渝太地產集團有限公司

Y.T. REALTY GROUP LIMITED

Stock Code : 00075

2025 ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTOR

Wong Hy Sky
(former English name: Huang Yun)
(Chairman and Managing Director)
Liu Jie
Li Li

INDEPENDENT NON-EXECUTIVE DIRECTOR

Luk Yu King, James
Leung Yu Ming, Steven
Lai Degang

AUDIT COMMITTEE

Luk Yu King, James *(Chairman)*
Leung Yu Ming, Steven
Lai Degang

REMUNERATION COMMITTEE

Leung Yu Ming, Steven *(Chairman)*
Wong Hy Sky
Lai Degang

NOMINATION COMMITTEE

Wong Hy Sky *(Chairman)*
Leung Yu Ming, Steven
Lai Degang

AUTHORISED REPRESENTATIVE

Wong Hy Sky
Butt Ka Cheuk

COMPANY SECRETARY

Butt Ka Cheuk

REGISTERED OFFICE

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

PRINCIPAL PLACE OF BUSINESS

Room 2805, 28th Floor, China Resources Building
26 Harbour Road
Wanchai
Hong Kong
Tel: (852) 2573 8888
Website: www.ytrealtygroup.com.hk
Email: investors@ytrealtygroup.com.hk

EXTERNAL AUDITOR

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

PRINCIPAL BANKER

The Hongkong and Shanghai Banking Corporation Limited
The Bank of East Asia, Limited

LEGAL ADVISER

Bermuda:
Conyers Dill & Pearman

Hong Kong:
Woo, Kwan, Lee & Lo
Ronald Tong & Co

REGISTRAR & TRANSFER OFFICE

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

Hong Kong:
Tricor Investors Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong
Tel: (852) 2980 1333
Fax: (852) 2810 8185

SHARE LISTING

The Stock Exchange of Hong Kong Limited
Stock Code: 00075

On behalf of the board of directors (the "Board" or "Directors") of Y.T. Realty Group Limited (the "Company"), I am pleased to report the following results and operations of the Company together with its subsidiaries (collectively, the "Group") for the year ended 31 December 2025.

RESULTS

The audited consolidated net loss attributable to shareholders after tax for the year was HK$343.8 million and the loss per share amounted to HK43 cents, as compared to net loss of HK$4.0 million and the loss per share of HK0.5 cent for the year ended 31 December 2024.

DIVIDENDS

The Board does not recommend the payment of a final dividend for the year ended 31 December 2025 (2024: Nil). No interim dividend was paid during the year (2024: Nil).

NET ASSET VALUE

The consolidated net asset value attributable to equity holders of the Company as at 31 December 2025 was HK$693.6 million (2024: HK$1,011.2 million). The consolidated net asset value attributable to equity holders of the Company per share as at 31 December 2025 was HK$0.87 based on 799,557,415 shares in issue as compared to HK$1.26 per share based on 799,557,415 shares in issue as at 31 December 2024.

BUSINESS REVIEW

The global economy continued to be challenging and volatile in 2025. Despite inflation pressure for the US and many economies was moderate as compared to last year, geopolitical conflicts together with trade tensions and high tariffs imposed by the US to many countries undermined global economic growth. In addition, the US Federal Reserve did not cut interest rate as much as previously predicted during 2025 due to its expectation of uncertainty of inflation under high tariff environment. As a result, the pace of global economic recovery was dampened inevitably.

In Mainland China, supportive fiscal stimulus and proactive monetary policy were implemented during the year by the Central Government to foster economic growth. Despite the political and trade tension with the US continued, a 5% growth in Growth Domestic Product ("GDP") was achieved in 2025. For the property sector, there appeared signs of graduate bottoming, and certain prime areas of first-tier cities and certain second-tier cities was able to show various degrees of upward momentum.

BUSINESS REVIEW (Continued)

In UK, inflation and interest rate had decreased significantly from their peak and the economy had recorded minor growth in 2025. The UK property market stabilized as interest rate had come down. Rental rates and property prices had generally increased as compared to previous year in most sectors of the property market.

In Hong Kong, the economy recorded significant growth with real GDP expanding by 3.5% for 2025, such growth is better than the previous year. Inflation remained low and interest rate decreased. Exports of goods, trades and tourism were strong economic sectors in 2025 while private consumption expenditure recorded slight growth. The overall property market had shown sign of recovery in particular the residential market, while the retails and office sectors remained challenging during the year.

In 2025, the Group's total revenue amounted to HK$4,724.1 million, representing an increase of 11.4% from HK$4,241.3 million recorded in 2024. Revenue from property sale increased by 11.8% to HK$4,724.1 million from HK$4,224.5 million in 2024. There was no rental income from investment properties in 2025 (2024: HK$15.7 million). There was no treasury management income in 2025 (2024: HK$1.1 million).

In 2025, the Group recorded a loss attributable to shareholders in the amount of HK$343.8 million as compared to net loss of HK$4.0 million in 2024. Loss per share for 2025 was HK43.0 cents (2024: loss per share HK0.5 cent).

In 2025, the revaluation of the Group's investment properties resulted in a gain of HK$1.9 million (2024: HK$3.7 million). The change in value based on revaluation was reported in the consolidated statement of profit or loss.

Property Development and Trading

In 2025, the Group had pre-sales for five property projects in Sichuan, PRC. The aggregate contract sales in 2025 was approximately HK$7,500.2 million (2024: HK$2,280.7 million) and the revenue recognised amounted to HK$4,724.1 million (2024: HK$4,224.5 million) for the year.

The summary of contract sales in 2025 is as follows:

Projects	Location	Contract Sales RMB'M	Contract Sales GFA Sqm	Average Selling Price RMB/Sqm
Binjiang Wisdom City	Meishan, Sichuan	502.6	65,871	7,630
The City of Islands	Meishan, Sichuan	1,578.6	232,099	6,801
Joyous Time	Chengdu, Sichuan	292.8	18,676	15,677
Luhu Mansion of Value	Chengdu, Sichuan	1,612.4	27,036	59,640
Jiaozi Mansion of Value	Chengdu, Sichuan	2,936.3	48,987	59,940

BUSINESS REVIEW (Continued)

Property Investment

As at the end of 2025, the Group's major investment properties include investment properties under construction in Sichuan, PRC.

The Group did not have rental income in 2025 (2024: HK$15.7 million).

Treasury Management

In 2025, the Group did not have treasury management income (2024: HK$1.1 million).

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2025, the Group had net borrowing of HK$850.9 million (2024: HK$3,990.0 million), consisting of cash and bank balances of HK$3,247.7 million (2024: HK$950.9 million) and total borrowings of HK$4,098.5 million (2024: HK$4,940.9 million). The gearing ratio of the Group was 122.7% (2024: 394.6%). The gearing ratio is calculated as the ratio of net borrowings to shareholders' funds.

As at 31 December 2025, the total cash and bank balances amounted to HK$3,247.7 million (2024: HK$950.9 million), approximately 98.4 % (2024: 98.7%) was denominated in Renminbi ("RMB"), 1.4% (2024: 1.1%) in Hong Kong dollar ("HKD"), 0.1% (2024: 0.1%) in U.S. dollar, and 0.1% (2024: 0.1%) in British Pound Sterling ("GBP").

As at 31 December 2025, the Group's total borrowings amounted to HK$4,098.5 million (2024: HK$4,940.9 million). Certain borrowings are secured by the pledge of certain property interest and equity interests in certain subsidiaries of the Group. 100% of the total borrowings was denominated in RMB. (2024: 100%). The Group proactively managed its financial resources and devised appropriate funding plan for working capital and capital expenditure.

LIQUIDITY AND FINANCIAL RESOURCES (Continued)

The maturity profile of the Group's bank and other borrowings as at 31 December 2025 is as follows:

	HK$'M	Percentage
Repayable:		
Within one year or on demand	728.3	17.8%
In the second year	1,585.6	38.7%
In the third to fifth years, inclusive	1,784.6	43.5%
Total	4,098.5	100.0%

As at 31 December 2025, the Group has its major property business operations in PRC. Therefore, it is primarily subject to foreign exchange rate fluctuation of RMB.

CONTINGENT LIABILITIES/FINANCIAL GUARANTEES

As at 31 December 2025, the Group provided financial guarantees to certain banks in respect of mortgage facilities provided for certain purchasers of the Group's properties in the PRC amounting to HK$10,225.7 million (2024: HK$7,419.7 million).

Save as disclosed above, the Group did not have any contingent liabilities as at 31 December 2025 (2024: Nil).

PROSPECTS AND STRATEGIES

For the coming year, the global economy will remain challenging and volatile. Since inflation for the US and many major economies had decreased, it is expected that interest rate will continue to decrease in order to stimulate economic growth. However, the global economy will continue to be impacted by the uncertain outcome of geopolitical conflicts and trade tension under high tariff environment certainly will affect sustainable economic growth.

In Mainland China, it is anticipated that the Central Government will continue to provide proactive and accommodative monetary policy and fiscal stimulus to ensure stable economic growth to counter the effect of trade and political tension and the uncertainty on high tariff imposed by the US, and to promote local consumer spending in the China. For the property market, supportive policies and measures by both the Central Government and local government are expected to be implemented to revive the property market which is very vital for the overall economy. It is expected that the property market will further recover and gradually improve in the years to come.

PROSPECTS AND STRATEGIES (Continued)

In the UK, economy will depend on the pace of further interest rate cut as well as the economic and geopolitical conditions around the world. It is anticipated that economic growth will still be challenging. The outlook of property market will depend on further interest rate reduction which will stimulate sustainable economic growth and lower the investment cost of property ownership. The Group will continue to monitor the economic and market conditions in the UK to assess the viability of the property market and look for good investment opportunities.

In Hong Kong, the pace of economic growth will be affected by additional interest rate cut and various key economic drivers such as tourism, private consumption expenditure, and the economic growth of Mainland China. It is expected that the property market will continue its recovery, but the pace of recovery will certainly depend on further interest rate cuts and the level of consumer confidence.

In the challenging economic environment, the Group will take prudent and proactive approach for its business operation and development. The Group will continue its efforts in the property business in Mainland China which is expected to continue to recover and improve under supportive policies and measures by the Central Government and local government authorities. Also, the Group will look for business opportunities in property markets with stable economic prospects for sustainable long-term growth to enhance the returns for our shareholders.

STAFF

As at 31 December 2025, the Group employed 454 staff members. Staff remuneration is reviewed by the Group from time to time. In addition to salaries, the Group provides staff benefits including medical insurance, pension scheme and discretionary vocational tuition/training subsidies. Share options and bonuses are also available to employees of the Group at the discretion of the Directors depending upon the financial performance of the Group.

APPRECIATION

I would like to take this opportunity to thank our shareholders and business partners for their continuing support, and the Group's dedicated management and staff for their valuable contributions during the past year.

Wong Hy Sky
Chairman and Managing Director

Hong Kong, 27 March 2026

EXECUTIVE DIRECTOR/SENIOR MANAGER

Wong Hy Sky (former English name: Huang Yun), aged 54, was appointed as Executive Director of the Company on 15 October 2019 and has further assumed the roles of Chairman and Managing Director of the Company since 10 November 2021. He is the chairman of the Nomination Committee and a member of each of the Executive Committee and Remuneration Committee of the Company. He also holds directorships in certain members of the Group. Mr. Wong has more than 20 years of extensive experience in investments, operations and business management, and is particularly passionate about promoting enterprise innovation. He is a pragmatic entrepreneur and has experience in forming joint ventures with large enterprises to jointly operate and develop the markets. He has engaged in various businesses including comprehensive large-scale real estate development, infrastructure construction, oil and natural gases, and fast-moving consumer goods. He is a director of Joybeam Global Limited and Ever Lead Developments Limited, which are companies disclosed in the section headed "Other Persons' Interests and Short Positions" contained in the Directors' Report of this annual report.

Liu Jie, aged 44, was appointed as Executive Director of the Company on 30 May 2022. He is a member of the Executive Committee of the Company and a supervisor of certain members of the Group. He has been the Chief Planning Officer of an indirect wholly-owned subsidiary of the Company since November 2021 and is currently responsible for brand and marketing planning for the Group. Prior to joining the Group, Mr. Liu served as brand development and planning director of a number of renowned real estate companies and has extensive management experience in the real estate industry.

Li Li, aged 41, was appointed as Executive Director of the Company on 13 December 2024. She obtained a bachelor degree in Art Design from Sichuan Conservatory of Music. She has served as the Group's Human Resources Director since November 2021 and is responsible for the Group's human resources management. Before joining the Group, Ms. Li held human resources management positions in a number of domestic real estate companies and has extensive human resources experience in the real estate industry.

INDEPENDENT NON-EXECUTIVE DIRECTOR

Luk Yu King, James, aged 71, was appointed as Independent Non-executive Director of the Company on 10 September 2007 and is the chairman of the Audit Committee of the Company. Mr. Luk graduated from The University of Hong Kong with a bachelor of science degree. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of each of the Hong Kong Institute of Certified Public Accountants and an ordinary member of the Hong Kong Securities and Investment Institute. He has over 15 years of experience in corporate finance and securities & commodities trading business, working with international and local financial institutions. Currently, Mr. Luk is also an independent non-executive director of C C Land Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. He served as an independent non-executive director of The Cross-Harbour (Holdings) Limited ("Cross-Harbour"), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited, until May 2023.

Leung Yu Ming, Steven, aged 66, was appointed as Independent Non-executive Director of the Company on 1 October 2007. He is the chairman of the Remuneration Committee of the Company and a member of each of the Audit Committee and Nomination Committee of the Company. Mr. Leung received a bachelor of social science degree from The Chinese University of Hong Kong and master's degree in accountancy from Charles Sturt University of Australia. He is a fellow member of each of the Institute of Chartered Accountants in England and Wales, the Association of Chartered Certified Accountants, the Hong Kong Institute of Certified Public Accountants and The Taxation Institute of Hong Kong. He is also a certified practising accountant in Australia and a practising certified public accountant in Hong Kong. Mr. Leung commenced public practice in auditing and taxation in 1990 and is currently a senior partner in a CPA firm. He has over 30 years of experience in assurance, financial management and corporate finance, having previously worked as assistant vice president in the International Finance and Corporate Finance Department of Nomura International (Hong Kong) Limited. Currently, he is also an independent non-executive director of Cross-Harbour, C C Land Holdings Limited and Suga International Holdings Limited of which are companies listed on the Main Board of The Stock Exchange of Hong Kong Limited.

Lai Degang, aged 58, was appointed as Independent Non-executive Director of the Company on 10 August 2023 and is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee of the Company. Mr. Lai obtained a master's degree in business administration from the University of Electronic Science and Technology of China and was qualified as a national first-class construction engineer in China in 2005. He has over 30 years of experience in construction, real estate development and hotel management business.

This report sets out the Company's application in the year ended 31 December 2025 of the Corporate Governance Code (the "CG Code") set out within Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Exchange"). To ensure that governance standards are met, and that processes are in place to ensure continuous improvements, the full board of directors of the Company (the "Board") assumes the corporate governance duties rather than delegates the responsibility to a committee. The Board is responsible for discharging the corporate governance functions prescribed under the CG Code.

(A) CORPORATE GOVERNANCE PRACTICE

During the year, the Board conducted an annual review of (a) the Company's policies and practices on corporate governance; (b) the training and continuous professional development of Directors (including Executive Directors who are senior management of the Company); (c) the Company's policies and practices on compliance with legal and regulatory requirements; and (d) the conduct codes applicable to employees and Directors. The Board also reviewed the Company's compliance with the CG Code at regular intervals and relevant disclosure in interim report and annual report. In the opinion of the Board, the Company complied with the principles and the code provisions of the CG Code in all respects throughout the year save for the deviations from C.2.1 and C.3.3.

(B) SECURITIES DEALINGS BY DIRECTORS AND EMPLOYEES

Directors' dealings are governed by a code adopted by the Company (the "Securities Code") (of which the Model Code for Securities Transactions by Directors of Listed Issuers set out within Appendix C3 to the Listing Rules as amended from time to time (the "Model Code") forms part). Each Director will be given a copy of the Securities Code at the time of his appointment, and a copy of any revised Securities Code thereafter in a timely manner. Directors will be notified in advance of the commencement of each period during which they are not allowed to deal in the Company's securities with reminders of their obligations under both codes.

All Directors confirmed that they had complied with the required standard set out within the Model Code and the Securities Code throughout the year.

The Company has also adopted a code for relevant employees regarding securities transactions on terms no less exacting than the Model Code. Relevant employees will be notified in advance of the commencement of each period during which they are not allowed to deal in the Company's securities with reminders of their obligations under the code.

(C) BOARD OF DIRECTORS

The Board is responsible for the management of the Company on behalf of its shareholders. Key responsibilities include formulation of the Group's overall strategies, setting of management targets, supervision of management performance and discharging the corporate governance functions. Directors being pillars of corporate governance act at all times honestly and exercise care, diligence and skill in the discharge of their duties. The Board is collectively responsible for promoting the success of the Company and seeks to balance broader stakeholder interests and those of the Group.

(C) BOARD OF DIRECTORS (Continued)

Board Composition

As at the date of this report, the Board comprises six Directors including three Executive Directors and three Independent Non-executive Directors. The Board members are listed below:

Executive Directors

Wong Hy Sky *(Chairman and Managing Director)*
Liu Jie
Li Li

Independent Non-executive Directors

Luk Yu King, James
Leung Yu Ming, Steven
Lai Degang

Brief biographical details of the current Directors appear in the Directors and senior management section on pages 7 and 8.

Appointment and Re-election of Directors

Except for Wong Hy Sky, Li Li and Lai Degang who have entered into formal letters of appointment setting out the key terms and conditions of their appointment, the Company has not entered into formal letter of appointment with other Directors which deviated from C.3.3 of the CG Code. This notwithstanding, every Director, including those appointed for a specific term, shall be subject to retirement by rotation, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company's bye-laws, applicable laws and the Listing Rules. Shareholders are sent (at the same time as the notice of the relevant general meeting) a circular containing all the information reasonably necessary to enable them to make an informed decision on whether to vote for or against the ordinary resolution to approve the re-election of each retiring Director who stands for re-election at the meeting, including the information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules.

Delegations to Board committees and management

The Board is ultimately accountable for the Group's activities, strategies and financial performance, including but not limited to formulating business development strategies, directing and supervising the Group's affairs, reviewing the financial statements of the Company, approving interim reports, annual reports and announcements of interim results and annual results, considering dividend policy, reviewing the effectiveness of the risk management and internal control systems.

(C) BOARD OF DIRECTORS (Continued)

Delegations to Board committees and management (Continued)

The Board has established four committees, namely, the Remuneration Committee, the Nomination Committee, the Audit Committee and the Executive Committee. The Audit Committee, the Nomination Committee and the Remuneration Committee have adopted written terms of reference set out in accordance with the CG Code. More details of these committees are set out in separate sections of this report.

The Board delegates necessary powers and authorities to management to facilitate the efficient day to day management of the Group's business. There is a written statement of matters reserved for the Board and those delegated to management. These arrangements are reviewed on an annual basis to ensure that they remain appropriate to the needs of the Company.

Independent non-executive Directors

In compliance with Rules 3.10(1) and (2), and 3.10A of the Listing Rules, the Company has appointed three independent non-executive Directors representing not less than one-third of the Board with all of them having appropriate professional qualifications or accounting or related financial management expertise. The Company has, through the Nomination Committee, reviewed the independence of, and received the confirmation of independence from each of Luk Yu King, James, Leung Yu Ming, Steven and Lai Degang, and considers all of them are independent in accordance with the criteria set out in Rule 3.13 of the Listing Rules notwithstanding that Luk Yu King, James and Leung Yu Ming, Steven had all served as independent non-executive Directors for more than 9 years with the Company as both of them have no interests or relationships that can materially interfere with their independent judgment. The Nomination Committee concluded that they remained independent.

Supply of and access to information

The Board and individual Directors have separate and independent access to senior management at all times. The management ensures that the Board and its committees receive adequate information, board papers and related materials in a timely manner to enable them to make informed decisions. All Directors have access to the advice and services of the company secretary, who is responsible to the Board to ensure that board procedures are being followed and that applicable rules and regulations are being complied with. Every Director or Board committee member can seek independent professional advice in appropriate circumstances at the Company's expense.

Liability Insurance for Directors

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group in respect of possible relevant actions against the Directors and officers.

(C) BOARD OF DIRECTORS (Continued)

Directors' Continuous Professional Development

All Directors are encouraged to attend relevant training courses at the Company's expense. All Directors are regularly provided with information in respect of the Group's latest business development and the latest development regarding the Listing Rules and other applicable statutory and regulatory requirements to facilitate their effective performance of directors' duties and ensure compliance and maintenance of good corporate governance practices. During the year, all Directors had participated in seminars and/or studied materials for developing and refreshing their knowledge and skills. The Company has received from all Directors their respective training records for the year, as set out below.

