidiary established in Mainland China in respect of earnings generated from 1 January 2008. At 31 December 2025, no deferred tax has been recognised for withholding taxes as the Group's subsidiaries established in Mainland China are in cumulative loss position (2024: Nil).

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24. SHARE CAPITAL

	Number of shares		Amount	
	2025 Number '000	2024 Number '000	2025 HK\$'000	2024 HK\$'000
Authorised:				
Ordinary of shares of HK\$0.10 each				
At 1 January and 31 December	2,000,000	2,000,000	200,000	200,000
Issued and fully paid:				
At 1 January and 31 December	1,125,027	1,125,027	112,502	112,502

25. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 73 of the annual report.

Special reserve

The special reserve represents the offsetting of the share premium of the subsidiary acquired against the excess of the nominal value of that subsidiary's shares and the nominal value of the shares issued by the Company in exchange thereof under the Group reorganisation in April 2000.

Exchange reserve

Exchange reserve represents foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in Note 2.4 to the consolidated financial statements.

Other reserve

The convertible notes equity reserve represents the equity component (conversion rights) of convertible notes issued by the Company. The convertible notes equity reserve has been reclassified to other reserve, since the convertible notes were not converted.

Contribution from shareholders

The contributions from shareholders represent the aggregation of discount on acquisitions of an indirect wholly-owned subsidiary. Uptodate with the amount of approximately HK\$233,606,000 from the former controlling shareholder – Mr. Ng Chun For, Henry.

Notes to the Consolidated Financial Statements

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26. CAPITAL COMMITMENTS

At the end of the reporting period, the Group had the following significant commitments:

	2025 HK\$'000	2024 HK\$'000
Contracted, but not provided for:		
Capital contribution to a limited partnership	41,518	40,495

27. SHARE-BASED PAYMENT TRANSACTIONS

The Company adopted a share option scheme which was approved by the shareholders of the Company at the annual general meeting held on 3 September 2013 (the “**Share Option Scheme**”). The Share Option Scheme had a term of 10 years from its adoption date. The Share Option Scheme was expired on 3 September 2023, with no outstanding share option. Upon the expiration of the Share Option Scheme, no further options can be offered. The Group has no share option scheme currently in force.

28. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme (“**MPF**”) for all qualifying employees in Hong Kong. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. The Group contributes HK\$1,500 or 5% of the relevant payroll costs, whichever is lower for each employee, to the scheme, which contribution is matched by employees.

The employees in the PRC are members of state-managed retirement benefit scheme operated by the PRC government (the “**PRC Retirement Benefit Scheme**”). The Company's subsidiaries operating in the PRC is required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contribution under the scheme.

The Group's contribution to aforementioned retirement benefits schemes for the year ended 31 December 2025 amounted to in aggregate of approximately HK\$44,000 (2024: approximately HK\$58,000).

During the year ended 31 December 2025, there was no forfeited contribution under the MPF or the PRC Retirement Benefit Scheme which may be used by the Group to reduce current or future levels of contributions (2024: Nil). Accordingly, there was no forfeited contribution utilized for the year ended 31 December 2025 (2024: Nil).

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29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

There were no major non-cash transactions during the year ended 31 December 2025 and 2024.

(b) Changes in the Group's liabilities arising from financing activities:

2025

	Lease liabilities HK\$'000 (Note 15)	Interest-bearing bank and other borrowings HK\$'000 (Note 22)	Amounts due to former related companies* HK\$'000	Total HK\$'000
At 1 January 2025	702	792,028	245	792,975
Changes from financing cash flows:				
New other borrowings raised	–	66,000	–	66,000
Repayment of bank borrowings	–	(60,000)	–	(60,000)
Payment of lease liabilities	(702)	–	–	(702)
Total changes from financing cash flows	(702)	6,000	–	5,298
Other changes:				
Interest expenses	24	46,338	–	46,362
Interest paid classified as operating cash flows	(24)	(28,831)	–	(28,855)
Exchange realignment	–	–	6	6
Total other changes	–	17,507	6	17,513
At 31 December 2025	–	815,535	251	815,786

Notes to the Consolidated Financial Statements

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

(b) Changes in the Group's liabilities arising from financing activities: (continued)

2024

	Lease liabilities HK\$'000 (Note 15)	Interest-bearing bank and other borrowings HK\$'000 (Note 22)	Amounts due to former related companies* HK\$'000	Total HK\$'000
At 1 January 2024	1,574	870,857	250	872,681
Changes from financing cash flows:				
New other borrowings raised	–	30,000	–	30,000
Repayment of bank borrowings	–	(120,000)	–	(120,000)
Payment of lease liabilities	(872)	–	–	(872)
Total changes from financing cash flows	(872)	(90,000)	–	(90,872)
Other changes:				
Interest expenses	96	50,414	–	50,510
Interest paid classified as operating cash flows	(96)	(39,243)	–	(39,339)
Exchange realignment	–	–	(5)	(5)
Total other changes	–	11,171	(5)	11,166
At 31 December 2024	702	792,028	245	792,975

* Amounts due to former related companies are included "Other payables and accrued expenses" in Note 21 to the financial statements.

(c) Total cash outflow for leases

	2025 HK\$'000	2024 HK\$'000
Within operating activities	393	389
Within financing activities	702	872
Total	1,095	1,261

Notes to the Consolidated Financial Statements

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30. MATERIAL RELATED PARTY TRANSACTIONS

Pursuant to a loan agreement entered into between China Cinda (HK) and the Company on 28 December 2023 (the “**2023 Loan Agreement**”), China Cinda (HK) has agreed to grant an unsecured loan facility to the Company in the principal amount of up to HK\$130,000,000 at simple interest rate of 12% per annum to 31 December 2024, which was renewable up to 31 December 2025. The principal amount of HK\$100,000,000 of the 2023 Loan Agreement was drawn down on 29 December 2023 and the principal amount of HK\$30,000,000 of the 2023 Loan Agreement was drawn down on 30 December 2024.

Pursuant to another loan agreement entered into between China Cinda (HK) and the Company on 29 August 2025 (the “**2025 Loan Agreement**”), China Cinda (HK) has agreed to grant an additional unsecured loan facility to the Company in the principal amount of up to HK\$70,000,000 at simple interest rate of 10% per annum to 31 March 2026, which is renewable up to 31 March 2027. The principal amount of HK\$60,000,000 of the 2025 Loan Agreement was drawn down on 1 September 2025 and the principal amount of HK\$6,000,000 of the 2025 Loan Agreement was drawn down on 31 December 2025. Furthermore, pursuant to the terms of the 2025 Agreement, the maturity date of outstanding principal amount of HK\$130,000,000 of the 2023 Loan Agreement is extended to 31 March 2026 and is renewable to 31 March 2027.

Save as disclosed above, and those disclosed elsewhere in this report, the Group had no material outstanding balances with related parties as at 31 December 2025 and 2024.

Compensation of key management personnel of the Group:

	2025 HK\$'000	2024 HK\$'000
Short term employee benefits	1,004	1,133
Post-employment benefits	18	18
Total compensation paid to key management personnel	1,022	1,151

Further details of directors' and the chief executive's emoluments are included in note 9 to the financial statements.

31. PLEDGE OF ASSETS

As at 31 December 2025 and 2024, the Group has pledged the following assets:

- (1) Investment properties in Hong Kong with an aggregate carrying amount of HK\$1,409,100,000 (2024: HK\$1,582,100,000) for securing the Group's bank borrowings;
- (2) Share mortgage of certain subsidiaries for securing their respective bank borrowings;
- (3) Rent assignments in respect of the investment properties held by the Group.

32. EVENTS AFTER THE REPORTING PERIOD

No significant events have taken place subsequent to 31 December 2025 and up to the date of this annual report.

Notes to the Consolidated Financial Statements

31 December 2025

33. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of the Group's financial assets and financial liabilities as recognised at 31 December 2025 and 2024 are categorised as follows:

	2025 HK\$'000	2024 HK\$'000
Financial assets		
At amortised cost:		
Trade receivables (Note 19)	1,444	84
Financial assets included in other receivables, deposits and prepayments (Note 19)	2,395	1,931
Cash and cash equivalents (Note 20)	11,129	16,738
Subtotal	14,968	18,753
At fair value through profit or loss:		
Financial assets at fair value through profit or loss (Note 18)	–	–
Total	14,968	18,753
Financial liabilities		
At amortised cost:		
Financial liabilities included in other payables, deposits and accrued expenses (Note 21)	14,141	14,091
Interest-bearing bank and other borrowings (Note 22)	815,535	792,028
Lease liabilities (Note 15)	–	702
	829,676	806,821

Notes to the Consolidated Financial Statements

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34. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs).