Directors' Attendance Records At Meetings and Training

During the year, the attendance records of each member of the Board and Board committees at the respective meetings and their training records during the year are as follows:

	Number of meetings attended/held					
	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	2025 Annual General Meeting	Training
Executive Directors:						
Wong Hy Sky	4/4	–	1/1	1/1	1/1	A & B
Liu Jie	4/4	–	–	–	1/1	A & B
Li Li	4/4	–	–	–	1/1	A & B
Independent Non-executive Directors:						
Luk Yu King, James	4/4	3/3	–	–	1/1	A & B
Leung Yu Ming, Steven	4/4	3/3	1/1	1/1	1/1	A & B
Lai Degang	4/4	3/3	1/1	1/1	0/1	A & B

A: attending seminars and/or conferences and/or forums relating to directors' duties

B: reading newspaper, journals and updates relating to the economy general business or directors' duties etc.

(D) CHAIRMAN AND MANAGING DIRECTOR

The Company has deviated from C.2.1 of the CG Code to the extent that the roles of chairman and chief executive are performed by Wong Hy Sky ("Mr. Wong"). Having considered the existing structure and composition of the Board and operations of the Group, the Board believes that vesting the roles of both chairman and managing director in Mr. Wong facilitates the effective implementation and execution of its business strategies by, and ensure a consistent leadership for, the Group. Further, a balance of power and authority between the Board and management can be ensured by the operation of the Board, whose members (including the three independent non-executive Directors) are individuals of high calibre with ample experience, such that the interests of shareholders can be safeguarded. The Company will continue to review the structure and composition of the Board from time to time to ensure that a balance of power and authority between the Board and management is appropriately maintained for the Group.

(E) NON-EXECUTIVE DIRECTORS

Lai Degang, the Independent Non-executive Director of the Company, was appointed for a term of three years. All Directors of the Company are subject to retirement by rotation, removal, vacation or termination of the office as a director, and disqualification to act as a director in the manner specified in the Company's bye-laws, applicable laws and the Listing Rules.

(F) BOARD COMMITTEES

The Board is supported in its decisions by the four principal committees described below. The terms of reference of all except the Executive Committee are available on the websites of the Company and the Exchange.

The Executive Committee

In directing and supervising the Company's affairs, the Board is supported by the Executive Committee whose membership is exclusive to executive Directors. There are three executive Directors in office as shown in the corporate information section on page 1 of this annual report.

The Executive Committee is vested with the powers of the Directors by the Company's bye-laws or that are otherwise expressly conferred upon it, as defined by its terms of reference.

The Remuneration Committee

The Remuneration Committee currently has three members comprising two Independent Non-executive Directors, namely Leung Yu Ming, Steven (chairman of Remuneration Committee) and Lai Degang and an Executive Director, namely Wong Hy Sky.

(F) BOARD COMMITTEES (Continued)

The Remuneration Committee (Continued)

The Remuneration Committee supports the Board in determining the remuneration packages of individual executive directors and senior management. It further assists the Board in making recommendations on the Company's remuneration policy and structure for all directors and senior management, in reviewing and approving the management's remuneration proposals as well as in making recommendations on the remuneration of non-executive directors.

The Group's remuneration approach seeks to attract, motivate and retain the executive talent that is essential for the implementation of its business strategy towards sustained and long-term returns for shareholders. Its remuneration structure comprises fixed and variable components, including salaries, discretionary bonuses, pension scheme contributions and share options. The emoluments received by every executive Director and senior executive are determined with reference to individual and company performance, industry specific remuneration benchmarks and prevailing market conditions, subject to annual assessment. The Remuneration Committee reviews the director's fee of independent non-executive Director based on market practices, time commitment and level of responsibility and would put their recommendation of the fees to a meeting of the Board for approval. The Remuneration Committee met once during the year.

During the year, the Remuneration Committee reviewed and approved the management's remuneration proposals. It also reviewed, among other matters, directors' fees and remuneration policy and structure. The Remuneration Committee determined the remuneration package of a newly appointed executive Director and fixed the remuneration packages of individual executive directors, focusing on salary levels in comparator companies and role, responsibility and performance of the individual executive director so as to align management incentives with shareholders' interests.

The Group adopted the following main principles in determining the Directors' remuneration:

- No individual should determine his own remuneration;
- Remuneration should be broadly aligned with companies with whom the Group competes for human resources; and
- Remuneration should reflect performance and responsibility with a view to motivating and retaining high performing individuals and enhancing the value of the Company to the shareholders.

The Remuneration Committee is confident that the remuneration policy, which was applied in the year under review and is expected to be applied in future years and beyond, supports the Company's goals and objectives.

(F) BOARD COMMITTEES (Continued)

The Nomination Committee

The Nomination Committee currently has three members comprising an Executive Director, Wong Hy Sky (chairman of Nomination Committee) and two Independent Non-executive Directors, namely Leung Yu Ming, Steven and Lai Degang.

The Nomination Committee supports the board in formulating and implementing the policy for the nomination of directors; in assessing the independence of independent non-executive directors and in advising on directors' appointment or re-appointment and the management of board succession. Its primary role is to recruit, screen and recommend board candidates for election by shareholders to ensure that the right mix of talent, skills and experience, as well as diversity on the board, is retained. The Nomination Committee met once during the year.

The Nomination Committee held its annual meeting in January 2025 to review the board composition and independence of independent non-executive directors, and considered the suitability of those retiring directors standing for re-election at the next annual general meeting as well as the need for a director succession plan. The Nomination Committee also reviewed the Nomination Policy and the Board Diversity Policy and discussed the objectives set for implementing the latter, and noted that the appropriate level of diversity on the board had been achieved.

According to the Nomination Policy adopted by the Company, the Nomination Committee shall review the structure, size, composition and diversity (including the evaluation of skills, knowledge, professional experience, cultural and educational background, gender and age of the Board members and assessment on the independence of the independent non-executive Directors) of the Board at least annually. It is responsible for making recommendations on any proposed changes to the Board to complement the Company's corporate strategy and succession planning for the Directors from time to time and selecting suitable and qualified individuals to become Board members. In evaluating and selecting candidate(s) for directorship, the Nomination Committee considers various factors, including but not limited to the character and integrity; skills and expertise; professional and educational background; potential time commitment for the Board and/or committee responsibilities; and the elements of our Board Diversity Policy as stated on page 21 of this annual report. The Nomination Committee makes recommendation to the Board to appoint the appropriate person among the candidates nominated for directorship. The Board appoints suitable candidate(s) in accordance with the Bye-laws of the Company and the Listing Rules.

(F) BOARD COMMITTEES (Continued)

The Audit Committee

The Audit Committee currently comprises three Independent Non-executive Directors namely, Luk Yu King, James (chairman of the Audit Committee), Leung Yu Ming, Steven and Lai Degang. The Audit Committee acts as the key representative body for overseeing the Company's relations with the external auditor. It supports the Board in monitoring the Company's financial information and whistleblowing procedures for employees, and oversees the Group's financial reporting system, risk management and internal control systems.

Meetings of the Audit Committee are held at least biannually with the external auditor, Ernst & Young, and triannually with management. The Audit Committee met three times during the year.

During the year, the Audit Committee approved the remuneration and terms of engagement of Ernst & Young and considered their suitability for re-appointment. It examined Ernst & Young's independence and objectivity, having regard to any non-audit services, and the effectiveness of the audit process. The Audit Committee was satisfied that Ernst & Young had demonstrated the independence and objectivity required for external auditors and that the audit process had been effective. The Audit Committee also reviewed the Company's financial statements and half-yearly and annual results, and discharged its other duties under the CG Code, including reviewing the risk management and internal control systems, the effectiveness of the internal audit function as well as the non-audit services policy and the whistleblowing policy.

As disclosed in the Risk Management and Internal Control section on pages 17 to 20 of this annual report, the Audit Committee plays a vital role in monitoring the Group's risk management and internal control systems. This was done through regular meetings of the Audit Committee with Ernst & Young and with the internal audit function (whether or not in the presence of management) during the year, in which the Audit Committee engaged discussions on the risk areas identified (including ESG risks), and reviewed any key findings related to risk assessment as well as arising from the internal and external audit.

In the opinion of management, adequate risk management and internal control systems had been in place and maintained properly throughout the year to ensure the effectiveness and efficiency of operations; to safeguard assets against unauthorised use and disposition; to ensure the maintenance of proper accounting records and the truth and fairness of the financial statements; to allow proactive management of the relevant risks identified; to allow fair and independent investigation of possible improprieties in financial reporting, internal control or other matters and appropriate follow-up action; and to ensure compliance with relevant legislation and regulations. Management was of the further views that there had been no changes, since the last annual review, in the nature and extent of significant risks; that the Company was able to respond to changes to its business and the external environment and its processes for financial reporting and Listing Rules compliance were effective; that the resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting function were adequate. For the year under review, no significant control failings or weaknesses were identified and there revealed no significant areas of improvement or modification which were required to be brought to the attention of the Audit Committee.

(F) BOARD COMMITTEES (Continued)

The Audit Committee (Continued)

The Audit Committee concurred with the above findings, and was satisfied that management had performed its duty to have effective systems. The Audit Committee further noted that there was no conflict between internal audit and external audit, and the internal audit function was still adequately resourced and effective and had appropriate standing within the Company, during the year. Recommendations were made to the Board on the re-appointment of Ernst & Young as the external auditor of the Company for the ensuing year and on the submission of the 2025 annual accounts for shareholder approval at the forthcoming annual general meeting.

(G) COMPANY SECRETARY

The Company Secretary supports the Chairman, the Board and Board committees by ensuring good information flow within the Board and that Board policy and procedures are followed. The Company Secretary reports to the Board and assists the Board in functioning effectively and efficiently. The Company Secretary also advises the Board on governance matters and facilitates the induction and professional development of Directors.

Butt Ka Cheuk was appointed as the Company Secretary with effect from 25 November 2025. During the year, the Company Secretaries have undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

(H) RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring that the Group maintains appropriate and effective risk management and internal control systems (the "Systems") to safeguard shareholders' investment and the Company's assets and hence for taking reasonable steps to prevent and detect fraud and other irregularities. The Company has in place a risk management structure, comprising the Board, the audit committee, the internal audit function and management. The Board evaluates and determines the nature and extent of the risks (including ESG risks) that should be taken in achieving the Company's strategic objectives, and oversees management in the design, implementation and monitoring of the Systems, through the Audit Committee and the internal audit function, and management provides a confirmation to the Board on the system effectiveness.

While acknowledging responsibility for the Systems and for reviewing their effectiveness, the Board recognises that they are designed to assist the Company in managing, rather than eliminating, the risk of failure to achieve its business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

(H) RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

The review of the Systems is an ongoing process, being conducted in turn by management, by the internal audit function and the Audit Committee, and, ultimately, by the Board. Each year, the Audit Committee receives an internal audit report and a management report with respect to the operational aspects of internal controls over the areas of key risk identified. Any material internal control defects, and recommendations for resolving the defects, are identified and made to the Board as appropriate. Based on those reports, the Audit Committee conducts relevant review and reports to the Board, highlighting any areas where action or improvement is needed. The Board reviews the effectiveness of the Systems, taking into account the views and recommendations of the Audit Committee, and reports to shareholders by way of disclosure in this report.

The Board scheduled a meeting in November 2025 and an additional meeting in March 2026 and reviewed the Company's compliance with the risk management and internal control code provisions during the year. The review covered all material controls, including financial, operational and compliance controls, and gave particular consideration to the items under D.2.2 and D.2.3 of the CG Code. They are: (a) the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit, financial reporting functions and ESG performance and reporting; (b) the changes in the nature and extent of significant risks (including ESG risks), and the Company's ability to respond to changes to its business and the external environment; (c) the scope and quality of management's ongoing monitoring of risks (including ESG risks) and of the internal control systems, and the work of its internal audit function; (d) the extent and frequency of communication of monitoring results to the Audit Committee; (e) significant control failings or weaknesses and their impacts on the Company's financial performance or condition; and (f) the effectiveness of the Company's processes for financial reporting and Listing Rules compliance. Nothing wrong or improper with respect to any of the foregoing items was noted on both occasions.

The Company's process for identifying, evaluating, and managing significant risks, as well as the main features of the Systems, are described in the sub-section headed "Risk Management Process" below. In addition, the Company has adopted procedures and internal controls governing the handling and dissemination of inside information, as described in the sub-section headed "Handling and Dissemination of Inside Information" below.

The risk management process and the procedures and internal controls for the handling and dissemination of inside information were in place throughout the year up to the date of this report.

(H) RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Risk Management Process

The Board acknowledges that its risk assessment process provides a reliable basis for determining appropriate risk responses. The business operation of the Group exposes the Group to various risks (including ESG risks). The Board is responsible for identifying and assessing risks so that appropriate risk management policies and strategies can be defined to deal with the risks identified. Management seeks to have risk management features embedded in our business operations as well as in functional areas such as property investment, property development and trading, property management, treasury, legal and finance.

The risk management process includes the establishment of risk context (strategic, organisational and operational), the identification of risk factors, the analysis and evaluation of risk levels and the related impacts on the business performance of the Group, prioritisation of risk factors, selection and implementation as well as evaluation of the control mechanisms/activities which contribute to mitigating the risk of business disruptions or non-compliance with applicable rules and regulations. The management is delegated to perform risk assessment by reviewing and updating the risk profiles. The scope of risk review of the Group includes strategic, compliance, operations and financial risks, which are further divided into various risk categories, risk titles and descriptions. Since the risk profile may vary and may be valid for only a certain period of time, the management is responsible for monitoring any risk changes as well as the effectiveness of the related control mechanisms and/or control activities by conducting reviews on the overall risk profile on an as-needed basis but at least once a year.

The Board, together with the Audit Committee and the internal audit function, regularly assesses the effectiveness of the systems established and maintained by management and ensures that management has performed its duty to have effective systems.

Handling and dissemination of Inside Information

The Board is responsible for ensuring the Group's compliance with its disclosure obligations regarding inside information and has appointed a disclosure group with specific designated duties to assist it in, among other things, overseeing and co-ordinating the disclosure of inside information. The procedures and internal controls for the handling and dissemination of inside information are given in the policy (the "PSI Policy") adopted by the Company to ensure that it is able to meet relevant obligations under Part XIVA of the Securities and Futures Ordinance (Cap. 571) (the "SFO"). The PSI Policy applies to the Directors, officers and employees of the Group.

(H) RISK MANAGEMENT AND INTERNAL CONTROL (Continued)

Handling and dissemination of Inside Information (Continued)

Under the PSI Policy, the Company must disclose inside information to the public by way of an announcement as soon as reasonably practicable unless the information falls within any of the safe harbours described under the SFO. Any Director, officer or employee who becomes aware of a matter, development or event that he or she considers to be, or potentially to be, inside information shall report it promptly to the disclosure group. Before the relevant information is fully disclosed to the public, the disclosure group should take reasonable precautions to ensure that the information is kept strictly confidential. Where it is believed that the necessary degree of confidentiality cannot be maintained or that confidentiality may have been breached, the information should be disclosed immediately to the public. If the disclosure group needs time to clarify the details of, and the impact arising from, an event or a set of circumstances before it is in a position to issue a full announcement to properly inform the public, the disclosure group should consider issuing a "holding announcement" which details as much ascertainable information of the subject matter as possible and sets out the reasons why a fuller announcement cannot be made. Following a holding announcement, the disclosure group should ensure that a full announcement is made as soon as reasonably practicable. In the event that confidentiality has not been maintained and it is not able to make a full announcement or a holding announcement, the disclosure group should consider applying for a suspension of trading in the Company's securities, subject to approval of the Board, until disclosure can be made. All inside information related announcements must be properly approved by the Board before publication, and all unpublished inside information must be kept in strict confidence until a formal announcement is made. The disclosure group must further ensure that access to unpublished inside information is given only to employees on a "need-to-know" basis for discharging their duties. Apart from reporting to the disclosure group, every Director, officer or employee who possesses or has been given access to unpublished inside information must not disclose, discuss or share such information to or with any other parties within or outside the Group. The PSI Policy also sets out the criteria for advance disclosure of inside information to certain categories of people as may be necessary in the circumstances. In this case, the disclosure group should monitor the situation so that disclosure may be made as soon as reasonably practicable if there is any leakage of information.

Directors, officers and employees must refrain from dealing in the shares of the Company at any time when they are in possession of unpublished inside information. Securities dealings are governed by the Securities Codes applicable to Directors and relevant employees (within the meaning of the CG Code).

(I) AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

During the year, the remuneration paid/payable to the Company's auditor, Ernst & Young, is set out below:

	Fee paid/payable
	HK$'000
Audit services	1,595
Non-audit services*	423
Total	2,018

* Such services included the agreed-upon procedures engagements for the Group's interim report and preliminary annual result announcement, other non-audit professional services and tax advisory services.

(J) DIVERSITY

Board Diversity Policy

The Company recognises and embraces the benefit of having a diverse board, and sees increasing diversity at board level as an essential element in maintaining a competitive advantage and achieving long-term sustainable growth for the Group. A balanced and diversified board brings a broad range of views to bear upon discussions and critical decision-making, and balances against "group thinking". Our Board Diversity Policy is multi-faceted stressing business experience, skill-sets, knowledge and professional expertise in addition to gender, ethnicity and age. The said elements have substantially been included in the current board composition. Having reviewed the board composition, the Nomination Committee recognises the importance and benefits of the gender diversity at the board level and had nominated one female candidate to fulfill the compliance of Rule 13.92 of the Listing Rules by end of 2024.

The gender ratio in the workforce

Employment of the Group is based on merit and attributes that the selected candidates will bring to the Group to complement and expand the competencies, experience and perspectives. The Company considers the concept of diversity incorporates a number of different aspects, such as professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background and ethnicity.

As at 31 December 2025, the gender ratio in the workforce of the Group was 62.6% (male) and 37.4% (female). The Company will take opportunities to increase the proportion of female employees over time when selecting and making recommendations on suitable candidates for employment. The Company ensures that appropriate balance of gender diversity is achieved with reference to stakeholders' expectation.

(K) DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the consolidated financial statements which give a true and fair view in accordance with statutory requirements and applicable accounting standards. The statement of the Company's auditor about its reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 66 to 71 of this annual report.

(L) SHAREHOLDERS ENGAGEMENT

The Board has established a shareholders' communication policy which sets out the Company's approach to maintain an on-going dialogue with its shareholders and potential investors. The policy is reviewed annually to ensure its effectiveness.

(M) SHAREHOLDERS' RIGHTS

An annual general meeting shall be held every year. General meetings which are not annual general meetings are known as special general meetings as referred to in the procedures described below. These procedures are subject to the bye-laws of the Company, the Bermuda Companies Act 1981 and applicable legislation and regulations.

Convening a special general meeting

1. Shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid-up capital of the Company carrying the right to vote at general meetings of the Company shall at all times have the right to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition by written requisition.

2. A requisition referred to above must state the purposes of such meeting and must be signed by the requisitionist(s) and deposited at the Company's registered office in Bermuda, and may consist of several documents in like form, each signed by one or more requisitionist(s). To ensure that the requisition is received by the Company at the earliest opportunity, the requisitionist(s) is/are urged to deposit also a copy of the signed requisition at the Company's principal place of business in Hong Kong (for the attention of the Board or the company secretary).

3. If the directors do not within twenty-one (21) days from the date of the deposit of the requisition proceed duly to convene a special general meeting to be held within two (2) months after the deposit of the requisition, the requisitionist(s), or any of them representing more than one-half (1/2) of the total voting rights of all of them, may themselves convene a meeting and be repaid by the Company for any reasonable expenses incurred by reason of the failure of the directors duly to convene a meeting as aforesaid provided that any meeting so convened by the requisitionist(s) shall not be held after the expiration of three (3) months from the said date.

(M) SHAREHOLDERS' RIGHTS (Continued)

Convening a special general meeting (Continued)

4. Other than an adjourned meeting, pursuant to the bye-laws of the Company and the Listing Rules,

    (1) a special general meeting called for the passing of a special resolution shall be called by at least twenty-one (21) clear days and not less than ten (10) clear business days written notice. All other special general meetings may be called by at least fourteen (14) clear days and not less than ten (10) clear business days written notice.

    (2) any special general meeting may be called by shorter notice than that specified in subsection (1) if it is so agreed by a majority in number of the shareholders having the right to attend and vote at the meeting, being a majority together holding not less than ninety-five per cent (95%) in nominal value of the shares giving that right.

Putting forward proposals at general meetings

1. In addition to the right to requisition a special general meeting, shareholders have also the right to request circulation of resolutions which may properly be moved at an annual general meeting. Any number of shareholders representing not less than one-twentieth (1/20) of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the general meetings; or not less than one hundred (100) shareholders, shall (unless otherwise resolved by the Company) at their own expense have the right by written requisition: (a) to require notice of any resolution which may properly be moved and is intended to be moved at the next annual general meeting to be given to shareholders; and/or (b) to request for circulation to shareholders any statement of not more than one thousand (1,000) words with respect to the matter referred to in any proposed resolution or the business to be dealt with at any general meeting.