	Fair value as at 31 December		Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	2025 HK\$'000	2024 HK\$'000			
Financial assets					
Financial assets at fair value through profit or loss	–	–	Level 3	Net asset value	N/A (Note)

Note:

The Group has determined that the net asset value represents fair value at the end of the reporting period.

(ii) Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair values of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Except as detailed in the following table, the Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate to their fair values.

	2025		2024	
	Carrying amount HK\$'000	Fair value HK\$'000	Carrying amount HK\$'000	Fair value HK\$'000
Financial liabilities				
Interest-bearing bank borrowings	589,810	589,810	649,910	649,910
Other borrowings (other than lease liabilities)	225,725	225,725	142,118	142,118
Total	815,535	815,535	792,028	792,028

Notes to the Consolidated Financial Statements

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

(iii) Reconciliation of Level 3 fair value measurements

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 and 2024.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, comprise interest-bearing bank borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, deposits and prepayments and other payables, and deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings.

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period:

	2025		2024	
	Effective Interest	HK\$'000	Effective Interest rate	HK\$'000
Net variable rate borrowings				
Bank borrowings	(Note)	589,810	(Note)	649,910
Bank balances	0.001% to		0.001% to	
(include time deposits)	0.050%	(11,129)	4.270%	(16,738)
Total		578,681		633,172

Note:

Details of the Group's bank borrowings are set out in Note 22 to the consolidated financial statements.

At 31 December 2025, it was estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss after taxation by approximately HK\$5,787,000 (2024: increase/decrease the Group's loss after taxation by approximately HK\$6,332,000).

Notes to the Consolidated Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of reporting period and had been applied to the exposure to interest rate risk for financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for the year ended 31 December 2024.

Foreign currency risk

The Group have foreign currency denominated monetary assets and liabilities, which exposed the Group to foreign currency risk. The Group currently does not have a foreign exchange policy. However, the management of the Group monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the risk arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	Assets		Liabilities	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
RMB	2,047	5,034	338	330
United States Dollars ("USD")	159	159	—	—

Sensitivity analysis

As Hong Kong Dollars are pegged to USD, the Group does not expect any significant foreign currency exposure arising from the fluctuation of the Hong Kong Dollars to USD exchange rates. As a result, the Directors consider that the sensitivity of the Group's exposure towards the change in foreign exchange rates between Hong Kong Dollars to USD is minimal.

The Group is mainly exposed to the effects of fluctuation in RMB.

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in Hong Kong Dollars against RMB. The sensitivity analysis includes outstanding foreign currency denominated monetary items. A positive number below indicates an increase in profit or equity where the Hong Kong Dollars strengthen 5% (2024: 5%) against RMB. For a 5% (2024: 5%) weakening of the Hong Kong Dollars against RMB, there would be an equal and opposite impact on the profit or equity, and the balances below would be negative.

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31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Impact of RMB	
	2025	2024
	HK\$'000	HK\$'000
Other comprehensive income (Note)	(85)	(235)

Note:

This is mainly attributable to the exposure outstanding on monetary items denominated in RMB not subject to cash flow hedge at the end of the reporting period.

Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade and other receivables and deposits. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group applies with simplified approach to provide for ECLs presented by HKFRS 9, which permits the use of the lifetime ECL provision for all trade receivables. To measure the ECLs, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the economic variable credit risk and ECL.

Rental receivables

In order to minimize the credit risk, the management of the Group will internally assess the credit quality of the potential tenants before accepting any new tenants, no credit period is granted to tenants. In addition, the Group reviews the recoverable amount of each individual debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

As part of the Group's credit risk management, the Group assessed the ECL for each of the rental receivable individually. No impairment allowance for the remaining rental receivables was provided since the loss given default and exposure at default are significantly reduced as due to the low probability of default of those receivables based on historical credit loss experience and rental deposits received from those tenants. The Directors have also considered reasonable and supportable best information available without undue cost or effort including historical evidences and forward looking information, such as, but not limited to, subsequent settlement, and concluded that there is no significant increase in credit risk.

Further quantitative disclosure of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 19 to the consolidated financial statements.

Notes to the Consolidated Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Other receivables, deposits and prepayments

In relation to other receivables and deposit paid for acquisition of a subsidiary, the Group has assessed that the expected credit losses for these receivables under the lifetime expected losses method. The loss allowance for impairment of other receivables, deposits and prepayments was approximately HK\$277,239,000 (2024: approximately HK\$270,446,000) was made. The Group performs impairment assessment on the balances on a periodic basis. In determining the ECL of other receivables and deposit paid for acquisition of a subsidiary, the Group has taken into account the financial position of the counterparties, the industries they operate, their latest operating result where available as well as forward looking information that is available without undue cost or effort.