2. A requisition referred to above must be signed by the requisitionist(s) in a single document or in separate copies prepared for the purpose. A copy of the signed requisition, accompanied by a sum reasonably sufficient to meet the Company's expenses, must be deposited at the Company's registered office in Bermuda: (a) in the case of a requisition requiring notice of a resolution, not less than six (6) weeks before the annual general meeting unless an annual general meeting is called for a date six (6) weeks or less after the copy has been deposited, in which case the copy shall be deemed to have been properly deposited though not deposited within the time required; and (b) in the case of any other requisition, not less than one (1) week before the general meeting. To ensure that the requisition is received by the Company at the earliest opportunity, the requisitionist(s) is/are urged to deposit also a copy of the signed requisition at the Company's principal place of business in Hong Kong (for the attention of the Board or the company secretary).

(M) SHAREHOLDERS' RIGHTS (Continued)

Putting forward proposals at general meetings (Continued)

3. A shareholder who wishes to propose a person (other than a retiring director and any person recommended by the directors for election) for election as a director at a general meeting must give notice in writing of such intent and notice in writing by that person and accompanying personal information, being information required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules, must also be given to the Company at its principal place of business in Hong Kong (for the attention of the Board or the company secretary) not earlier than the day after the dispatch of the notice of the general meeting appointed for such election and not later than seven (7) days prior to the date of such meeting. The first notice must be signed by the shareholder concerned and the second notice, indicating willingness to be elected and consent to publication of his or her personal information, must be signed by that person being proposed for election.

Note: In order to give shareholders sufficient time to consider the election of the proposed person as a director without adjourning the meeting, the shareholder making the proposal is urged to submit or procure the submission of the required notices and information as early as practicable, preferably not later than fourteen (14) business days before the date of the relevant general meeting.

Shareholders may at any time send enquiries to the Board by post to the Company's principal place of business in Hong Kong or by email at investors@ytrealtygroup.com.hk. The company secretarial or investor relations personnel will, where appropriate, forward the relevant enquiries to the Board or the board committee(s). For enquiries concerning shareholdings and related matters, they should call or visit the Company's branch registrar and transfer office in Hong Kong.

(N) INVESTOR RELATIONS

There was no change in the constitutional document during the year.

(N) INVESTOR RELATIONS (Continued)

The Group uses several formal channels to ensure fair disclosure and comprehensive and transparent reporting of its performance and activities. The Company's annual and interim reports and circulars are printed and sent to all Shareholders. Moreover, announcements, circulars, publications and press releases of the Company are published on the Company's website (www.ytrealtygroup.com.hk). The Company's website disseminates corporate information and other relevant financial and non-financial information electronically on a timely basis. The Company acknowledges that general meetings are good communication channel with Shareholders and encourages the Directors, the members of the board committees and senior management of the Group to attend and answer questions raised by Shareholders at the general meetings. The Company is committed to promoting and maintaining effective communication with Shareholders and other stakeholders. The Shareholders Communication Policy has been adopted for ensuring that the Shareholders and potential investors are provided with ready, equal and timely access to balanced and understandable information about the Company in order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and potential investors to engage actively with the Company. The Shareholders Communication Policy will be reviewed by the Board from time to time to reflect current best practice in communications with Shareholders.

During the year, the Company has implemented the Shareholders Communication Policy effectively by maintaining an on-going dialogue with Shareholders, and ensuring timely dissemination of information to Shareholders, mainly through the Company's announcements, results announcements, interim and annual reports, general meeting(s), as well as by making available all the disclosures published to the Exchange's website and the corporate communications on the Company's website.

(O) CULTURE AND STRATEGY

The Company has always been committed to upholding the principles of good corporate governance. These principles highlight an effective board, sound risk management and internal control systems as well as transparency and accountability. The Board considers such commitment essential in balancing the interests of various stakeholders and the Group as a whole. The Company sees to it that the corporate governance agenda is focused on improving performance and not just bogged down in conformity and compliance.

The Group will continuously review and adjust, if necessary, its business strategies and keep track of the changing market conditions to ensure prompt and proactive measures will be taken to respond to the changes and meet the market needs to foster the sustainability of the Group.

INTRODUCTION

Y. T. Realty Group Limited (the "Company", together with its subsidiaries, the "Group" or "We") is pleased to present its environmental, social and governance ("ESG") report (the "ESG Report") for the year ended 31 December 2025 ("2025" or the "Reporting Period") objectively disclosing its vision, strategy and practice on sustainable development in a comprehensive manner, with a view to enhancing the confidence and understanding of the stakeholders toward the Group.

The Group is principally engaged in property development and trading, property investment, provision of property management and related services, treasury management and investment holding.

STATEMENT FROM THE BOARD OF DIRECTORS (THE "BOARD")

ESG Governance Structure

Fostering a sophisticated governance framework is crucial for successful delivery of the Group's sustainability strategy. In this regard, the Group has established a purposeful and robust corporate governance structure that aligns with its business strategy and enables an effective information flow throughout the Group.

The Board holds the overall and collective responsibility for the Group's ESG issues as well as ensuring the effectiveness of the Group's ESG risk management and the internal control systems. The Board is diverse in its composition and is considered to have a balance of skills and experience in overseeing the ESG matters of the Group. The Board arranges meetings at least once per year for examining and approving the Group's ESG management approach, strategies, policies, objectives, goals and targets, and priorities, reviewing the Group's performance against ESG-related goals and targets, and approving disclosures in the Group's ESG Reports with the assistance of senior executives from different functional departments.

Meanwhile, the senior executives from different functional departments are responsible for reviewing and monitoring the Group's ESG policies, practices and performance to ensure that the Group complies with the relevant legal and regulatory requirements, and maintains a transparent and effective discussion with various stakeholders. The senior executives also assist in identifying and assessing the Group's ESG risks, assessing the effectiveness of the Group's ESG internal control mechanism, monitoring and responding to emerging ESG issues and making recommendations to the Board. In order to improve the overall performance of ESG policies, the senior executives hold a meeting at least once per year to evaluate the effectiveness of current policies and procedures. The findings, decisions and suggestions are reported to the Board after each meeting in written or verbal form.

ESG Management Approach

The Group believes that ESG is one of the key elements in achieving continuing success, therefore, it has integrated ESG factors into its business strategy. To ensure that its sustainability strategies are carried out effectively and consistently throughout the Group, it has adopted a comprehensive policy, namely, the Corporate Social Responsibility Policy (the "CSR Policy"), which outlines its obligations to sustainable development and corporate social responsibility. The said policy guides the Group's business and operational decisions to take into account its responsibility to 4 focus areas: workplace, operating practices, community and environment.

During 2025, the Group worked with an independent third party to prepare the ESG Report and assess the material ESG issues in its business. A materiality assessment was conducted to collect opinions from the Group's stakeholders in order to solicit and prioritise the material ESG issues. Taking into consideration the Group's operations and sustainability trends, material issues were identified and incorporated into the assessment so that an in-depth understanding of stakeholders' opinions and expectations towards the Group's sustainability performance and strategies was attained.

To support the global vision for carbon neutrality, the Group has increased its efforts to accelerate the low-carbon transition and to foster sustainable practices. As a responsible property developer, the Group has invested considerable time and resources in addressing the urgent challenges associated with climate change. During the year ended 31 December 2021 ("2021"), the Group set targets for greenhouse gas ("GHG") emissions as a roadmap for decarbonising its operations. Together with the Group's commitment to energy saving, water efficiency and waste reduction, the Group demonstrates its dedication to environmental protection.

During 2025, the Group actively carried out various measures at operational levels in order to meet the targets. The Board has delegated the authority to the senior executives to gather ESG data, monitor and analyse the Group's performance, and evaluate the Group's progress made against ESG-related goals and targets. Overall, through the regular reports from the senior executives, the Board anticipates steady progress towards the established goals and targets. Looking ahead, the Board and the senior executives will continue to review the progress made against ESG-related goals and targets annually and ensure that the Group possesses sufficient measures and resources to achieve the set targets. Relevant results are summarised in the section headed "Environmental Targets".

REPORTING SCOPE

The senior executives identify the reporting scope of the ESG Report by considering the Group's core business and main revenue source. The reporting scope of this ESG Report is consistent with the Annual Report and continues to cover all the business operations in Hong Kong and the People's Republic of China (the "PRC" or "Mainland China"), including property investment, property development and trading, property management and related services, and treasury management segments, which together represent 100% of the Group's total revenue.

REPORTING FRAMEWORK

This ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Code (the "ESG Reporting Code") as set out in Appendix C2 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Exchange").

Information relating to the Group's corporate governance practices is set out in the Corporate Governance Report enclosed with this Annual Report.

Reporting Principles

The content of this ESG Report follows the reporting principles of the ESG Reporting Code.

Materiality: This ESG Report is structured in terms of the materiality of the respective issues resulting from materiality assessment. The result of the materiality assessment was reviewed and confirmed by the Board and senior executives. For further details, please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment".

Quantitative: This ESG Report is prepared in accordance with the ESG Reporting Code and discloses key performance indicators ("KPIs") in a quantitative manner. Information regarding the standards, methodologies, assumptions and/or calculation references; and sources of key conversion factors used for KPIs is stated wherever appropriate.

Consistency: Unless otherwise stated, the Group's disclosure and KPIs are consistent with the previous financial year for meaningful comparison. Where there are any changes in the scope of disclosure or calculation methods, which may affect the comparison with previous reports, the Group will make explanatory notes to the corresponding section hereof.

The Group has established internal controls and a formal review process to ensure that any information presented in this ESG Report is as accurate and reliable as possible. This ESG Report has been approved by the Board.

Reporting Period

This ESG Report describes the ESG activities, challenges and measures of the Group for 2025.

STAKEHOLDER ENGAGEMENT

The Group has always been committed to maintaining a strong relationship with its stakeholders and working towards the goal of sustainable development. Stakeholder engagement is a key part of management strategy to identify, manage and report on issues that are most material to stakeholders and most relevant to the Group's business. In order to strengthen the Group's understanding of stakeholders' expectations and needs, as well as to identify material issues and assess the effectiveness of its sustainability measures, the Group maintains regular contact with stakeholders by utilising diversified engagement methods and communications channels as shown below:

Stakeholders	Expectations	Communication Channels
Shareholders and investors	• Corporate governance system • Compliance operations • Information disclosure and transparency • Protection of shareholders' interests • Investment returns	• Annual general meeting and other shareholder meetings • Financial reports • Announcements and circulars • Company website and email
Customers	• Reasonable price • Product quality • Customer privacy protection • Business integrity and ethics	• Sales hotline • Media • Personal contact • Satisfaction survey
Employees	• Career development opportunities • Occupational health and safety • Remuneration and benefits • Working environment	• Trainings, seminars and briefing sessions • Staff appraisals • Cultural and sports activities • Intranet and emails
Suppliers and partners	• Fair tendering • Business ethics and reputation • Long-term partnership	• Business meetings, emails and phone calls • Review and assessment • Site visits
Regulatory bodies and government authorities	• Corporate governance system • Compliance operations • Information disclosure and transparency • Implementation of policies • Payment of tax	• Compliance advisor • On-site inspections • Financial reports • Website • Legal advisor
The community, non-governmental organization and media	• Giving back to society • Environmental protection • Social welfare • Occupational health and safety • Compliance operations	• Community activities • ESG Reports • Media

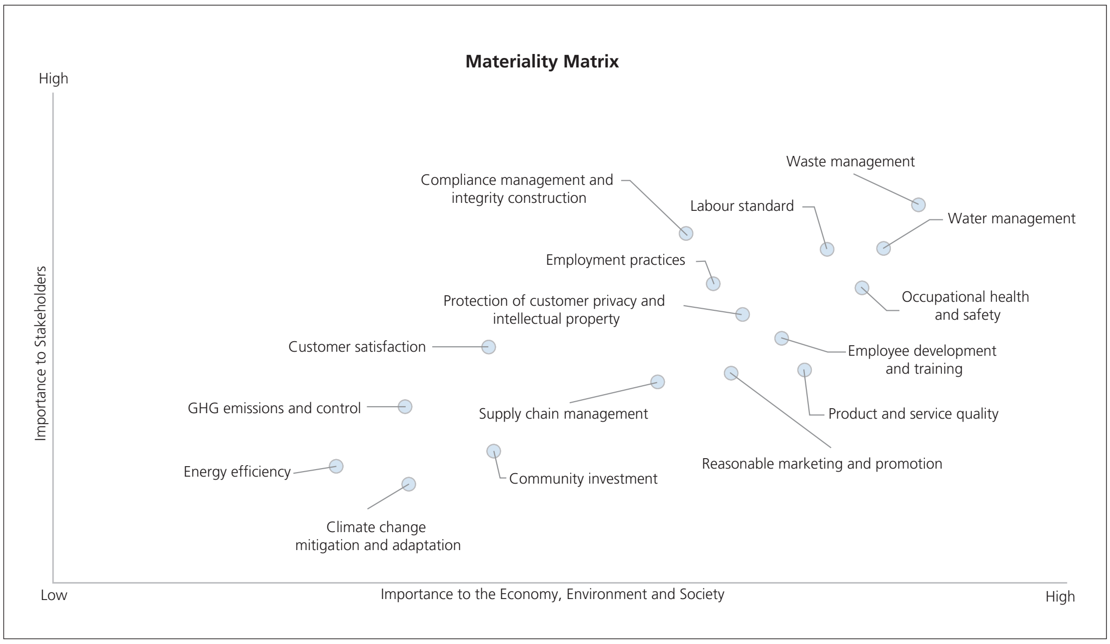
MATERIALITY ASSESSMENT

To ensure that the disclosures in the Report reflect the Group's effort on sustainability issues, a materiality assessment has been conducted to identify ESG topics that have the most significant impact on the Group's business and its stakeholders. The specific steps are as follows:

- Stage 1: Based on the Group's operations and the sustainability trend, the senior executives have identified and compiled a list of 16 material ESG topics that have a significant impact on the economy, environment and society and a higher degree of impact on stakeholder assessment. The list of material ESG topics has been confirmed by the Board.

- Stage 2: A materiality assessment was conducted based on the core content of the issues in the list. The senior executives designed a questionnaire, and invited stakeholders to assess the importance of the issues and express their views on the Group's ESG aspects through open-ended questions.

- Stage 3: The result of the questionnaire was analysed and sorted according to the importance of the 16 topics for compiling the materiality matrix for 2025. The Board and senior executives have reviewed the opinions of stakeholders and the results of the materiality assessment, determined the key points of disclosure in this ESG Report based on the materiality assessment results, and prioritised those ESG topics for better strategic planning and resource allocation.



CONTACT AND FEEDBACK

The Group welcomes your feedback, please share your views with the Group by email to investors@ytrealtygroup.com.hk.

ENVIRONMENTAL

The Group is aware of the environmental impacts associated with its business and makes every endeavour to minimise the amount of air pollutants, GHG emissions, wastewater discharge and waste generated in its operations. With the aim of reducing its impact of operations on the environment, the Group is committed to environmental protection and has continued its efforts in promoting awareness among its stakeholders. The Group has formulated specific guidelines that cover four main areas into which its green practices may fall, namely emissions, use of resources, the environment and natural resources, and climate change.

For the Group's property development and trading segment, all of its real estate development projects are outsourced to third-party contractors. Nevertheless, the Group effectively manages the environmental impact of the construction sites of its projects. The Group requires its contractors to strictly follow national standards including the Green Construction Evaluation Standard and has formulated the Administrative Measures for Civilized Construction (《文明施工管理辦法》). In the meantime, the Group has implemented green measures to protect the environment, conserve energy and reduce its impacts on the environment during construction as much as possible.

During 2025, the Group was not aware of any major violations of laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that may have a significant impact on the Group, including but not limited to the Air Pollution Control Ordinance (Cap. 311) of Hong Kong, the Waste Disposal Ordinance (Cap. 354) of Hong Kong, the Water Pollution Control Ordinance (Cap. 358) of Hong Kong, the Law of the PRC on Prevention and Control of Solid Waste Pollution Environment, the Law of the PRC on Environmental Protection, the Law of the PRC on Prevention and Control of Atmospheric Pollution, and the Law of the PRC on Prevention and Control of Water Pollution.

Environmental Targets

In 2021, the Group set quantitative targets for the environmental aspects to better manage the Group's material topics and its sustainability performance. The table below summarises the Group's environmental targets and its progress towards the targets:

Aspects	Environmental Targets	Progress
GHG Emissions	Reduce its GHG emissions intensity (tCO_2e/million revenue) by 3% by 2026, using 2021 as the baseline year.	In progress
Non-hazardous Waste	Reduce the total non-hazardous waste disposal intensity (tonnes/million revenue) by 3% by 2026, using 2021 as the baseline year.	In progress
Energy Consumption	Reduce total energy consumption intensity (MWh/million revenue) by 3% by 2026, using 2021 as the baseline year.	In progress
Water Consumption	Reduce water consumption intensity (m^3/million revenue) by 3% by 2026, using 2021 as the baseline year.	In progress

Data related to the above targets and year-on-year comparisons are presented and described in the subsequent sections.

Emissions

Air Emissions

The Group's major source of air emissions originates from petrol consumed by vehicles. In response to the above source, the Group has actively adopted the following measures to manage its own air emissions and those of its contractors:

- Planning routes ahead of time to avoid route repetition and optimise fuel consumption;
- Switching off the engine whenever the vehicle is idling;
- Conducting regular vehicle inspection and maintenance to ensure optimal engine performance and fuel use;
- Using telephone/video conferencing for online presentations and meetings to substitute unnecessary overseas business trips;
- Encouraging staff to use public transport when performing out-of-office duties;
- Requiring contractors to reduce engine speed or shut down vehicles between work periods; and
- Adopting the use of ultra-low sulphur diesel in the development projects.

Due to the additional diesel and petrol vehicles in Mainland China and increase in vehicle usage in Hong Kong, the air emissions generated by the Group have increased during 2025.

Summary of the Group's air emissions performance:

Types of emissions[1]	Unit	2025		2024	
		Mainland China	Hong Kong	Mainland China	Hong Kong
Nitrogen oxides (NO_x)	g	**432,730.26**	**4,226.70**	–	4,101.70
Sulphur oxides (SO_x)	g	**441.03**	**203.08**	–	130.29
Particulate matter (PM)	g	**31,117.55**	**311.20**	–	302.00

Note(s):

1. The calculation method of air emissions is based on "How to prepare an ESG Report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Exchange.

Emissions (Continued)

Waste Management

Hazardous Waste

Although the amount of hazardous waste such as chemical waste generated by the Group's operation accounts for a relatively small percentage of its overall waste production in 2025 and the Group has no direct control over the construction sites operated by the main contractor for its project, the Group understands the potential impacts of hazardous waste on the environment and hence takes all necessary actions to handle and manage them properly. The Group ensures that its main contractors have legally handled and disposed of waste by engaging licensed waste collectors. The Group aims to continuously reduce its adverse impact due to the production of hazardous waste.

In addition, the Group has established guidelines to govern the management and disposal of hazardous waste in the offices. For instance, employees are reminded to print less to save ink or toner so as to minimise the generation of hazardous waste. In case there is any hazardous waste produced, the Group engages a licensed waste collector to handle such waste in accordance with the relevant environmental rules and regulations.

Due to the Group's business nature, the Group did not generate a significant amount of hazardous waste from its business operation during 2025 (2024: Nil). Therefore, no specific targets are set for hazardous waste reduction.

Non-hazardous Waste

Non-hazardous waste generated by the Group was mainly paper. In order to achieve its target, the Group will continue to make great efforts in adopting different environmentally friendly initiatives to minimise the environmental impacts from non-hazardous waste generated by its business operations.

With respect to the Group's property development business, the Group strives to enhance its efforts in waste reduction and recycling at its construction projects. Engaged contractors are required to comply with a set of waste management procedures as stated in the Engineering, Procurement and Construction Contract (《施工總承包合同》) as a part of their commitment to sustainability. The Group also applies the concept of 3R principles (reduce, reuse and recycle) in the waste management initiatives and adopts the following measures at the construction site:

- Avoiding overstocking of materials through proper inventory planning and construction site management;
- Requiring the contractors to store and handle construction materials in a manner to prevent deterioration and damages;
- Encouraging reuse of construction materials wherever possible, such as turning dry concrete into aggregates for concrete production and reusing wooden boards; and
- Monitoring contractors' performance on waste management through non-periodical inspections.

Emissions (Continued)

Waste Management (Continued)

Non-hazardous Waste (Continued)

To efficiently manage and reduce waste in the Group's offices, the Group envisions embedding an environmentally friendly mindset among its employees. Hence, the Group encourages all employees to act on their knowledge and bring innovative ideas to reduce the amount of solid waste in offices at source. Specifically, the Group has advocated the following practices:

- Encouraging staff to participate in the recycling of general solid waste and paper by installing the recycling facilities in the offices;
- Promoting the use of green stationery such as refillable ball pens and mechanical pencils where applicable;
- Reusing tableware, cutlery, cups and glasses to reduce the use of disposable eating utensils;
- Serving drinks with teapots and cups/glasses instead of bottled water at meetings to reduce plastic wastage; and
- Formulating paper-saving initiatives which are described in the section headed "Paper Management".

During 2025, the total non-hazardous waste of the Group has decreased, mainly attributed to decreased use of paper, and the non-hazardous waste intensity (tonnes/million revenue) during 2025 has remained the same as compared to 2024. The Group will continue to monitor its performance, seek to reduce the amount of waste produced and review the progress made against its target in the coming years.

Summary of the Group's non-hazardous waste disposal performance:

Types of non-hazardous waste[1]	Unit	2025		2024	
		Hong Kong	**Total**	Hong Kong	Total
General waste	tonnes	**0.08**	**0.08**	0.10	0.10
Total non-hazardous waste	tonnes	**0.08**	**0.08**	0.10	0.10
Non-hazardous waste disposal intensity	tonnes/employee[2]	**0.004**	**0.0002**	0.005	0.0003
	tonnes/million revenue[3]		**0.00002**		0.00002

Note(s):

1. Only the non-hazardous waste data in Hong Kong is included. The non-hazardous waste data in Mainland China is not available as the Group has no direct control over the production of the non-hazardous waste at the construction sites operated by the main contractor for its projects, and there are no internal records of the construction waste disposed of.

2. As at 31 December 2025, the Group employed 454 (as at 31 December 2024: 391) staff members, including executive directors and employees of the Company, as to 21 (as at 31 December 2024: 20) in Hong Kong, as to 427 (as at 31 December 2024: 371) in Mainland China and as to 6 (as at 31 December 2024: nil) in other regions. This data is also used for calculating other intensity data in the ESG Report.

3. For 2025, the Group recorded a total revenue of approximately HK$4,724,061,000 (2024: approximately HK$4,241,331,000). This data is also used for calculating other intensity data in the ESG Report.

Emissions (Continued)

Waste Management (Continued)

Sewage Discharge

The Group does not consume a large amount of water through its business activities, therefore its business activities did not generate a material portion of discharge into water. As the sewage discharged by the Group is discharged into the municipal sewage pipe network, the amount of water consumed is considered as the sewage discharged. The amount of water consumed and corresponding water-saving initiatives will be described in the section headed "Water Management".

Use of Resources

Energy Management

The energy consumed by the Group was mainly petrol for transportation and electricity for daily operations. The Group aims to minimise the environmental impacts of its operations by identifying and adopting appropriate measures in its operations. Related policies and initiatives on energy conservation have been developed to show that the Group attaches importance to energy efficiency. Regular review is also conducted on the Group's energy target to seek continuous improvement in its energy performance.

Committed to being a responsible property developer, the Group has implemented a range of initiatives to reduce electricity consumption for its projects. The green measures include:

- Exploring energy-efficient technologies to implement in projects;
- Tracking and control both direct and indirect energy usage;
- Promoting effective environmental management among contractors; and
- Considering solar and other renewable energy options, where applicable.

The Group also proactively adopts resource efficiency and eco-friendly measures to optimise the use of electricity in its offices. These measures include:

- Using energy-saving features of electrical appliances and office equipment, such as adopting the "sleep or standby mode" when the computer is idle;
- Serving reminders by affixing conspicuous "save energy" labels near the power switches of printing equipment, and information and communications technology equipment;
- Designating employees to monitor the energy consumption status periodically;
- Carrying out regular checking and cleaning of office equipment;
- Arranging maintenance or procuring timely replacement of deteriorated or aged parts of office equipment to reduce power loss due to malfunction and component failure;
- Encouraging the use of stairs instead of elevators for inter-floor traffic; and
- Encouraging staff participation in energy-saving campaigns.

Use of Resources (Continued)

Energy Management (Continued)

During 2025, the total energy consumption of the Group has increased by approximately 1.59% as compared to 2024. The increase in the total energy consumption was mainly attributed to the additional diesel and petrol vehicles in Mainland China, increase in vehicle usage in Hong Kong and increase in purchased electricity in Hong Kong. The energy consumption intensity (MWh/million revenue) during 2025 has decreased by approximately 9% as compared to 2024. The Group will continue to monitor its performance, seek to reduce its energy consumption and review the progress made against its target in the coming years.

Summary of the Group's energy consumption performance:

Types of energy	Unit	2025			2024		
		Mainland China	Hong Kong	Total	Mainland China	Hong Kong	Total
Direct energy consumption[1]	MWh	**293.19**	**133.89**	**427.08**	–	85.89	85.89
Petrol	MWh	**0.35**	**133.89**	**134.24**	–	85.89	85.89
Diesel	MWh	**292.84**	**–**	**292.84**	–	–	–
Indirect energy consumption	MWh	**16,574.44**	**9.83**	**16,584.27**	16,652.30	7.54	16,659.84
Purchased electricity	MWh	**16,574.44**	**9.83**	**16,584.27**	16,652.30	7.54	16,659.84
Total energy consumption	MWh	**16,867.63**	**143.72**	**17,011.35**	16,652.30	93.43	16,745.73
Energy consumption intensity	MWh/ employee	**39.50**	**6.84**	**37.47**	44.88	4.67	42.83
	MWh/million revenue			**3.60**			3.95

Note(s):

1. The unit conversion method of direct energy consumption data is based on the "Energy Statistic Manual" issued by the International Energy Agency ("IEA").

Water Management

Water was mainly used in offices and construction sites. Recognising water as one of the most precious resources on the planet, the Group has been seeking effective ways to use water and prioritise water conservation. To reach its water-saving target, the Group strives to minimise unnecessary consumption through careful decisions and close monitoring.

In the Group's property development business, water-saving measures are incorporated into the operations to reduce the use of freshwater. At the Group's construction sites, rainwater is collected for cooling and irrigation. Wastewater is also collected and treated for wheel-washing.

Use of Resources (Continued)

Water Management (Continued)

The Group actively promotes behavioural changes at its offices and construction sites and encourages water conservation by adopting the following measures where applicable:

- Serving reminders by affixing conspicuous "save water" and "protect our natural environment" labels near water taps;
- Shutting off the main water supply to the area concerned after office hours;
- Notifying the responsible personnel of any leaking water taps or pipes for repair to avoid wastage of water;
- Using dual-flush toilets;
- Using faucets and urinals with infrared sensors where possible; and
- Appointing staff to inspect the water supply system to ensure no leakage on a regular basis.

During 2025, the total water consumption of the Group decreased, which was attributed to the completion of projects and promotion of water-saving measures. The water consumption intensity (m^3/ million revenue) during 2025 has decreased as compared to 2024. The Group will continue to monitor the data, seek to reduce its water consumption and enhance the water-saving measures in the coming years.

Summary of the Group's water consumption performance:

Water consumption	Unit	2025			2024		
		Mainland China	Hong Kong	Total	Mainland China	Hong Kong	Total
Total water consumption	m^3	**295,124.00**	**85.50**	**295,209.50**	405,751.00	85.20	405,836.20
Water consumption intensity	m^3/employee	**691.16**	**4.07**	**650.24**	1,093.67	4.26	1,037.94
	m^3/million revenue			**62.49**			95.69

Due to the Group's business nature, the Group did not encounter any issues in water sourcing.

Paper Management

One of the principal materials consumed by the Group was paper for administrative purposes. To minimise the use of paper, the Group has advocated the concept of the paperless office and promoted the application of office automation. During 2025, the following measures were adopted by the Group in its daily operations:

- Communicating and sharing information by electronic means (e.g. via intranet, internet or email) as far as possible to minimise paper use;
- Using both sides of paper and reusing envelopes;
- Providing recycling bins near copiers and fax machines; and
- Separating wastepaper into single-sided and used papers.

Use of Resources (Continued)

Use of Packaging Materials

Due to the Group's business nature, the Group did not use any packaging materials in its daily operations during 2025 (2024: Nil).

As a responsible corporate citizen, the Group recognises the impacts of its daily operations on the environment and is committed to conducting its business in an environmentally responsible manner. In order to minimise the significant impacts on the environment and natural resources, the Group is committed to implementing necessary measures as mentioned in the sections headed "Emissions" and "Use of Resources" in emissions reduction, energy conservation and environmental protection. The Group would also promote environmental awareness amongst customers, employees, subcontractors, suppliers, business partners and other stakeholders with a view to mitigating the waste of resources as a whole.

Noise Management

As certain procedures would produce noises during construction, which may cause impacts to the residents nearby, the Group adopts necessary measures to minimise noises in compliance with the Law of the PRC on the Prevention and Control of Environmental Noise Pollution. Since the Group's construction projects are carried out by contractors, the Group maintains dialogue with contractors to ensure that proper noise control measures are implemented during the construction period. Noise tests and controls are performed on a regular basis before the construction work commences to ensure that the noise generated is within acceptable parameters as outlined in the relevant local laws and regulations. The Group's project manager also performs close scrutiny and onsite inspection to detect and prevent potential violations of the relevant laws and regulations.

Green Workplace

The Group is also committed to providing employees with green working environment to enhance work efficiency. The Group understands that changing its employees' habits and increasing their environmental awareness require nurturing and constant reinforcement. Therefore, posters with environmental tips and conservation reminders can be seen around the working premises to remind employees to take action.

The Group has also established office discipline and environmental hygiene, so as to keep the office areas clean and tidy. The Group will inspect the conditions of every common area and workspace from time to time so as to identify and assess ahead any safety hazards and address them promptly.

Climate Change

The Group is committed to a low-carbon transition by incorporating climate measures into our CSR Policy. Given the significant estimation uncertainties involved in quantifying climate-related risks and opportunities, we provide qualitative insights in lieu of quantitative data to maintain reporting integrity. Our current assessment covers specified assets and business units, and we will explore the feasibility of expanding this scope in the future. Currently, the Group does not incorporate climate metrics into its remuneration policy or utilize internal carbon pricing.

Governance

The Group has established the ESG governance framework led by the Board, supported by senior executives and functional departments. The Board is responsible for overseeing the Group's sustainability approach, setting targets and measuring performance against the targets, and ensuring that climate change governance is integrated into the overall ESG framework. It also reviews, evaluates, and practices, while monitoring progress on initiatives and addressing stakeholder concerns. The senior executives monitor policies, assess risks, and ensure compliance with regulatory requirements, thereby reinforcing the Group's commitment to effective ESG management. In addition, the Group regularly monitors climate-related trends, policies and regulations so that senior management is kept up-to-date on the latest developments promptly to avoid cost increments, noncompliance fines and/or reputational risks due to delayed response.

Strategy

As global attention to climate change intensifies, the Group regards climate-related risk management as a core element of our sustainable development strategy. The Group recognises the importance of identifying and mitigating material climate risks, conducts ongoing assessments of potential impacts on business operations and strategic planning, and implements proactive measures to reduce such risks. This approach underscores the Group's commitment to resilience and long-tern sustainability. To more accurately identify and analyse the potential physical and transitional risks the Group may face, the Group utilise the shared socio-economic pathways (SSP1-1.9, SSP5-8.5) from the Intergovernmental Panel on Climate Change ("IPCC") to simulate the potential impacts under different global average temperature increases and conduct climate scenario analyses. Through this approach, we are able to enhance the Group's resilience and response capabilities during the climate transition.

Climate Change (Continued)

Strategy (Continued)

The Group has identified key climate-related risks, transition risks, and opportunities, together with corresponding response measures, as follows:

Climate-related Risks	Potential Impacts	Our Response Actions
Physical Risks		
Acute risk (Short-term)[1]	• Extreme weather events such as torrential rains and extreme heat may damage real estate assets. • Preventative measures are needed before extreme weather events, and inspections and clean-up operations are required afterwards, which may increase the workload for employees. • Facilities around the property, such as trees and outdoor billboards, may be overturned by the wind, causing secondary damage. • Property maintenance and insurance costs may increase due to extreme weather, leading to a decrease in property value.	• Prepared and implemented disaster recovery plans to handle unexpected emergencies.
Chronic risk (Medium-Long-term)[1]	• Long-term climate change, such as rising average temperatures or exacerbated droughts, may impact the durability of building structures, infrastructure maintenance, and energy costs. • High temperatures may accelerate the aging of building materials, shorten their lifespan, and increase maintenance and replacement costs. • Prolonged high temperatures may reduce living comfort in some areas, affecting tenant demand and property occupancy rates.	

Climate Change (Continued)

Strategy (Continued)

<table>
<tr><th>Climate-related Risks</th><th>Potential Impacts</th><th>Our Response Actions</th></tr>
<tr><td colspan="3">Transition Risks</td></tr>
<tr><td>Market risk (Medium-Long-term)[1]</td><td>Investor expectations on climate risk management are increasing, and failure to implement effective measures may result in divestment, reducing the availability of capital.
Mainland China has gradually implemented mandatory green building standards, particularly in first- and second-tier cities, imposing higher energy efficiency and environmental requirements on new and renovated buildings. Developers that fail to meet these requirements may lose access to government subsidies and preferential policies.</td><td rowspan="3">Adopted applicable recognised standards for building construction and procured energy-saving equipment across its operations.
The Group constantly monitors any changes in laws or regulations and adjusts internal policies in accordance with statutory requirements.</td></tr>
<tr><td>Reputation risk (Medium-Long-term)[1]</td><td>As environmental requirements on carbon emissions and energy efficiency continue to stricter in Mainland China, real estate developers that fail to comply with regulations may be perceived as neglecting social responsibility and may result in reputational damage.</td></tr>
<tr><td>Policy and legal risk (Medium-Long-term)[1]</td><td>The tightening of relevant ESG policies and more stringent regulations may lead to increased compliance costs, enhanced reporting obligations, and potential regulatory scrutiny, necessitating robust data management and governance frameworks.</td></tr>
</table>

Climate Change (Continued)

Strategy (Continued)

Climate-related Opportunities	Description	Our Response Actions
Products and services (Medium-Long-term)[1]	• The Group may enhance its competitive position and leverage evolving consumer and producer preferences by incorporating green and low-carbon building elements.	• Incorporate climate-resilient design elements in projects whenever possible. • Adopt energy-efficient technologies and renewable energy, if possible, to attract eco-conscious consumers and tenants.

Note(s):

1. The time horizon refers to the period over which climate-related risks or opportunities may affect the Group's operations. Short-term is defined as 1 to 3 years, medium-term as 3 to 5 years, and long-term as 5 to 10 years.

Risk management

Risk management is a critical component of the Group's overall ESG strategy, ensuring resilience and long-term value creation in alignment with the IFRS S2 Climate-related Disclosure. Our approach integrates climate-related risks into our enterprise risk management framework, identifying, assessing, and managing both physical (e.g., extreme weather events) and transition (e.g., regulatory shifts, market changes) risks. We conduct climate-related risk assessment to evaluate potential financial impacts and implement mitigation strategies such as emissions reductions, supply chain resilience, and sustainable investments. Governance structures, including board oversight and executive accountability, ensure climate risks are systematically addressed, supporting transparent disclosures and informed decision-making. The following is a simple illustration of the process for the Group's climate risk assessment.

Climate Change (Continued)

Risk management (Continued)

Risk Identification
- Collecting feedback from relevant stakeholders, studying and analysing the trends of climate risks and opportunities and industry development

Risk Assessment
- Discussing with the management about the types of climate risks, the potential impact on the Group and opportunities

Risk Management
- Formulating specific measures for identified risks and assessment results, continuously monitoring and evaluating their effectiveness, and continuously optimizing the risk management mechanism

Risk Disclosure
- Disclosing in the annual ESG report on the Group's response to climate change in accordance with IFRS S2 Climate-related Disclosures

Metrics and targets

The Group acknowledges that GHG emissions are a critical priority due to the nature of its operations. Therefore, the Group has identified GHG emissions as a key metric in our strategic planning and risk management processes. The Group has measured direct (Scope 1), energy indirect (Scope 2) GHG emissions and other indirect GHG Emissions (Scope 3) in this ESG Report.

During 2025, the total GHG emissions of the Group have increased by approximately 55.36% as compared to 2024. The increase in the total Scope 1 emissions was attributed to the addition of diesel and petrol vehicles in Mainland China and an increase vehicle usage in Hong Kong, while the decrease in Scope 2 and 3 emissions was due to a decrease in purchased electricity, update in emission factors and a decrease in electricity used for processing fresh water and sewage by government departments, respectively. The GHG emissions intensity (tCO_2e/million revenue) during 2025 has increased by approximately 40% as compared to 2024. For details related to climate-related targets, please refer to the section headed "Environmental Targets". Currently, our established target is not derived using a sectoral decarbonization approach and we do not have a plan to implement carbon credits in our operation. In preparing disclosures on industry-based indicators, where direct quantitative data was not reasonably available, the Group has made reference to potential industry benchmarks and internal estimates, which are in line with the reasonable information relief provisions. The Group will continue to monitor its performance, seek to reduce its GHG emissions intensity and review the progress made against its target in the coming years.

Climate Change (Continued)

Metrics and targets (Continued)

The major sources of the Group's GHG emissions are direct emissions from petrol and diesel consumed by vehicles (Scope 1), energy indirect emissions from purchased electricity (Scope 2), as well as other indirect emissions from electricity used for processing fresh water and sewage by the government departments and paper waste disposal at landfills (Scope 3). Based on the Group's business activities, Scope 3 emissions are expected to cover the Group's value chain activities, including but not limited to: purchased goods and services (Category 1), upstream transportation and distribution (Category 4), waste generated in operations (Category 5) and business travel (Category 6). However, due to limitations in data availability, the Group only reports on Category 5 for the Reporting Period. Recognising market attention on Scope 3 GHG emissions, the Group will actively explore the feasibility of expanding disclosures to cover additional Scope 3 categories once data collection systems become more mature.

Summary of the Group's GHG emissions performance:

Indicators	Unit	2025			2024		
		Mainland China	**Hong Kong**	**Total**	Mainland China	Hong Kong	Total
Direct GHG emissions (Scope 1)[1] • Petrol and diesel consumed by vehicles	tCO_2e	**7,541.54**	**36.87**	**7,578.41**	–	23.65	23.65
Energy indirect GHG emissions (Scope 2)[1] • Purchased electricity	tCO_2e	**8,794.40**	**3.64**	**8,798.04**	10,332.75	4.97	10,337.72
Other indirect GHG emissions (Scope 3)[1] • Paper waste disposed at landfills • Electricity used for processing fresh water and sewage by government departments	tCO_2e	**166.75**	**0.43**	**167.18**	286.81	0.55	287.36
Total GHG emissions	tCO_2e	**16,502.69**	**40.94**	**16,543.63**	10,619.56	29.17	10,648.73
GHG emissions intensity	tCO_2e/ employee	**38.65**	**1.95**	**36.44**	28.62	1.46	27.23
	tCO_2e/ million revenue			**3.50**			2.51

Note(s):

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report — Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Exchange, the "Global Warming Potential Values" from the IPCC Sixth Assessment Report, 2021 (AR6), the "Sustainability Report 2024" published by the Hong Kong Electric Investments, the "2023 National Electricity Carbon Dioxide Emission Factor (《2023年全國電力二氧化碳排放因子》)" issued by the Ministry of Ecology and Environment of the PRC, the "Annual Report 2023–24" published by the Water Supplies Department and the "Sustainability Report 2023–24" published by the Drainage Services Department.

SOCIAL

Apart from a safe and healthy workplace, the Group offers its employees a comprehensive remuneration and benefits package, training opportunities, equal opportunities and fairness at work, as well as channels for staff communication. Team building activities and social events are arranged to enhance employees' sense of belonging. To this end, senior management maintains good communication and, where appropriate, exchanges ideas with stakeholders.

Employment

The Group considers that building a harmonious and motivating work environment is a key factor for sustainable development and ensures that policies on employment, such as recruitment, promotion, discipline, working hours, leaves and other duties and benefits of employees, are in place.

During 2025, the Group was not aware of any major violations of employment laws and regulations relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare that may have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong and the Labour Law of the PRC.

As at 31 December 2025, the Group has a total of 454 (as at 31 December 2024: 391) staff members, including executive directors of the Company and employees. Demographic data for the Group's staff are presented below:

Employee Data	Headcount	
	As at 31 December 2025	As at 31 December 2024
By Gender		
Male	**284**	257
Female	**170**	134
By Age Group		
Under 30 Years Old	**28**	42
30 to 50 Years Old	**414**	333
Above 50 Years Old	**12**	16
By Employment Type		
Full-time	**454**	391
Part-time	**–**	–
By Employee Category		
Senior Management	**23**	21
Supervisory Level	**42**	37
General Employees	**389**	333
By Geographical Region		
Hong Kong	**21**	20
Mainland China	**427**	371
Others	**6**	–

SOCIAL (Continued)

Recruitment, Promotion and Dismissal

The Group recognises that employees are a valuable asset to its business, and therefore attaches great importance to attracting talent. Employees are recruited via a robust, transparent and fair recruitment process. Employment decisions are based on the candidates' suitability in terms of qualifications, personality and career goals, regardless of their race, gender, religion, physical disability, marital status and sexual orientation.