Amount due from an associate

In relation to amount due from an associate, the Group estimates the ECL under HKFRS 9 ECL models. In assessing whether the credit risk of amount due from an associate has increased significantly since initial recognition, the Group consider that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The loss allowance for impairment of amount due from an associate was approximately HK\$53,708,000 (2024: approximately HK\$52,384,000). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward looking information that is available without undue cost or effort.

Cash and cash equivalents

Credit risk on bank balances is limited because the amounts are placed in reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12-month ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12-month ECL on bank balances is considered to be insignificant.

Other than concentration of credit risk on liquid fund which are deposited with several banks with high credit ratings and save as disclose elsewhere in the consolidated financial statements, the Group does not have any other significant concentration of credit risk.

Notes to the Consolidated Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
At 31 December 2025					
Rental receivables	–	–	372	1,444	1,816
Financial assets included in other receivables, deposits, and prepayments					
– Normal*	2,395	–	–	–	2,395
– Doubtful*	–	–	277,239	–	277,239
Cash and cash equivalents	11,129	–	–	–	11,129
Amount due from an associate	–	–	53,708	–	53,708
	13,524	–	331,319	1,444	346,287
	12-month ECLs	Lifetime ECLs			Total HK\$'000
	Stage 1 HK\$'000	Stage 2 HK\$'000	Stage 3 HK\$'000	Simplified approach HK\$'000	
At 31 December 2024					
Rental receivables	–	–	–	84	84
Financial assets included in other receivables, deposits, and prepayments					
– Normal*	1,931	–	–	–	1,931
– Doubtful*	–	–	270,446	–	270,446
Cash and cash equivalents	16,738	–	–	–	16,738
Amount due from an associate	–	–	52,384	–	52,384
	18,669	–	322,830	84	341,583

* The credit quality of the financial assets included in prepayments is considered to be "normal" when there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Notes to the Consolidated Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group will consistently maintain a prudent financial policy and ensure that it maintains sufficient cash to meet its liquidity requirements.

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

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

	Carrying amount HK\$'000	Total contractual undiscounted cash flows HK\$'000	Within 1 year or on demand HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000
Non-derivative financial liabilities					
31 December 2025					
Interest-bearing bank and other borrowings	815,535	827,750	827,750	–	–
Other payables, deposits and accrued expenses	14,141	14,141	9,488	2,272	2,381
	829,676	841,891	837,238	2,272	2,381
31 December 2024					
Interest-bearing bank and other borrowings	792,028	825,044	825,044	–	–
Other payables, deposits and accrued expenses	14,091	14,091	9,484	4,607	–
Lease liabilities	702	726	726	–	–
	806,821	839,861	835,254	4,607	–

Notes to the Consolidated Financial Statements

31 December 2025

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximizing the return to the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The capital structure of the Group consists of debts (which includes interest-bearing bank and other borrowings), cash and cash equivalents and equity attributable to equity holders of the Company.

The Group's risk management actively and regularly reviews the capital structure. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

The gearing ratio, expressed as total liabilities over total assets, at the end of the reporting period was as follows:

	2025 HK\$'000	2024 HK\$'000
Total assets	1,424,358	1,601,921
Total liabilities	848,488	825,236
Gearing ratio	59.6%	51.5%

Notes to the Consolidated Financial Statements

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36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
NON-CURRENT ASSETS		
Interests in subsidiaries (Note)	914,740	861,818
CURRENT ASSETS		
Other receivables	19	21
Cash and cash equivalents	618	1,635
	637	1,656
CURRENT LIABILITIES		
Other payables	3,795	4,009
Bank and other borrowings	225,725	142,118
Amounts due to subsidiaries	298,865	331,665
	528,385	477,792
NET CURRENT LIABILITIES	(527,748)	(476,136)
TOTAL ASSETS LESS CURRENT LIABILITIES	386,992	385,682
NET ASSETS	386,992	385,682
EQUITY		
Share capital	112,502	112,502
Reserves	274,490	273,180
TOTAL EQUITY	386,992	385,682

Note:

As at 31 December 2025 and 2024, the balance of interests in subsidiaries included amounts due from subsidiaries.