The Group offers opportunities for career progression through an open and fair assessment system. This is to explore and develop the employees' strengths and capabilities thereby contributing to the Group's sustainable growth. Performance appraisals are conducted annually, or upon completion of probation, as appropriate. The appraisal serves as a basis for considering and determining salary increments, discretionary bonuses and promotions. The Group also prioritises internal promotion to motivate employees.

Termination of all employment contracts is governed by internal procedures to ensure that all dismissals comply with relevant laws and regulations in Hong Kong and the PRC. The Group strictly prohibits any form of unfair or unlawful dismissal.

During 2025, the overall employee turnover rate[1] of the Group was approximately 25.33% (2024: 18.16%). The employee turnover rate by gender, age group and geographical region is summarised below:

Turnover Rate (%)[2]	2025	2024
By Gender		
Male	**28.17**	14.01
Female	**20.59**	26.12
By Age Group		
Under 30 Years Old	**50.00**	35.71
30 to 50 Years Old	**23.67**	16.22
Above 50 Years Old	**25.00**	12.50
By Geographical Region		
Hong Kong	**23.81**	20.00
Mainland China	**25.76**	18.06

Note(s):

1. The overall employee turnover rate is calculated by dividing the number of employees leaving employment during the Reporting Period by the number of employees at the end of the Reporting Period.

2. The employee turnover rate by specific category is calculated by dividing the number of employees in the specified category leaving employment during the Reporting Period by the number of employees in the specified category at the end of the Reporting Period.

SOCIAL (Continued)

Remuneration and Benefits

To attract and retain talent, the Group offers attractive and competitive remuneration packages that include medical insurance, retirement schemes, long service awards, training subsidies and paid leaves among other benefits. Staff remuneration levels are determined with reference to individual performance and contributions in addition to market standards.

Equal Opportunities, Diversity and Anti-discrimination

The Group respects cultural and individual diversity. The Group's supportive and inclusive culture allows people to connect and benefit from synergies. The Group believes that no one should receive less favourable treatment on the grounds of age, race, ethnicity or nationality, gender, religion, marital status, disability or family status. All employees have equal training, career development, and employment opportunities. Any person found to have engaged in unlawful discrimination or harassment will be subject to disciplinary action and/or dismissal.

Work-life Balance

The Group cares about the health and well-being of employees and thus attaches great importance to work-life balance. The Group has formulated basic working hours and rest periods no less exacting than local employment laws and regulations.

Where practicable, social and recreational activities are arranged by the Group for employees to strike a work-life balance while fostering cohesion and team spirit among them.

Health and Safety

Creating a workplace that promotes employee health and well-being is key to unlocking the talent pool. The Group is committed to providing and maintaining a safe, healthy, and hygienic working environment. The Group has formulated health and safety rules and regulations, and employees are required to stringently abide by those rules and regulations at all times to avoid accidents and protect themselves and their co-workers from safety hazards.

During 2025, the Group was not aware of any major violations of employment laws and regulations relating to the provision of a safe working environment and protecting employees from occupational hazards that may have a significant impact on the Group, including but not limited to the Occupational Safety and Health Ordinance of Hong Kong, the Production Safety Law of the PRC, the Law of the PRC on the Prevention and Control of Occupational Diseases and the Regulation on Work-Related Injury Insurance of the PRC.

Health and Safety (Continued)

Occupational Health and Safety Measures

The Group pays special attention to occupational health, safety and well-being at its construction sites. The Group has formulated the Civilised Construction Control Procedures (《文明施工管理辦法》) and the Management Agreement on Construction Safety Protection and Construction Cost on Civilised Construction Measures and Controls (《建築工程防護、文明施工措施費用及使用管理協議》) to ensure the proper management by its contractors on its property development projects as well as mitigating health and safety risks. The Group also strictly complies with all applicable legal requirements in the jurisdictions in which it operates, such as the JGJ59-2011 Standard for Construction Safety Inspection. The Group further ensures that adequate control and due processes are in place to safeguard the health and safety of all at the construction sites. They include:

- Hiring external safety supervisors at site level that are empowered to identify and report safety hazards;
- Investigating all reported accidents and dangerous occurrence by safety supervisors with follow up corrective actions; and
- Providing personal protective equipment to protect the workmen of contractors and its employees from safety hazards.

The Group is dedicated to providing employees with good working conditions as well as protecting employees from occupational hazards. The Administration Department is responsible for identifying the actual and potential safety hazards and risks in the workplace and providing a safe and hygienic working environment for employees by properly managing workplace hazards. The Administration Department is also responsible for monitoring and reviewing all safety systems by performing regular checks. At the same time, employees are obliged to stay alert of the safety hazards in their working environment and to avoid any improper behaviours that could lead to accidents or injuries in the workplace. Employees should immediately report any incidents which have led or may lead to injury or damage to their department heads and the Administration Department.

Apart from safeguarding occupational health and safety, the Group also encourages employees to adopt good hygiene habits to maintain a clean working environment. To prevent the spread of infectious diseases, employees are required to keep the office and its common areas clean and tidy, observe personal hygiene and monitor their own health.

All offices and workplaces of the Group were operated and maintained in safe and reliable conditions throughout 2025. The Group will review relevant procedures from time to time to safeguard employees' occupational health and safety. During 2025, the Group did not register any material injury cases and working day lost due to work injury (2024: Nil). As at 31 December 2025, the Group recorded zero cases of work-related fatalities (rate of work-related fatalities: 0%) and this has been maintained for 3 consecutive financial years.

Development and Training

Training and Career Development

The Group is committed to excellence by creating an intellectually stimulating environment that enables employees to grow and thrive. Relevant training procedures have been formulated so as to standardise the management of employees' training. The Group has also developed a training management system and provides training opportunities to employees at all levels to impart the necessary knowledge and skills upon them to discharge their duties at work.

Where possible, the Group offers customised training to its employees, through training programs, seminars, workshops and conferences, regular sharing sessions, peer learning and/or on-the-job coaching, to help equip them with the knowledge and skills to perform their duties effectively and efficiently. To assist its employees in developing the required character, knowledge and skills that help advance their career, the Group also provides training subsidies. The Group believes that this combined effort is essential to employees and the Group in achieving personal and corporate goals respectively. In 2025, the Group compiled a list of online learning materials such as videos and readings on occupational health and safety and anti-corruption for employees to learn more about these aspects to equip them for their jobs.

During 2025, approximately 96.92%[1] (2024: approximately 98.21%) of the Group's employees participated in training. The average training hours per employee[2] was approximately 8.06 hours in 2025 (2024: approximately 8.19 hours). The percentage of employees trained and average training hours completed per employee by gender and employee category are as follow:

	2025		2024	
	Percentage of Employees Trained (%)[3]	**Average Training Hours per Employee (hours)[4]**	Percentage of Employees Trained (%)[3]	Average Training Hours per Employee (hours)[4]
By Gender				
Male	**96.13**	**8.14**	98.44	8.29
Female	**98.24**	**7.93**	97.76	8.00
By Employee Category				
Senior Management[5]	**86.96**	**10.61**	85.71	10.79
Supervisory Level	**97.62**	**8.50**	91.89	8.14
General Employees	**97.43**	**7.86**	99.70	8.04

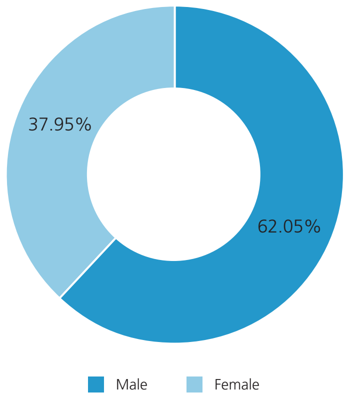
Note(s):

1. This percentage is calculated by dividing the total number of trained employees during the reporting period by the total number of employees at the end of the reporting period.
2. The average training hours per employee is calculated by dividing the total training hours during the reporting period by the total number of employees at the end of the reporting period.
3. The percentage of trained employees by category is calculated by dividing the number of trained employees in the specified category during the reporting period by the total number of employees in the specified category at the end of the reporting period.
4. The average training hours by category is calculated by dividing the training hours for employees in the specified category during the reporting period by the number of employees in the specified category at the end of the reporting period.
5. The training data for senior management include executive directors' training during the reporting period.

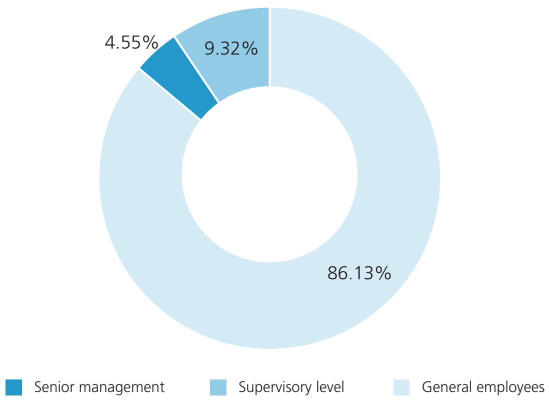
Development and Training (Continued)

Training and Career Development (Continued)

Breakdown of Employees Trained by Gender[6]



Breakdown of Employees Trained by Employee Category[7]



Note(s):

6. The breakdown of employees trained by gender is calculated by dividing the number of trained employees in the specified gender during the Reporting Period by the total number of trained employees during the Reporting Period.

7. The breakdown of employees trained by category is calculated by dividing the number of trained employees in the specified category during the Reporting Period by the total number of trained employees during the Reporting Period.

Labour Standards

The Group respects human rights and strictly prohibits any unethical hiring practices, including child and forced labour in the workplace. The Group conducts recruitment in accordance with applicable laws and regulations in Hong Kong and the PRC. Personal data and other credentials are collected in particular during the recruitment process to ensure that those laws and regulations are not violated.

Applicants are required to provide true, accurate and complete information in support of their applications and to make declarations in their application forms that any misrepresentation in the documents and information provided will result in disqualification of their applications and subsequent employments in the Company. Where applicable, the Human Resources Department collects and thoroughly checks the documents provided by the applicant (including identity documents) and subsequently reviews the personal data and/or credentials of successful applicants to ensure compliance with relevant labour laws. In addition, the Group ensures that no employee is below the minimum legal working age and no forced labour is employed through regular training and internal audit. Any case of child labour or forced labour, when discovered, shall be investigated and acted upon and reported to the government authorities promptly in accordance with applicable laws. The Group shall immediately terminate the employment contract and impose due punishment on the erring employee. Further, the Group avoids engaging suppliers of administrative supplies and services and contractors that are known to employ child or forced labour in their operations.

During 2025, the Group was not aware of any major violations of employment laws and regulations relating to preventing child and forced labour that may have a significant impact on the Group, including but not limited to the Employment Ordinance of Hong Kong and the Labour Law of the PRC.

Supply Chain Management

The Group recognises the importance of supply chain management to its business and emphasises the management of potential environmental and social risks in the supply chain. All suppliers are carefully evaluated under a rigorous and standardised procurement system, and they are regularly monitored and evaluated in a fair manner.

Procurement Practices

The Group has in place well-established procedures to select and monitor contractors and suppliers. During the supplier selection process, the Group reviews not only suppliers' basic information, but also a number of other factors, such as delivery schedule, pricing, possession of requisite licenses, certifications, and compliance with relevant industrial laws, regulations and standards, among others. In addition, the performance of each contractor is reviewed from time to time to ensure construction works they deliver meet relevant quality standards.

During 2025, the Group collaborated with 180 (2024: 158) active trade suppliers, contractors and suppliers of building materials and building services equipment in the PRC with accumulated transactions over RMB100,000.

Managing Environmental and Social Risks of the Supply Chain

The Group recognises that its operations are highly dependent on a responsible and sustainable supply chain and therefore has put considerable effort into safeguarding its values along the supply chain to protect its principles of ethics and legality. Apart from requiring suppliers and contractors to comply with the Group's standards and requirements as well as with local regulations, the Group is also aware of the environmental and safety performance of its suppliers and contractors. During the process of assessing tenders from the suppliers and contractors, the Cost Control and Procurement Department (造價採購部) conducts background search on the suppliers and contractors for reference. In addition, the Group integrates sustainability into supplier selection. Preference would be given to suppliers and contractors who demonstrate a commitment to sustainable development and adopt internationally recognised ESG management system. The Group also promotes environmental practices in its supply chain through implementing environmental policies, conducting sustainability initiatives, and reporting its sustainability performance. In particular, the Group has formulated specific procedures and standards in its suppliers and contractors selection.

In order to identify environmental and social risks along the supply chain, the Group continues to monitor supplier performance and adopt adequate control measures to ensure that the purchased products conform to project specifications. Designated personnel of the Group monitor the construction progress and the methodologies used. They also inspect the materials delivered on-site, ensuring that they comply with relevant regulations, standards and qualities.

Beyond quality and legal compliance, the Group expects the contractors to adopt fair labour practices and demonstrate their commitment to ethics. Requirements for suppliers are provided in the Supplier Honesty and Integrity Agreement (《廉潔合作協議書》) by the legal representative of the Group; and the supplier performance is monitored and assessed through site visits to ensure compliance with the said agreement. Only those who pass the assessment will remain on the Approved Subcontractors/Suppliers List, and severe non-compliance may ultimately lead to cease of collaboration. During 2025, the aforementioned supplier engagement practices have been imposed on all suppliers.

Product Responsibility

The Group actively monitors the quality of its products through an internal control process, and maintains an ongoing communication with its customers to ensure mutual understanding while fulfilling their needs and expectations. The Group strives to cater to customers' needs and expectations as well as to continuously improve the quality of its products and services. To avoid and reduce the environmental impacts caused by its products and services, the Group has established the CSR Policy to ensure that appropriate measures and clear procedures are in place and are being followed by relevant personnel with respect to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.

As part of our ongoing commitment to excellence and sustainability in real estate, we are proud to have received the 2025 Human Settlement Dream "Quality Housing" Certificate for Jiaozi Mansion of Vision, and the 2025-2026 China Commercial Real Estate Benchmark Project Certificate for Joyous Time. These certificates recognise our dedication to delivering safe, comfortable, and high-standard residential properties, and highlight our leadership in implementing best practices across our portfolio. These achievements reinforce our mission to create value for stakeholders while contributing positively to the communities we serve.

2025 Human Settlement Dream "Quality Housing" Certificate

2025–2026 China Commercial Real Estate Benchmark Project Certificate

During 2025, the Group was not aware of any major violations of product responsibility laws and regulations relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress that may have a significant impact on the Group, including but not limited to the Personal Data (Privacy) Ordinance of Hong Kong, the Law of the PRC on Protection of Consumer Rights, the Advertising Law of the PRC and the Patent Law of the PRC.

Product Responsibility (Continued)

Quality Assurance

The Group has established a comprehensive quality management system, namely the Guide to Construction Project Management (《施工作業指導書》) (the "Construction Guide"), which is in strict accordance with relevant laws, regulations and standards, including but not limited to the Product Quality Law of the PRC, the Construction Law of the PRC, the Regulation on the Quality Management of Construction Projects and the Unified Standards for Construction Quality Acceptance of Building Projects (GB50300-2013).

The Construction Guide outlines a comprehensive evaluation and inspection system. Pursuant to the Construction Guide, the Group conducts a general survey on projects through process assessment, and identifies quality defects as well as safety vulnerabilities through special inspections. Then, the Group performs rectification to eliminate hidden dangers and fulfill the Group's safety, quality, planning, technology, and engineering management system requirements and related rules, which can ensure the project quality and safety. In addition, the Group has established a mechanism to deal with potential safety hazards and regularly conducts investigations concerning product safety hazards. In response to product safety hazards, the Group takes recall measures immediately to safeguard customer safety and properties. During 2025, the Group did not have any products sold or shipped that were subject to recall for safety and health reasons (2024: Nil).

Customer Services

The Group endeavours to improve its services to clients through customer feedback. The Group takes every customer complaint seriously and handles it promptly. Concerns are addressed by designated personnel, through discussion to resolution. Unresolved and serious issues are directed to the operations team and reported back to management. During 2025, there was no material claim or complaint brought against the Group by its customers, and the cost incurred for rectifying defective works was immaterial.

Privacy Protection

The Group recognises that protecting confidential information is key to success, and hence customer data and privacy protection are always its top priority. The Group has established strict management requirements to protect customer privacy. Only designated personnel are allowed to gain access to customer personal data and information.

The Group also provides training for employees, in particular frontline staff, on the requirements of the laws in relation to data privacy and data protection to ensure that they understand how to collect, store and handle customer information in a lawful manner.

The Group strictly adheres to applicable statutory requirements. Employees are required to keep in strict confidence any information obtained during their employment, including but not limited to trade secrets, client personal data and information, supplier information and other proprietary information.

Product Responsibility (Continued)

Intellectual Property Rights

Notwithstanding that intellectual property rights is not considered as the Group's material ESG aspect due to its business nature, the Group has established relevant policies to govern the information technology management of its information system. In addition, the Information Technology Department is responsible for obtaining proper licenses for software, hardware and information used by the Group in its business operations. Duplication or downloading of information, software, and images from the internet must be approved by relevant departments. The Group also closely monitors the infringement actions in the market and avoids any infringement behavior, such as counterfeit trademarks.

Responsible Marketing and Promotion

The Group attaches great importance to the protection of consumer rights and interests. The Group has formulated relevant guidelines that clearly define misleading and deceptive behaviour, and strictly require staff to refrain from any false, misleading and fraudulent behaviour during the sales process. To avoid any possible misunderstanding during the sales process, customers are reminded to carefully read the home purchase contract and are provided with warm tips before the sales transaction. They are further reminded to fully consider the risks of market fluctuations and policy changes to ensure that the purchase of properties is a fully voluntary commercial act.

Anti-corruption

The Group aims to set and maintain a high standard of business integrity throughout its operations. The Group prohibits all forms of bribery, extortion, fraudulent, money laundering and corruption activities in connection with any of its business activities. As a preventive measure, all directors and employees are required to strictly comply with applicable codes of conduct that prohibit the aforementioned corruption activities.

During 2025, the Group was not aware of any major violations of anti-corruption laws and regulations relating to bribery, extortion, fraud and money laundering that may have a significant impact on the Group, including but not limited to the Prevention of Bribery Ordinance of Hong Kong and the Law of the PRC on Anti-money Laundering. During 2025, there were no concluded legal cases regarding corruption practices brought against the Group or its employees (2024: Nil).

Whistleblowing Procedures

The Group has adopted whistleblowing procedures for employees to report in confidence and anonymity any suspected cases of misconduct, malpractice, impropriety, unethical or unfair treatment. All employees are required to report incidents or suspected cases of corruption, theft, fraud and embezzlement to management. The management will make an investigation and report to local police or the Independent Commission Against Corruption ("ICAC") as appropriate. Any reported case of fraudulence will receive immediate, fair and independent investigation and appropriate follow-up action. Those arrangements are reviewed on a regular basis.

Anti-corruption (Continued)

Anti-corruption Training

The Group endeavours to maintain a culture of integrity, transparency and accountability by adhering to stringent anti-corruption practices. As a preventive measure, the Group helps its employees and directors to adhere to the updated anti-corruption laws and regulations by providing them with annual anti-corruption training. Guidelines from the ICAC on anti-corruption topics, including but not limited to the Compliance and Beyond Training Package on Business Ethics for Listed Company, the Anticorruption Law at a Glance, the Private Sector Corruption, and the Recent ICAC Cases, have been circulated among directors and employees during 2025. Anti-corruption training data of the Group are presented below:

	2025			2024		
	Number of Trained Individuals	**Percentage of Trained Individuals (%)[1]**	**Total Training Hours (hours)**	Number of Trained Individuals	Percentage of Trained Individuals (%)[1]	Total Training Hours (hours)
By Employee Category						
Directors[2]	**6**	**100.00**	**16.00**	6	100.00	17.50
Senior Management	**17**	**73.91**	**27.00**	15	71.43	21.50
Supervisory Level	**41**	**97.62**	**56.00**	34	91.89	49.00
General Employees	**379**	**97.43**	**409.00**	332	99.70	357.00
By Geographical Region						
Mainland China	**426**	**99.77**	**426.00**	371	100.00	371.00
Hong Kong	**17**	**80.95**	**82.00**	16	80.00	74.00

Note(s):

1. The percentage of trained individuals by category is calculated by dividing the number of individuals in the specified category who took part in anti-corruption training during the reporting period by the total number of directors and staff in the specified category at the end of the reporting period.

2. The anti-corruption training data for directors includes both executive directors' and non-executive directors' training during the reporting period.

Community Investment

The Group recognises the importance of creating positive impacts on the community and therefore strives to reciprocate society. Policies on community investment have been formulated to engage employees in community investment so that they can understand the needs of the communities where the Group operates while focusing and supporting the development of a sustainable community through monetary donations and sponsorship of charitable or educational projects. As part of the social responsibility initiatives, the Group encourages its employees to serve and reciprocate the community by enlisting their participation in community activities. Going forward, the Group will expand its efforts in charity work to cater to the needs of its community as well as to create a more favourable environment for its community and business by focusing on contributing to social welfare, education, health and culture.

The Board is pleased to present the annual report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES AND GROUP PERFORMANCE

During the year, the Company continued to be an investment holding company. The principal activities of its subsidiaries included property development and trading, property investment, the provision of property management and related services, treasury management and investment holding. Details of those activities are set out in note 1 to the financial statements. Over 99% of the Group's revenue for the year was derived from its property development and trading business in Mainland China. An analysis of the Group's performance for the year by operating segments is set out in note 4 to the financial statements.

BUSINESS REVIEW

This business review of the Group is made pursuant to paragraph 28(2)(d) of Appendix D2 to the Listing Rules, pursuant to which further analysis of and discussion on the above principal activities of the Group as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance") are made. In the opinion of the Directors, the Chairman's Statement and Management Discussion and Analysis section provides a comprehensive review of the performance of the Group for the year ended 31 December 2025 as well as its future prospects.

Principal risks and uncertainties

The Directors recognise that the Group's performance and prospects are dependent on economic conditions and market performance of the property market in which the Group has its business operations. The Group monitors risks (including ESG risks) associated with the external factors affecting the Group and takes prompt actions to minimise potential business impact. In addition, the directors are aware that the Group is exposed to various financial risks in its business operations. An analysis of the Group's financial risk management is provided in note 39 to the consolidated financial statements.

Environmental policies and performance

The Group believes that ESG is one of the key elements in achieving continuing success, therefore, it has integrated ESG factors into its business strategy. To ensure that its sustainability strategies are carried out effectively and consistently throughout the Group, it has adopted a comprehensive policy, namely corporate social responsibility policy which outlines its obligations to sustainable development and corporate social responsibility. The said policy guides the Group's business and operational decisions to take into account its responsibility to four focus areas: workplace, operating practices, community and environment.

BUSINESS REVIEW (Continued)

Environmental policies and performance (Continued)

During 2025, the Group conducted a materiality assessment to collect opinions from its stakeholders in order to solicit and prioritise the material ESG issues. Taking into consideration the Group's operations and sustainability trends, material issues were identified and incorporated into the assessment so that an in-depth understanding of stakeholders' opinions and expectations towards the Group's sustainability performance and strategies was attained.

To support the global vision for carbon neutrality, the Group has increased its effort to accelerate low-carbon transition and to foster sustainable practices. As a responsible property developer, the Group has invested considerable time and resources in addressing the urgent challenges associated with climate change. The Group has set targets for greenhouse gas emissions, a roadmap for decarbonising its operations. Together with the Group's commitment to energy saving, water efficiency and waste reduction, the Group demonstrates its dedication to environmental protection. The Board and the senior executives from different functional departments will review the progress made against ESG-related goals and targets annually.

Compliance with relevant laws and regulations

During the year, there were no areas of material non-compliance with applicable laws and regulations that had a significant impact on the Company known to the Directors, including but not limited to the Bermuda Companies Act 1981, the Companies Ordinance, the Listing Rules and the SFO.

Key relationships with employees, customers and suppliers and others stakeholders

The Group has developed and implemented a remuneration structure which is a key for the Group to attract and retain the best talents. Details of employee benefits are set out in the section headed "Staff" under "Chairman's Statement and Management Discussion and Analysis" in this annual report. There have been no material interruptions to operations nor any material labour disputes to date.

The Group recognises the importance of a sound, healthy stakeholder relationship in building its long-term success. To this end, the senior management maintains good communication and, where appropriate, exchanges ideas with the stakeholders.

During the year, there were no material and significant disputes between the Company or any of its subsidiaries and their respective employees, customers and suppliers, shareholders or business partners known to the Directors.

RESULTS AND APPROPRIATIONS

The results of the Group for the year and the financial position of the Group at that date are set out in the consolidated statement of profit or loss and consolidated statement of financial position on pages 72, 74 and 75 respectively.

Having considered the factors stated in the dividend policy, the Board does not recommend the payment of a final dividend in respect of the year (2024: Nil).

PROPERTY, PLANT AND EQUIPMENT

Movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

PRINCIPAL PROPERTIES

Particulars of the principal properties held by the Group are set out on pages 165 and 166.

SUBSIDIARIES

Particulars of the Company's principal subsidiaries are set out in note 1 to the consolidated financial statements.

SHARE CAPITAL

Movements in the share capital of the Company during the year are set out in note 28 to the consolidated financial statements.

RESERVES

Movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 76 and note 29 to the consolidated financial statements respectively.

DISTRIBUTABLE RESERVES

At 31 December 2025, the Company's reserves available for distribution, calculated in accordance with the Bermuda Companies Act 1981, amounted to HK$315.4 million (2024: HK$708.1 million), none of which has been proposed as final dividend for the year (2024: Nil). In addition, the Company's share premium account in the amount of HK$95.7 million (2024: HK$95.7 million) may be distributed in the form of fully paid bonus shares.

DIVIDEND POLICY

The Company has adopted a dividend policy and aims to provide a steady return to shareholders and at the same time to maintain a strong balance sheet for investment opportunities and sustainable development in the future. Dividends proposed or declared, or not recommended, is subject to financial performance, cash flow and future investment opportunities of the Group.

CHARITABLE CONTRIBUTIONS

During the year, no charitable contribution made by the Group (2024: HK$541,000).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 167. This summary does not form part of the audited financial statements.

MAJOR SUPPLIERS AND CUSTOMERS

The percentages of purchases and revenue for the year attributable to the Group's major suppliers and customers, respectively, are as follows:

	2025	2024
	%	%
Purchases		
— the largest supplier	**43**	62
— the five largest suppliers combined	**86**	90
Revenue		
— the largest customer	**1**	1
— the five largest customers combined	**1**	1

None of the directors, their associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had an interest in those major suppliers and customers.

DIRECTORS

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

Executive Directors

Wong Hy Sky
Liu Jie
Li Li

Independent Non-executive Directors

Luk Yu King, James
Leung Yu Ming, Steven
Lai Degang

Liu Jie ("Mr. Liu"), Li Li ("Ms. Li") and Luk Yu King, James ("Mr. Luk") will hold office until the forthcoming annual general meeting (the "AGM") and, being eligible, offer themselves for re-election at the AGM in accordance with Bye-laws 84 and 83(2).

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received from each Independent Non-executive Director of the Company an annual confirmation of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules and considers that the Independent Non-executive Directors are independent.

DIRECTORS' INFORMATION/SIGNIFICANT COMMITMENTS

Save as disclosed in this annual report, the Company has not been advised by its directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to shareholders nor in any of their significant commitments for the purposes of C.1.5 of the CG Code set out within Appendix C1 to the Listing Rules.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement nor contract of significance to which the Company or any of its subsidiaries was a party, and in which a director of the Company or an entity connected with a director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

EMOLUMENTS OF DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the Directors' emoluments and those of the five highest paid individuals in the Group are set out in notes 8 and 9 to the consolidated financial statements respectively.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS

As at 31 December 2025, the interests of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise notified to the Company and the Exchange pursuant to the Model Code, were as follows:

Interests in the Company

	No. of shares held			
Name of director	**Personal interests**	**Corporate interests**	**Total no. of shares held**	**Approximate % of interest**
Wong Hy Sky	88,000,000	79,772,000*	167,772,000	20.98%

Note:

* Mr. Wong Hy Sky ("Mr. Wong") was deemed to be interested in 79,772,000 shares in the Company by virtue of his indirect control of Hong Kong Petrochemical Industrial Group Limited ("HK Petrochemical") which owned those shares. HK Petrochemical is a wholly owned subsidiary of Ever Lead Developments Limited ("Ever Lead"), which is in turn a wholly owned subsidiary of Joybeam Global Limited a company wholly owned by Mr. Wong.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are as follows:

Share option scheme

The Company adopted a share option scheme (the "Scheme") on 21 May 2015. A summary of the Scheme is given below.

(1) Purpose	:	To provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits, to the participants and to serve such other purposes as the board may approve from time to time
(2) Participants	:	Any director (or any person proposed to be appointed as such, whether executive or non-executive), officer and employee (whether full-time or part-time) of each member of the Eligible Group (as defined in the Scheme Circular); any business consultant, professional or other advisers (in the areas of legal, technical, financial or corporate managerial) (including any executive, officer and employee of such business consultant, professional and other advisers) to each member of the Eligible Group (or persons proposed to be appointed as such) who has rendered service or will render service to the Group, as absolutely determined by the board
(3) Total number of shares available for issue (% of number of shares in issue as at the date of this report)	:	79,955,741 shares (10%)
(4) Maximum entitlement of each participant	:	1% of the total number of shares in issue in any 12-month period
(5) Period within which the shares must be taken up under an option	:	To be determined by the board at its absolute discretion as being the period during which an option may be exercised, such period to expire not later than 10 years from the date of grant of the option
(6) Minimum period for which an option must be held before exercise	:	To be determined by the board from time to time

EQUITY-LINKED AGREEMENTS (Continued)

Share option scheme (Continued)

(7) Amount payable on application or acceptance of the option	:	HK$1.00
(8) Basis of determining the exercise price	:	The exercise price shall be a price solely determined by the board but shall be not less than the higher of: (a) the closing price of the shares as stated in the Exchange's daily quotations sheet on the date of grant of the option which must be a business day; (b) the average closing price of the shares as stated in the Exchange's daily quotations sheets for the five consecutive business days immediately preceding the date of grant of the option; and (c) the nominal value of a share on the date of grant of the option
(9) Remaining life	:	Until 20 May 2025

No options was granted under the Scheme since its adoption.

Apart from the foregoing, at no time during the year was the Company or any of its subsidiaries a party to any arrangements whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

The share option scheme adopted by the Company on 21 May 2015 (the "Scheme") is the only share option scheme of the Company. A summary of the principal terms of the Scheme is given in the circular to shareholders dated 17 April 2015. No option has been granted since the adoption of the Scheme and the Scheme expired on 20 May 2025.

OTHER PERSONS' INTERESTS AND SHORT POSITIONS

As at 31 December 2025, so far as was known to the Directors, the following persons (other than the Directors or chief executive of the Company) were recorded in the register kept by the Company under Section 336 of the SFO as being interested or deemed to have interest in 5% or more of the issued share capital of the Company:

Name of shareholder	Capacity	No. of shares held	Approximate % of interest
Joybeam Global	Interest of controlled corporation	79,772,000	9.98%
Ever Lead	Interest of controlled corporation	79,772,000	9.98%
HK Petrochemical	Beneficial owner	79,772,000	9.98%
Cheung Chung Kiu	Interest of controlled corporation	48,736,150	6.09%
Windsor Dynasty Limited	Interest of controlled corporation	48,736,150	6.09%
First Rose Global Limited	Beneficial owner	48,736,150	6.09%

Notes:

1 Each parcel of 79,772,000 shares represents HK Petrochemical's direct interest in the Company. Joybeam Global and Ever Lead were deemed to be interested in those shares by virtue of their direct or indirect control of HK Petrochemical.

2 Each parcel of 48,736,150 shares represents First Rose Global Limited's direct interest in the Company. Windsor Dynasty Limited was deemed to be interested in those shares by virtue of its direct control of First Rose Global Limited. Mr. Cheung Chung Kiu ("Mr. C.K. Cheung") was deemed to be interested in those shares by virtue of his indirect control of First Rose Global Limited. First Rose Global Limited was a wholly owned subsidiary of Windsor Dynasty Limited, a company wholly owned by Mr. C.K. Cheung.

Save as disclosed above, as at 31 December 2025, the Company had not been notified of any other person or corporation (other than Directors or chief executive of the Company) as being interested or deemed to have interests or short positions in shares or underlying shares of the Company which would fall to be disclosed to the Company or the Exchange under Part XV of the SFO.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2025, none of the Directors has any competing interests which need to be disclosed pursuant to Rule 8.10 of the Listing Rules.

RETIREMENT SCHEMES

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme in Hong Kong and the employees of the Group's subsidiaries in Mainland China participate in a central pension scheme. Particulars of the above schemes are set out in note 2.4(x) to the financial statements.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the directors, as at the date of this report, the Company is in compliance with the prescribed amount of public float under Rule 8.08 of the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any shares in the Company during the year.

PRE-EMPTIVE RIGHTS

There are no pre-emptive rights provisions in the Bermuda Companies Act 1981 or in the bye-laws of the Company.

PERMITTED INDEMNITY PROVISION

Permitted indemnity provisions (within the meaning of section 469 of the Companies Ordinance) for the benefit of the Directors are currently in force and were in force throughout the year.

The Company has also purchased the Directors' and Officers' Liability Insurance to provide adequate protection against claims arising from the lawful discharge of duties by the directors of the Company and its subsidiaries throughout the year.

For the year ended 31 December 2025, no claims were made against the Directors.

EXTERNAL AUDITOR

The financial statements for the year ended 31 December 2025 have been audited by Ernst & Young, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment in the forthcoming annual general meeting. A resolution for the re-appointment of Ernst & Young as the external auditor of the Company will be proposed at the forthcoming annual general meeting.

There has been no change of the auditor of the Company in the preceding three years.

On behalf of the Board

Wong Hy Sky
Chairman and Managing Director

Hong Kong, 27 March 2026

To the shareholders of Y. T. Realty Group Limited
(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of Y. T. Realty Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 72 to 164, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

KEY AUDIT MATTERS (Continued)

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 holds investment properties which are situated in Mainland China for rental earning purposes. Such investment properties are measured at fair value at the end of each reporting period and the aggregate carrying amount of these investment properties amounted to approximately HK$488 million as at 31 December 2025. Significant estimation is required to determine the fair values of the investment properties, which reflect market conditions at the end of the reporting period. Management engaged external valuer to perform valuations of these investment properties at the end of the reporting period, and in the absence of current prices in an active market for similar properties, the external valuer considered information from a variety of sources such as current prices of properties of a similar location/condition and estimated rental value of the relevant properties and made assumptions about the capitalisation rates. Disclosures in relation to the estimation of the fair values of the investment properties are included in notes 2.4, 3 and 14 to the consolidated financial statements.	Our audit procedures to assess the valuations of the investment properties included the following: • obtaining and reviewing the valuation report prepared by the external valuer engaged by the Group; • assessing the external valuer's qualifications, experience and expertise and considering its objectivity and independence; • involving our internal valuation specialists to assist us to assess the valuation methodologies applied and the key assumptions and estimates adopted in the valuations; • comparing property-related data used as inputs for the valuations with underlying documentation, such as development plan for the investment properties under construction; • reviewing management's development plan and budget of the investment properties under construction with reference to market data, signed construction contracts or quotations from suppliers; and • assessing the adequacy of the disclosures on the valuations of the investment properties.

KEY AUDIT MATTERS (Continued)

Key audit matter	**How our audit addressed the key audit matter**
Net realisable value of properties under development and completed properties held for sale	
The carrying amounts of properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. As at 31 December 2025, the Group had properties under development and completed properties held for sale of approximately HK$15,175 million and approximately HK$1,657 million, respectively, which represented 64% and 7% of the Group's total assets, respectively. During the year, an aggregate provision of HK$31 million was recognised in profit or loss against properties under development and completed properties held for sale. An aggregate provision of approximately HK$578 million on properties under development and completed properties held for sale was made by the Group as at 31 December 2025. Determination of net realisable value of the properties under development and completed properties held for sale involved critical accounting estimates on the selling price, costs to make the sale and, for properties under development, the costs to completion. Given the significant balance of properties under development and completed properties held for sale and the involvement of critical accounting estimates, assessment of net realisable value of properties under development and completed properties held for sale is considered as a key audit matter. Disclosures in relation to the estimation of net realisable value of properties under development and completed properties held for sale are included in notes 2.4, 3, 19 and 20 to the consolidated financial statements.	Our audit procedures to assess the net realisable value of properties under development and completed properties held for sale included the following: • obtaining an understanding of the management's internal control and process of the assessment of the net realisable value of properties under development and completed properties held for sale; • evaluating the property construction cycle with particular focus on, but not limited to, reviewing the cost budgeting for estimated costs to completion; and • evaluating management's assessment about the estimated selling price less the estimated cost to make the sale and the estimated cost to completion by checking the recent market transaction prices of properties with comparable locations and conditions, where applicable; comparing with the average historical costs to make the sales by the Group; and comparing the latest estimated costs to completion to the budget approved by management and examining the supporting document such as construction contracts, internal correspondences and approvals.

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.

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

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

As part of an audit in accordance with HKSAs, 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.

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 Mr. Chow Chi Chung (practising certificate number: P05073).

Ernst & Young
Certified Public Accountants
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong
27 March 2026

	Notes	2025 HK$'000	2024 HK$'000
REVENUE	*5*		
Sales of properties		**4,724,061**	4,224,465
Rental income		**–**	15,724
Interest income		**–**	1,142
Total revenue		**4,724,061**	4,241,331
Cost of sales		**(4,143,345)**	(3,401,378)
Gross profit		**580,716**	839,953
Other income and gains	*5*	**22,754**	33,630
Other expenses and losses		**(10,662)**	(1,242)
Selling and marketing expenses		**(541,008)**	(387,921)
Administrative expenses		**(160,741)**	(171,303)
Finance costs	*7*	**(99,530)**	(131,764)
Changes in fair value of investment properties	*14*	**1,934**	3,688
PROFIT/(LOSS) BEFORE TAX	*6*	**(206,537)**	185,041
Income tax expense	*10*	**(187,715)**	(163,782)
PROFIT/(LOSS) FOR THE YEAR		**(394,252)**	21,259
Attributable to:			
Equity holders of the Company		**(343,785)**	(3,954)
Non-controlling interests	*30*	**(50,467)**	25,213
		(394,252)	21,259
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY			
Basic and diluted	*12*	**(HK43.0 cents)**	(HK0.5 cent)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
PROFIT/(LOSS) FOR THE YEAR		**(394,252)**	21,259
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**14,325**	(15,326)
Release of exchange fluctuation reserve upon disposal of subsidiaries	*31*	**–**	8,414
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		**14,325**	(6,912)
Other comprehensive loss that will not be reclassified to profit or loss in subsequent periods:			
Change in fair value of a financial asset designated at fair value through other comprehensive income	*18*	**–**	(560)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**14,325**	(7,472)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(379,927)**	13,787
Attributable to:			
Equity holders of the Company		**(322,117)**	(17,906)
Non-controlling interests		**(57,810)**	31,693
		(379,927)	13,787

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**206,943**	195,546
Investment properties	14	**488,346**	344,645
Goodwill	16	**251,133**	248,603
Other intangible asset	17	**9,660**	11,080
Financial asset designated at fair value through other comprehensive income	18	**1,200**	1,200
Deferred tax assets	27	**172,576**	159,083
Other receivables	21	**67,304**	61,655
Total non-current assets		**1,197,162**	1,021,812
CURRENT ASSETS			
Properties under development	19	**15,175,380**	12,003,558
Interests in land use rights for property development	19	**–**	1,272,175
Completed properties held for sale	20	**1,657,140**	1,645,969
Other receivables, deposits and prepayments	21	**2,274,768**	1,918,866
Prepaid income tax		**161,462**	124,365
Cash and bank balances	22	**3,247,656**	950,914
Total current assets		**22,516,406**	17,915,847
CURRENT LIABILITIES			
Trade and retention payables	23	**3,711,863**	2,754,635
Other payables and accrued expenses	24	**2,053,001**	1,770,473
Interest-bearing bank and other borrowings	25	**728,301**	434,783
Contract liabilities	26	**12,907,971**	8,309,714
Tax payable		**437,832**	293,824
Total current liabilities		**19,838,968**	13,563,429
NET CURRENT ASSETS		**2,677,438**	4,352,418
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,874,600**	5,374,230

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27	**43,126**	30,127
Interest-bearing bank and other borrowings	25	**3,370,217**	4,506,160
Other payables	24	**7,076**	8,387
Total non-current liabilities		**3,420,419**	4,544,674
Net assets		**454,181**	829,556
EQUITY			
Equity attributable to equity holders of the Company			
Issued share capital	28	**79,956**	79,956
Reserves	29	**613,669**	931,235
		693,625	1,011,191
Non-controlling interests	30	**(239,444)**	(181,635)
Total equity		**454,181**	829,556