The Company's financial statements were approved and authorised for issue by the board of directors on 27 March 2026 and signed on its behalf by:

CHEN Zhiwei
Director

KU Ka Lee
Director

Notes to the Consolidated Financial Statements

31 December 2025

36. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (continued)

Movement in the Company's reserves

	Share premium HK\$'000	Other reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	168,300	5,619	52,728	226,647
Profit and total comprehensive income for the year	–	–	46,533	46,533
At 31 December 2024 and 1 January 2025	168,300	5,619	99,261	273,180
Profit and total comprehensive income for the year	–	–	1,310	1,310
At 31 December 2025	168,300	5,619	100,571	274,490

37. CORPORATE GUARANTEES

As at 31 December 2025, the Company provided corporate guarantee to a bank for securing banking facilities granted to its subsidiaries which amounted to HK\$1,127,000,000 (2024: HK\$1,127,000,000).

38. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 27 March 2026.

Five-year Financial Summary

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

	Year ended 31 December				
	2021 HK\$'000 (Restated)	2022 HK\$'000 (Restated)	2023 HK\$'000	2024 HK\$'000	2025 HK\$'000
CONTINUING OPERATIONS					
Revenue	36,594	33,678	33,778	32,638	28,915
Other income, net	433	1,097	3,326	1,251	13
Net loss in fair value of investment properties	(35,700)	(45,800)	(50,400)	(149,451)	(173,000)
Staff costs	(7,846)	(5,155)	(3,956)	(3,119)	(2,531)
Depreciation of property, plant and equipment	(786)	(173)	(118)	(17)	–
Depreciation of right-of-use assets	(1,197)	(1,212)	(857)	(857)	(642)
Impairment losses under expected credit loss model	(612)	–	–	–	–
Impairment loss on financial assets, net	–	–	–	(162)	(372)
Other operating expenses	(14,688)	(19,617)	(7,258)	(5,859)	(6,307)
Loss from continuing operations	(23,802)	(37,182)	(25,485)	(125,576)	(153,924)
Gain on disposals of subsidiaries	414,955	–	–	–	–
Finance costs	(18,865)	(22,109)	(43,428)	(50,510)	(46,362)
Profit/(loss) before tax from continuing operations	372,288	(59,291)	(68,913)	(176,086)	(200,286)
Income tax expense	(4,227)	(4,059)	(3,951)	(657)	(649)
Profit/(loss) for the year from continuing operations	368,061	(63,350)	(72,864)	(176,743)	(200,935)
DISCONTINUED OPERATION					
Loss for the year from a discontinued operation	(121,776)	–	–	–	–
Profit/(loss) for the year	246,285	(63,350)	(72,864)	(176,743)	(200,935)
Profit/(loss) for the year attributable to the ordinary equity holders of the Company	246,285	(63,350)	(72,864)	(176,743)	(200,935)
Earnings/(loss) per share					
– Basic and diluted (in HK cents)	21.89	(5.63)	(6.48)	(15.71)	(17.86)
ASSETS AND LIABILITIES					
Total assets	1,970,120	1,851,749	1,858,638	1,601,921	1,424,358
Total liabilities	891,712	825,476	905,104	825,236	848,488
	1,078,408	1,026,273	953,534	776,685	575,870

Schedule of Properties Held by the Group

Year ended 31 December 2025

MAJOR PROPERTIES

Particulars of major properties held by the Group at 31 December 2025 were as follows:

Investment properties

Location	Type of property	Group interest	Approximate area
Jardine Center, 50 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	GFA of approximately 49,779 sq. ft
Ground Floor and Cockloft Floor, 38 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	Saleable area of approximately 446 sq. ft. with yard and the store of approximately 28 and 193 sq. ft. respectively on the ground floor
First Floor, 38 and 40 Jardine's Bazaar, Causeway Bay, Hong Kong	Residential	100%	Saleable area of approximately 762 sq. ft. with flat roof of approximately 99 sq. ft.
Ground Floor including Cockloft of 41 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	Saleable area of approximately 600 sq. ft. with yard and store of approximately 80 sq. ft. and 371 sq. ft. respectively with yard of 82 sq. ft. on the ground floor
Ground Floor, 57 Jardine's Bazaar, Causeway Bay, Hong Kong	Commercial	100%	Saleable area of approximately 715 sq. ft.
Shop No.1 on Ground Floor including Portions of The Flat Roof and Canopy over and above The Shop No.1 on the Ground Floor, K.K. Mansion, 119, 121 & 125 Caine Road, Mid-Levels West, Hong Kong	Commercial	100%	Saleable area of approximately 1,345 sq. ft. with flat roof of approximately 273 sq. ft.