Wong Hy Sky
Director

Liu Jie
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

		Attributable to equity holders of the Company										
	Note	Issued share capital HK$'000	Share premium account HK$'000	Capital redemption reserve HK$'000	Capital reserve HK$'000	Contributed surplus HK$'000	Exchange fluctuation reserve HK$'000	Other reserve HK$'000	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2025		**79,956**	**95,738**	**1,350**	**1,800**	**4,767**	**14,328**	**460**	**812,792**	**1,011,191**	**(181,635)**	**829,556**
Loss for the year		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(343,785)**	**(343,785)**	**(50,467)**	**(394,252)**
Exchange differences on translation of foreign operations		**–**	**–**	**–**	**–**	**–**	**21,667**	**–**	**–**	**21,667**	**(7,342)**	**14,325**
Other comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**21,667**	**–**	**–**	**21,667**	**(7,342)**	**14,325**
Total comprehensive income/(loss) for the year		**–**	**–**	**–**	**–**	**–**	**21,667**	**–**	**(343,785)**	**(322,118)**	**(57,809)**	**(379,927)**
Unclaimed dividends forfeited		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**4,552**	**4,552**	**–**	**4,552**
At 31 December 2025		**79,956**	**95,738***	**1,350***	**1,800***	**4,767***	**35,995***	**460***	**473,559***	**693,625**	**(239,444)**	**454,181**
At 1 January 2024		79,956	95,738	1,350	1,800	4,767	27,720	1,020	816,746	1,029,097	(213,540)	815,557
Profit/(loss) for the year		–	–	–	–	–	–	–	(3,954)	(3,954)	25,213	21,259
Change in fair value of a financial asset designated at fair value through other comprehensive income		–	–	–	–	–	–	(560)	–	(560)	–	(560)
Exchange differences on translation of foreign operations		–	–	–	–	–	(21,806)	–	–	(21,806)	6,480	(15,326)
Release of exchange fluctuation reserve upon disposal of subsidiaries	31	–	–	–	–	–	8,414	–	–	8,414	–	8,414
Other comprehensive income/(loss) for the year		–	–	–	–	–	(13,392)	(560)	–	(13,952)	6,480	(7,472)
Total comprehensive income/(loss) for the year		–	–	–	–	–	(13,392)	(560)	(3,954)	(17,906)	31,693	13,787
Capital injection from non-controlling interests		–	–	–	–	–	–	–	–	–	212	212
At 31 December 2024		79,956	95,738*	1,350*	1,800*	4,767*	14,328*	460*	812,792*	1,011,191	(181,635)	829,556

* These reserve accounts comprise the consolidated reserves of HK$613,669,000 (2024: HK$931,235,000) 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			
Net cash generated from/(used in) operations	*32(a)*	**1,976,244**	(1,987,152)
Interest received from time deposits	*5*	**–**	1,142
PRC corporate income tax paid		**(6,394)**	(12,380)
PRC land appreciation tax paid		**(90,078)**	(21,686)
Overseas profits tax paid		**–**	(1,747)
Net cash flows from/(used in) operating activities		**1,879,772**	(2,021,823)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to investment properties	*14*	**(122,660)**	(60,165)
Purchases of items of property, plant and equipment		**(14,187)**	(10,926)
Bank interest income received		**9,253**	8,203
Acquisitions of subsidiaries that are not a business		**–**	1,205
Proceeds from disposal of subsidiaries	*31*	**–**	21,944
Loans repaid from/(advanced to) third parties		**39,000**	(43,500)
Net cash flows used in investing activities		**(88,594)**	(83,239)
CASH FLOWS FROM FINANCING ACTIVITIES			
Capital contribution from a non-controlling shareholder		**–**	212
New interest-bearing bank and other borrowings		**12,061,207**	8,594,347
Repayment of interest-bearing bank and other borrowings		**(13,133,954)**	(6,256,589)
Principal portion of lease payments		**(4,481)**	(3,208)
Interest paid		**(209,130)**	(290,753)
Net cash flows from/(used in) financing activities		**(1,286,358)**	2,044,009
Net increase/(decrease) in cash and cash equivalents		**504,820**	(61,053)
Cash and cash equivalents at beginning of year		**43,956**	94,661
Effect on foreign exchange rate changes, net		**38,228**	10,348
CASH AND CASH EQUIVALENTS AT END OF YEAR		**587,004**	43,956
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	*22*	**3,247,656**	950,914
Less: Restricted bank balances		**(2,660,652)**	(906,958)
		587,004	43,956

1 CORPORATE AND GROUP INFORMATION

Y. T. Realty Group Limited (the "Company") is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at Room 2805, 28th floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.

During the year, the Company and its subsidiaries (the "Group") were involved in the following principal activities:

(a) Property development and trading;

(b) Property investment;

(c) Treasury management; and

(d) Investment holding.

Information about subsidiaries

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

Name of company	Place of incorporation/ registration and business	Issued and fully paid ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Century Well Enterprises Limited	Hong Kong	HK$1	–	100%	Corporate management service
Chengdu Jinmao Property Co. Ltd. #/* (成都錦懋置業有限公司)	The People's Republic of China ("PRC" or "Mainland China")	RMB70,000,000	–	80%	Property development and trading
Chengdu Junfei Property Co. Ltd. #/* (成都駿霏置業有限公司)	Mainland China	RMB10,000,000	–	100%	Property development and trading
Chengdu Puyuan Property Co. Ltd. #/* (成都璞遠置業有限公司)	Mainland China	RMB10,000,000	–	80%	Property development and trading

1 CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name of company	Place of incorporation/ registration and business	Issued and fully paid ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Chengdu Runyu Property Co. Ltd. #/* (成都潤渝置業有限公司)	Mainland China	RMB100,000,000	–	100%	Property investment
Chengdu Yuanrun Corporate Management Co. Ltd. #/** (成都圓潤企業管理有限公司)	Mainland China	RMB10,000,000	–	100%	Corporate management service
Chengdu Yuchao Property Co. Ltd. #/* (成都裕朝置業有限公司)	Mainland China	RMB10,000,000	–	100%	Property development and trading
Chengdu Yuchuang Property Co. Ltd. #/* (成都裕創置業有限公司)	Mainland China	RMB10,000,000	–	80%	Property development and trading
China Circle Capital Investment Limited	Hong Kong	HK$10,000	–	100%	Investment holding
Circle Capital (International) Investment Limited	Hong Kong	HK$1	–	100%	Investment holding
Deyun Enterprises Limited	British Virgin Islands	US$1	–	100%	Investment holding
Deren Group Limited	Hong Kong	HK$1	–	100%	Investment holding
Deren Investments Limited	British Virgin Islands	US$1	–	100%	Investment holding
Derun Investment Development (China) Limited	British Virgin Islands	US$1	–	100%	Investment holding
Grand Galaxy Limited	Hong Kong	HK$1	–	100%	Treasury management
Great Giant Investment Limited (“Great Giant”)	British Virgin Islands	US$50,000	–	100%	Investment holding
Golden Honour Global Limited	British Virgin Islands	US$1	–	100%	Investment holding

1 CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name of company	Place of incorporation/ registration and business	Issued and fully paid ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Meishan Pengshan Yuanzhong Juhua Zhiye Co. Ltd. #/* (眉山彭山圓中聚華置業有限公司)	Mainland China	RMB30,000,000	–	53.6%	Property development and trading
Meishan Yuanzhong Changde Zhiye Co. Ltd. #/* (眉山圓中長德置業有限責任公司)	Mainland China	RMB30,000,000	–	53.6%	Property development and trading
Neoteric City Investment Limited	Hong Kong	HK$1	–	100%	Investment holding
Neoteric City Management Limited	British Virgin Islands	US$1	–	100%	Investment holding
Prime Circle Global Limited ("Prime Circle")	British Virgin Islands	US$50,000	–	100%	Investment holding
Prosperous Ever Investment Limited	Hong Kong	HK$1	–	100%	Investment holding
Prosperous Ever Management Limited	British Virgin Islands	US$1	–	100%	Investment holding
Radiance Ventures Limited	British Virgin Islands	US$1	100%	–	Investment holding
Radiant Luck Investments Limited	British Virgin Islands	US$1	–	100%	Investment holding
Sichuan Yuanzhong Changxin Daijiankang Industry Development Co. Ltd. #/* ("Yuanzhong Changxin") (四川圓中長信大健康產業發展有限公司)	Mainland China	RMB300,000,000	–	53.6%	Investment holding
Sichuan Yuanzhong Huaixi Zhiye Co. Ltd. #/* (四川省圓中懷璽置業有限公司)	Mainland China	RMB1,000,000,000	–	53.6%	Investment holding
Sichuan Yuanzhong Jiahua Health Industry Development Co. Ltd. #/* (四川圓中嘉華健康產業有限公司)	Mainland China	RMB200,000,000	–	53.6%	Property development and trading

1 CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

Name of company	Place of incorporation/ registration and business	Issued and fully paid ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Sichuan Yuanzhong Kangyangcheng Zhiye Development Co. Ltd. #/* ("Yuanzhong Kangyangcheng") (四川圓中康養城置業發展有限公司)	Mainland China	RMB219,500,000	–	67%	Property development and trading
Sichuan Yuanzhong Rundafeng Property Development Co. Ltd. #/* ("Yuanzhong Rundafeng") (四川圓中潤達豐置業發展有限公司)	Mainland China	RMB10,000,000	–	80%	Property development and trading
Sichuan Yuanzhong Runheng Zhiye Development Co. Ltd. #/* (四川圓中潤恒置業發展有限公司)	Mainland China	RMB84,000,000	–	67%	Property development and trading
Top Focus Industries Limited	Hong Kong	HK$1	–	100%	Investment holding
Y. T. Group Management Limited	Hong Kong	HK$2	–	100%	Investment holding

\# The English names of these companies represent management's best effort to directly translate their Chinese names as no English names have been registered.

* Registered as limited liability companies under the PRC law.

** Registered as a wholly foreign-owned enterprise under the PRC law.

During the year ended 31 December 2024, the Group disposed of certain subsidiaries and further details of the disposal are included in note 31 to the financial statements.

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.

2. ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). These financial statements have been prepared on a going concern basis and under the historical cost convention, except for investment properties and a financial asset designated at fair value through other comprehensive income, which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK$") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries 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.

2. ACCOUNTING POLICIES (Continued)

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation (Continued)

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

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

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

3 No mandatory effective date yet determined but available for adoption

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.

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

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

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

2. ACCOUNTING POLICIES (Continued)

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (Continued)

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.

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.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES

(a) Business combinations and goodwill

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

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

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

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

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.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(a) Business combinations and goodwill (Continued)

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. 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 part of 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.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Fair value measurement

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

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

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

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

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

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(c) 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 deferred tax assets, properties under development, interest in land use rights for property development, completed properties held for sale and 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, 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 the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(d) Related parties

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

(a) the party is a person or a close member of that person's family and that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(e) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, 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 cost 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 the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of 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. Right-of-use assets are depreciated over the lease terms and the principal annual rates used for this purpose in respect of owned assets are as follows:

Owned assets

Leasehold improvements	Over the shorter of the lease terms and 20%
Office equipment, furniture and fixtures	15%/20%
Computer software	20%/50%
Motor vehicles	20%/25%
Computer equipment	33%

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 the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(f) 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.

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed. When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the statement of profit or loss.

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

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

For a transfer from interests in land use rights for property development or properties under development to investment properties, any difference between the fair value of the interest in land use rights or the property at the date of change in use and its previous carrying amount is recognised in the statement of profit or loss.

(g) Golf club membership

Golf club membership acquired is measured on initial recognition at cost and its useful life is assessed to be indefinite.

Golf club membership is tested for impairment annually and not amortised. Its useful life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leases

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

Group as a lessee

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

(a) *Right-of-use assets*

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

Leasehold land	2 to 40 years
Leased properties	2 to 3 years

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.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "properties under development" and "completed properties held for sale". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties". The other right-of-use assets of the Group are included under "property, plant and equipment" in accordance with the Group's policy for "Property, plant and equipment and depreciation".

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leases (continued)

Group as a lessee (Continued)

(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.

The Group's lease liabilities are included in other payables and accrued expenses.

(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 property and 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). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. 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.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(h) Leases (continued)

Group as a lessor

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

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

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

(i) Properties under development

Properties under development are intended to be held for sale after completion. Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Net realisable value takes into account the Group's expected proceeds derived from the properties under development, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of the properties, based on prevailing market conditions. Any excess of cost over the net realisable value of individual items of properties under development is recognised as an expense in profit or loss.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

When the right-of-use assets relate to interests in leasehold land held as properties under development, they are initially included in the properties under development and subsequently measured at the lower of cost and net realisable value.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost of properties held for sale is determined by an apportionment of total land and construction costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on the prevailing market conditions.

When the right-of-use assets relate to interests in leasehold land held as completed properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for completed properties held for sale.

(k) Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income 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.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(k) 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 the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets designated at fair value through other comprehensive income (equity investments)

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(l) 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 the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(m) 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.

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Impairment of financial assets (Continued)

General approach (Continued)

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.

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings or 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 trade and retention payables, other payables and accrued expenses and interest-bearing bank and other borrowings.

Subsequent measurement

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

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

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(o) Derecognition of financial liabilities

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

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

(p) 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 currently an 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.

(q) 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.

(r) Provisions

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(r) Provisions (Continued)

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

(s) Income tax

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

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

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

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

- when the deferred tax liability 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 taxable temporary differences associated with investments in subsidiaries, 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.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

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

- 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, 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 the reporting period.

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(t) Revenue recognition

Revenue from contracts with customers

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

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

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

Sales of properties

Revenue from the sales of properties is recognised at the point in time when the customer obtains the physical possession or the legal title of the completed property and the Group has the present right to payment and the collection of the consideration is probable.

Revenue from other sources

(a) Rental income is recognised on a time proportion basis over the lease terms.

(b) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimate future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(u) 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).

(v) Contract costs

Costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer it would not have incurred if the contract had not been obtained e.g., commission to sales agents. Costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. The costs of obtaining a contract are charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the asset related is recognised. Other costs of obtaining a contract are expensed when incurred.

(w) Borrowing costs

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

(x) Employee benefits

Pension schemes

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 in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of 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.

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Employee benefits (Continued)

Pension schemes (Continued)

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the "Pension Scheme") operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the Pension Scheme. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing contributions under the Pension Scheme. The contributions are charged to statement of profit or loss as they become payable in accordance with the rules of the Pension Scheme.

(y) Dividends

Final dividend is recognised as a liability when it is approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

(z) Foreign currencies

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(z) Foreign currencies (Continued)

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 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 exchange rates that approximate to those prevailing at the dates of the transactions.

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

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

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

2. ACCOUNTING POLICIES (Continued)

2.4 MATERIAL ACCOUNTING POLICIES (Continued)

(aa) 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.

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. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. 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 future.

Judgements

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

Classification between investment properties and owner-occupied properties

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

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (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.

The Group has unrecognised tax losses of HK$165,712,000 (2024: HK$145,567,000) 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$30,252,000 (2024: HK$26,845,000). Further details are contained in note 27 to the financial statements.

Estimation uncertainty

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

Valuations of investment properties

The fair values of the Group's investment properties, including completed investment properties and investment properties under construction, are determined by independent professionally qualified valuers on an open market, existing use basis. In making the judgement on the determination of the fair values, consideration has been given to assumptions that are mainly based on market conditions existing at the end of the reporting period and appropriate capitalisation rates. The valuations of the investment properties under construction are based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan. Relevant estimates are regularly compared to actual market data. More details are given in note 14 to the consolidated financial statements.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Estimation of net realisable value of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Further details on the carrying amounts are given in notes 19 and 20 to the consolidated financial statements.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use or the fair value less costs of disposal of the cash-generating units to which the goodwill is allocated. Estimating the value in use or the fair value less costs of disposal requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2025 was HK$251,133,000 (2024: HK$248,603,000). Further details are given in note 16 to the consolidated financial statements.

Allocation and recognition of development costs on properties under development

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Allocation and recognition of development costs on properties under development (Continued)

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

Further details on the carrying amounts are given in note 19 to the consolidated financial statements.

PRC corporate income tax ("CIT")

The Group is subject to CIT in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of CIT payables at 31 December 2025 was HK$289,690,000 (2024: HK$193,634,000).

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded. The carrying amount of LAT payables at 31 December 2025 was HK$148,142,000 (2024: HK$100,190,000).

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its business activities and has three (2024: three) reportable operating segments as follows:

(a) The property development and trading segment comprises the development and trading of properties;

(b) The property investment segment invests in properties for rental income and potential capital appreciation; and

(c) The treasury management segment invests in debt securities and time deposits for earning interest income.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that general finance costs, unallocated other income and gains and corporate and other unallocated expenses and losses are excluded from this measurement.

Segment assets exclude property, plant and equipment related to head office, a financial asset designated at fair value through other comprehensive income, other intangible asset, certain unallocated cash and bank balances, unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude general interest-bearing bank and other borrowings, unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

4 OPERATING SEGMENT INFORMATION (Continued)

	Property development and trading HK$'000	Property investment HK$'000	Treasury management HK$'000	Consolidated HK$'000
2025				
Segment revenue *(note 5)*	4,724,061	–	–	4,724,061
Segment results	(64,618)	531	(13)	(64,100)
Specific finance costs	(99,153)	–	–	(99,153)
General finance costs				(377)
Unallocated other income and gains				323
Corporate and other unallocated expenses and losses				(43,230)
Loss before tax				(206,537)
Income tax expense	(187,579)	(136)	–	(187,715)
Loss for the year				(394,252)

4 OPERATING SEGMENT INFORMATION (Continued)

	Property development and trading HK$'000	Property investment HK$'000	Treasury management HK$'000	Corporate and others HK$'000	Consolidated HK$'000
Assets and liabilities					
Total assets	**23,191,516**	**490,623**	**–**	**31,429**	**23,713,568**
Total liabilities	**23,130,754**	**124,082**	**–**	**4,551**	**23,259,387**
Other segment information:					
Capital expenditure*	**11,016**	**122,660**	**–**	**2,949**	**136,625**
Depreciation	**8,005**	**–**	**–**	**3,907**	**11,912**
Impairment loss on other intangible asset	**–**	**–**	**–**	**1,420**	**1,420**
Impairment loss on goodwill	**9,059**	**–**	**–**	**–**	**9,059**
Fair value gains on investment properties	**–**	**1,934**	**–**	**–**	**1,934**
Provision for properties under development and completed properties held for sale	**30,868**	**–**	**–**	**–**	**30,868**

* Capital expenditure consists of additions of owned assets of property, plant and equipment and investment properties.

4 OPERATING SEGMENT INFORMATION (Continued)

	Property development and trading HK$'000	Property investment HK$'000	Treasury management HK$'000	Consolidated HK$'000
2024				
Segment revenue *(note 5)*	4,224,465	15,724	1,142	4,241,331
Segment results	308,796	37,672	1,129	347,597
Specific finance costs	(119,031)	(9,667)	–	(128,698)
General finance costs				(3,066)
Unallocated other income and gains				2,071
Corporate and other unallocated expenses and losses				(32,863)
Profit before tax				185,041
Income tax expense	(161,231)	(2,551)	–	(163,782)
Profit for the year				21,259

	Property development and trading HK$'000	Property investment HK$'000	Treasury management HK$'000	Corporate and others HK$'000	Consolidated HK$'000
Assets and liabilities					
Total assets	18,515,024	345,809	–	76,826	18,937,659
Total liabilities	17,893,287	202,067	–	12,749	18,108,103
Other segment information:					
Capital expenditure*	10,926	60,165	–	–	71,091
Depreciation	12,032	–	–	3,896	15,928
Fair value gains on investment properties	–	3,688	–	–	3,688
Gain on disposal of subsidiaries	–	20,118	–	–	20,118
Provision for properties under development and completed properties held for sale	14,220	–	–	–	14,220

4 OPERATING SEGMENT INFORMATION (Continued)

Geographical information

(a) Revenue from external customers

	2025	2024
	HK$'000	HK$'000
Mainland China	**4,724,061**	4,224,465
United Kingdom	**–**	15,724
Hong Kong	**–**	1,142
Total	**4,724,061**	4,241,331

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

(b) Non-current assets

	2025	2024
	HK$'000	HK$'000
Mainland China	**941,386**	783,266
Hong Kong	**14,696**	16,608
Total	**956,082**	799,874

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

Information about major customers

During the years ended 31 December 2025 and 2024, no revenue from transactions with a single external customer amounted to 10% or more of the total revenue of the Group.

5 REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2025 HK$'000	2024 HK$'000
Revenue from contracts with customers		
Sales of properties	**4,724,061**	4,224,465
Revenue from other sources		
Gross rental income from investment property operating leases:		
Fixed lease payments	–	15,724
Interest income from time deposits	–	1,142
Subtotal	–	16,866
Total revenue	**4,724,061**	4,241,331

Revenue from contracts with customers

(a) Disaggregated revenue information

Segment — Property development and trading	2025 HK$'000	2024 HK$'000
Type of goods		
Sales of properties	**4,724,061**	4,224,465
Geographical market		
Mainland China	**4,724,061**	4,224,465

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 HK$'000	2024 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sales of properties	**3,064,445**	3,052,083

5 REVENUE, OTHER INCOME AND GAINS (Continued)

Revenue from contracts with customers (Continued)

(b) Performance obligations

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

Sales of properties

For property sales contracts, the performance obligation is satisfied upon delivery of the properties and payment in advance is normally required.

The amounts of transaction prices allocated to the remaining performance obligations as at 31 December are as follows:

	2025 **HK$'000**	2024 HK$'000
Amounts expected to be recognised as revenue:		
Within one year	**3,078,933**	4,083,832
After one year	**9,068,794**	5,255,555
Total	**12,147,727**	9,339,387

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sales of properties, of which the performance obligations are to be satisfied within three years (2024: within three years). All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

	2025 **HK$'000**	2024 HK$'000
Other income and gains		
Bank interest income	**9,253**	8,203
Gain on disposal of subsidiaries *(note 31)*	**–**	20,118
Others	**13,501**	5,309
Total other income and gains	**22,754**	33,630

6 PROFIT/(LOSS) BEFORE TAX

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

	2025 **HK$'000**	2024 HK$'000
Gross rental income	**–**	(15,724)
Less: Outgoings	**–**	50
Net rental income	**–**	(15,674)
Cost of properties sold	**4,112,477**	3,387,108
Depreciation of owned assets *(note 13)*	**8,204**	11,805
Depreciation of right-of-use assets *(note 13)*	**3,982**	4,378
	12,186	16,183
Less: Amount capitalised	**(274)**	(255)
Total	**11,912**	15,928
Lease payments not included in the measurement of lease liabilities *(note 15(c))*	**2,826**	2,847
Auditor's remuneration	**1,595**	2,050
Staff costs (including executive directors' remuneration *(note 8)):*		
Wages and salaries	**152,679**	123,443
Discretionary bonuses	**231**	46
Pension scheme contributions*	**12,984**	9,036
Total	**165,894**	132,525
Foreign exchange differences, net	**1,318**	101
Impairment loss on other intangible asset *(note 17)***	**1,420**	–
Impairment loss on goodwill *(note 16)***	**9,059**	–
Gain on disposal of subsidiaries *(note 31)****	**–**	(20,118)
Provision for properties under development and completed properties held for sale *(note 19 and 20)*****	**30,868**	14,220

* There are no forfeited contributions that may be used by the Group, as the employer, to reduce the existing level of contributions.

** These items are included in "Other expenses and losses" in the consolidated statement of profit or loss.

*** This item is included in "Other income and gains" in the consolidated statement of profit or loss.

**** This item is included in "Cost of sales" in the consolidated statement of profit or loss.

7 FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK$'000	2024 HK$'000
Interest on bank and other borrowings	**406,063**	325,814
Interest expenses arising from revenue contracts	**392,568**	863,691
Interest on lease liabilities	**943**	1,013
Imputed interest on retention payables	**65,724**	56,956
Total interest expenses	**865,298**	1,247,474
Less: Interest capitalised	**(765,768)**	(1,115,710)
Total	**99,530**	131,764

8 DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, section 383(1)(a), (b), (c) and (f) of the 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	**920**	920
Other emoluments:		
Salaries, allowances and benefits in kind	**3,959**	3,288
Discretionary bonuses	**231**	46
Pension scheme contributions	**70**	44
Total	**5,180**	4,298

There was no arrangement under which a director waived or agreed to waive any remuneration during the years ended 31 December 2025 and 2024.

8 DIRECTORS' REMUNERATION (Continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	2025 **HK$'000**	2024 HK$'000
Mr. Luk Yu King, James	**475**	475
Mr. Leung Yu Ming, Steven	**345**	345
Mr. Lai Degang	**100**	100
Total	**920**	920

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

(b) Executive directors

	Fees HK$'000	**Salaries, allowances and benefits in kind HK$'000**	**Discretionary bonuses HK$'000**	**Pension scheme contributions HK$'000**	**Total remuneration HK$'000**
2025					
Mr. Wong Hy Sky	**–**	**2,742**	**–**	**18**	**2,760**
Mr. Liu Jie	**–**	**638**	**137**	**26**	**801**
Ms. Li Li**	**–**	**579**	**94**	**26**	**699**
Total	**–**	**3,959**	**231**	**70**	**4,260**
2024					
Mr. Wong Hy Sky	–	2,742	–	18	2,760
Mr. Yuen Wing Shing*	–	–	–	–	–
Mr. Liu Jie	–	507	46	26	579
Ms. Li Li**	–	39	–	–	39
Total	–	3,288	46	44	3,378

* Retired as a director on 31 May 2024.

** Appointed as a director on 13 December 2024.

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included one director (2024: one), details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining four (2024: four) highest paid employees who are non-director of the Company are as follows:

	2025	2024
	HK$'000	HK$'000
Salaries, allowances and benefits in kind	**11,818**	12,355
Discretionary bonuses	**–**	–
Pension scheme contributions	**72**	72
Total	**11,890**	12,427

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

	Number of employees	
	2025	2024
HK$1,000,001 to HK$1,500,000	**–**	1
HK$1,500,001 to HK$2,000,000	**2**	1
HK$2,000,001 to HK$2,500,000	**1**	1
HK$5,500,001 to HK$6,000,000	**1**	–
HK$6,500,001 to HK$7,000,000	**–**	1

10 INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the current and the prior years. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2025	2024
	HK$'000	HK$'000
Current — United Kingdom		
Charge for the year	**–**	2,084
Over-provision in prior years	**–**	(93)
Current — Mainland China		
PRC CIT	**100,888**	136,557
PRC LAT	**81,669**	69,996
	182,557	208,544
Deferred *(note 27)*	**5,158**	(44,762)
Total tax expense for the year	**187,715**	163,782

10 INCOME TAX (Continued)

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

	2025 HK$'000	2024 HK$'000
Profit/(loss) before tax	**(206,537)**	185,041
Tax at the statutory tax rates of different jurisdictions	**(72,460)**	46,583
Adjustments in respect of current tax of previous periods	**–**	(93)
Adjustments in respect of deferred tax of previous periods	**3,381**	2,447
Income not subject to tax	**(338,916)**	(240,559)
Expenses not deductible for tax	**530,539**	302,477
Tax losses not recognised	**3,383**	388
PRC LAT provided	**81,669**	69,996
Tax effect of PRC LAT deductible for PRC CIT	**(20,417)**	(17,499)
Others	**536**	42
Tax expense at the Group's effective rate	**187,715**	163,782

11 DIVIDENDS

The board of directors does not recommend the payment of a final dividend in respect of the year ended 31 December 2025 (2024: Nil). No interim dividend was declared in respect of the current year (2024: Nil).

12 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company and the number of ordinary shares in issue during the year.

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

12 LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY (Continued)

The calculations of basic and diluted loss per share are based on:

	2025	2024
	HK$'000	HK$'000
Loss		
Loss for the year attributable to ordinary equity holders of the Company	**(343,785)**	(3,954)

	Number of shares	
	2025	2024
Shares		
Number of ordinary shares in issue during the year	**799,557,415**	799,557,415

13 PROPERTY, PLANT AND EQUIPMENT

	Owned assets							Right-of-use assets			
	Leasehold improvements	Office equipment, furniture and fixtures	Computer software	Computer equipment	Motor vehicles	Construction in progress	Total	Leasehold land	Properties	Total	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
31 December 2025											
At 1 January 2025											
Cost	60,705	3,717	567	1,037	1,793	161,435	229,254	17,144	12,830	29,974	259,228
Accumulated depreciation	(49,022)	(2,610)	(508)	(572)	(1,225)	–	(53,937)	(1,575)	(8,170)	(9,745)	(63,682)
Net carrying amount	11,683	1,107	59	465	568	161,435	175,317	15,569	4,660	20,229	195,546
At 1 January 2025, net of accumulated depreciation	11,683	1,107	59	465	568	161,435	175,317	15,569	4,660	20,229	195,546
Additions	3,583	–	–	18	3,729	6,857	14,187	–	467	467	14,654
Depreciation provided during the year	(7,075)	(278)	(10)	(215)	(626)	–	(8,204)	(669)	(3,313)	(3,982)	(12,186)
Exchange realignment	437	36	2	16	25	7,692	8,208	710	11	721	8,929
At 31 December 2025, net of accumulated depreciation	8,628	865	51	284	3,696	175,984	189,508	15,610	1,825	17,435	206,943
At 31 December 2025											
Cost	67,132	3,865	592	1,095	5,589	175,984	254,257	17,944	13,327	31,271	285,528
Accumulated depreciation	(58,504)	(3,000)	(541)	(811)	(1,893)	–	(64,749)	(2,334)	(11,502)	(13,836)	(78,585)
Net carrying amount	8,628	865	51	284	3,696	175,984	189,508	15,610	1,825	17,435	206,943

13 PROPERTY, PLANT AND EQUIPMENT (Continued)

	Owned assets							Right-of-use assets			
	Leasehold improvements HK$'000	Office equipment, furniture and fixtures HK$'000	Computer software HK$'000	Computer equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000	Leasehold land HK$'000	Properties HK$'000	Total HK$'000	Total HK$'000
31 December 2024											
At 1 January 2024											
Cost	52,722	3,829	585	714	1,677	166,364	225,891	17,747	9,987	27,734	253,625
Accumulated depreciation	(39,862)	(2,120)	(449)	(409)	(959)	–	(43,799)	(914)	(4,506)	(5,420)	(49,219)
Net carrying amount	12,860	1,709	136	305	718	166,364	182,092	16,833	5,481	22,314	204,406
At 1 January 2024, net of accumulated depreciation	12,860	1,709	136	305	718	166,364	182,092	16,833	5,481	22,314	204,406
Additions	324	–	–	349	150	10,324	11,147	–	2,865	2,865	14,012
Transfer	9,594	–	–	–	–	(9,594)	–	–	–	–	–
Depreciation provided during the year	(10,697)	(564)	(75)	(175)	(294)	–	(11,805)	(707)	(3,671)	(4,378)	(16,183)
Exchange realignment	(398)	(38)	(2)	(14)	(6)	(5,659)	(6,117)	(557)	(15)	(572)	(6,689)
At 31 December 2024, net of accumulated depreciation	11,683	1,107	59	465	568	161,435	175,317	15,569	4,660	20,229	195,546
At 31 December 2024											
Cost	60,705	3,717	567	1,037	1,793	161,435	229,254	17,144	12,830	29,974	259,228
Accumulated depreciation	(49,022)	(2,610)	(508)	(572)	(1,225)	–	(53,937)	(1,575)	(8,170)	(9,745)	(63,682)
Net carrying amount	11,683	1,107	59	465	568	161,435	175,317	15,569	4,660	20,229	195,546

At 31 December 2025, the Group's construction in progress with a carrying amount of HK$13,290,000 (2024: HK$25,917,000) were pledged to secure bank borrowings granted to the Group (note 25(e)).

14 INVESTMENT PROPERTIES

	Completed HK$'000	Under construction HK$'000	Total HK$'000
Carrying amount at 1 January 2024	467,650	291,987	759,637
Additions	–	60,165	60,165
Disposals of subsidiaries *(note 31)*	(471,410)	–	(471,410)
Fair value adjustment	–	3,688	3,688
Exchange realignment	3,760	(11,195)	(7,435)
Carrying amount at 31 December 2024 and 1 January 2025	**–**	**344,645**	**344,645**
Additions	**–**	**122,660**	**122,660**
Fair value adjustment	**–**	**1,934**	**1,934**
Exchange realignment	**–**	**19,107**	**19,107**
Carrying amount at 31 December 2025	**–**	**488,346**	**488,346**

The Group's investment properties were revalued on 31 December 2025 based on valuations performed by Knight Frank Petty Limited, an independent professionally qualified valuer. Selection criteria of valuers include market knowledge, reputation, independence and whether professional standards are maintained. The Group's chief financial officer has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

The completed investment property was leased to third parties under operating leases, further summary details of which are included in note 15 to the financial statements.

As 31 December 2025, the Group's investment properties with an aggregate carrying amount of HK$488,346,000 (2024: HK$344,645,000) were pledged to secure other borrowings granted to the Group (note 25(d)).

Further particulars of the Group's investment properties are included on page 165 of the annual report.

14 INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

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

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
At 31 December 2025				
Recurring fair value measurement for:				
Investment properties under construction	**–**	**–**	**488,346**	**488,346**
At 31 December 2024				
Recurring fair value measurement for:				
Investment properties under construction	–	–	344,645	344,645

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

14 INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

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

	Completed commercial properties HK$'000	Commercial properties under construction HK$'000	Total HK$'000
Carrying amount at 1 January 2024	467,650	291,987	759,637
Additions	–	60,165	60,165
Net gain from a fair value adjustment recognised in profit or loss	–	3,688	3,688
Disposal of subsidiaries *(note 31)*	(471,410)	–	(471,410)
Exchange realignment	3,760	(11,195)	(7,435)
Carrying amount at 31 December 2024 and 1 January 2025	**–**	**344,645**	**344,645**
Additions	**–**	**122,660**	**122,660**
Net gain from a fair value adjustment recognised in profit or loss	**–**	**1,934**	**1,934**
Exchange realignment	**–**	**19,107**	**19,107**
Carrying amount at 31 December 2025	**–**	**488,346**	**488,346**

14 INVESTMENT PROPERTIES (Continued)

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

	Valuation techniques	Significant unobservable inputs	Range	
			2025	2024
Commercial properties — Mainland China	Residual approach	Estimated annual rental value per square metre	**RMB838**	RMB828
		Capitalisation rate	**7.7%**	8.2%
		Developer's profit	**7.0%**	8.0%

In the opinion of the directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use.

The fair value of the investment properties under construction is determined by using the residual approach. Residual approach is based on the expended construction costs, the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan, and developer's profit which represented the adjustment on future uncertainty in respect of properties under construction. Measurement of the fair value is positively correlated to the market rental and inversely correlated to the capitalisation rate and the developer's profit.

15 LEASES

The Group as a lessee

The Group has lease contracts for certain leasehold land and properties used in its operations. Lump sum payments were made upfront to lease the leasehold lands from the owner with a lease period of 2 to 40 years. And no ongoing payments will be made under the terms of the land lease. Leases of other leasehold land and the properties generally have lease terms between 2 and 20 years. Generally, the Group is restricted from assigning and subleasing the leased asset outside the Group. The lease contracts do not include extension and termination options.

(a) Right-of-use assets

The carrying amount of the Group's right-of-use assets and the movements during the year are disclosed in note 13 to the financial statements.

15 LEASES (Continued)

The Group as a lessee (Continued)

(b) Lease liabilities

The carrying amount of the Group's lease liabilities (included under other payables and accrued expenses) and the movements during the year are as follows:

	2025	2024
	HK$'000	HK$'000
Carrying amount at 1 January	**12,590**	13,210
New leases	**467**	2,865
Accretion of interest recognised during the year	**943**	1,013
Payments	**(5,424)**	(4,221)
Exchange realignment	**389**	(277)
Carrying amount at 31 December	**8,965**	12,590
Analysed into:		
Current portion	**1,889**	4,203
Non-current portion	**7,076**	8,387
	8,965	12,590
Analysed into:		
Within one year	**1,889**	4,203
In the second year	**505**	1,107
In the third to fifth years, inclusive	**84**	1,541
Beyond five years	**6,487**	5,739
	8,965	12,590

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

15 LEASES (Continued)

The Group as a lessee (Continued)

(c) The amounts recognised in profit or loss in relation to the leases are as follows:

	2025 HK$'000	2024 HK$'000
Interest on lease liabilities	**943**	1,013
Depreciation charge of right-of-use assets (included in selling and administrative expenses)	**3,739**	4,141
Expenses related to short-term leases (included in selling and administrative expenses)	**2,826**	2,847
Total amount recognised in profit or loss	**7,508**	8,001

(d) The total cash outflow for the leases is disclosed in note 32(c) to the financial statements.

16 GOODWILL

	HK$'000
At 1 January 2024:	
Cost	257,336
Accumulated impairment	–
Net carrying amount	257,336
Cost at 1 January 2024, net of accumulated impairment	257,336
Exchange realignment	(8,733)
Cost and net carrying amount at 31 December 2024	248,603
At 31 December 2024:	
Cost	248,603
Accumulated impairment	–
Net carrying amount	248,603
Cost at 1 January 2025, net of accumulated impairment	**248,603**
Impairment during the year	**(9,059)**
Exchange realignment	**11,589**
Cost and net carrying amount at 31 December 2025	**251,133**
At 31 December 2025:	
Cost	**260,192**
Accumulated impairment	**(9,059)**
Net carrying amount	**251,133**

Impairment testing of goodwill

Goodwill acquired through business combinations during the year ended 31 December 2020 was allocated to the following cash-generating units for impairment testing under the property development and trading segment, which principally engaged in the property development in Sichuan, the PRC:

- Shigao Project cash-generating unit; and
- Huanglongxi Project cash-generating unit.

16 GOODWILL (Continued)

Impairment testing of goodwill (Continued)

The recoverable amounts of the cash-generating units of the property development and trading segment were determined based on fair value less cost of disposal calculations using discounted cash flow projections, which are based on financial budgets approved by senior management after consideration of market data and expected market development. The fair value measurement is categorised within Level 3 of the fair value hierarchy.

As at 31 December 2025 and 2024, both property development projects acquired were under development and the property delivery of part of the projects commenced. Management estimated that the properties of both projects shall be completely sold to and handed over to the buyers within 3 years (2024: 4 years). In view of the expected tenure of the business, the financial budgets only cover a three-year period (2024: four-year period) and no perpetual growth rates were applied in the calculations of fair value less cost of disposal. The pre-tax discount rate applied to the cash flow projections of both cash-generating units was 9% to 10% (2024: 5%).

The carrying amount of goodwill allocated to each of the cash-generating units is as follows:

	Shigao Project HK$'000	Huanglongxi Project HK$'000	Total HK$'000
As at 31 December 2025	**145,604**	**105,529**	**251,133**
As at 31 December 2024	147,774	100,829	248,603

Assumptions were used in the discounted cash flow projections of the above-mentioned property development cash-generating units for 31 December 2025 and 2024. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Expected market changes in selling prices and development costs — The expected amounts are based on historical operating records and expectation of future changes in the market.

Discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant units.

Business environment — There was no major change in the existing political, legal and economic conditions in the PRC in which the cash-generating units carried on their business.

17 OTHER INTANGIBLE ASSET

	Golf club membership HK$'000
31 December 2025	
Cost at 1 January 2025, net of accumulated impairment	**11,080**
Impairment loss during the year	**(1,420)**
At 31 December 2025	**9,660**
At 31 December 2025:	
Cost	**16,760**
Accumulated impairment	**(7,100)**
Net carrying amount	**9,660**
31 December 2024	
Cost at 1 January 2024, net of accumulated impairment	11,080
Impairment loss during the year	–
At 31 December 2024	11,080
At 31 December 2024:	
Cost	16,760
Accumulated impairment	(5,680)
Net carrying amount	11,080

Golf club membership is considered as having an indefinite useful life as there is no time limit for which the Group can use the membership, and therefore it will not be amortised until its useful life is determined to be finite upon reassessment annually. Accordingly, the intangible asset is tested for impairment annually and whenever there is an indication that it may be impaired.

During the year ended 31 December 2025, an impairment loss of HK$1,420,000 (2024: Nil) was recognised in other expenses and losses because the fair value of the golf club membership (by reference to the quoted market prices less transfer fees) fell below its carrying amount.

The fair value of the golf club membership is classified as Level 1 of the fair value hierarchy.

18 FINANCIAL ASSET DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	2025	2024
	HK$'000	HK$'000
Unlisted investment, at fair value	**1,200**	1,200

The above unlisted investment was irrevocably designated at fair value through other comprehensive income as the Group considers that the investment is made primarily for non-financial benefits. During the year ended 31 December 2025, no fair value change recognised in other comprehensive income (2024: fair value loss of HK$560,000).

19 PROPERTIES UNDER DEVELOPMENT AND INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT

Properties under development

	2025	2024
	HK$'000	HK$'000
Properties under development expected to be completed within normal operating cycle and classified as current assets are expected to be recovered:		
Within one year	**6,389,601**	3,220,972
After one year	**8,785,779**	8,782,586
	15,175,380	12,003,558

The Group's properties under development were mainly located in Mainland China.

As at 31 December 2025, certain items of the Group's properties under development, including the relevant land use rights, with aggregate carrying amounts of HK$6,679,255,000 (2024: HK$2,739,690,000) and HK$2,739,510,000 (2024: HK$4,461,838,000) were pledged to secure banking facilities and other borrowing facilities granted to the Group, respectively (note 25(b)).

Lump sum payments were made upfront to acquire the leased land from the PRC Government with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases.

Provision for properties under development amounted to HK$84,450,000 (2024: HK$21,221,000) for the year ended 31 December 2025 and such amount was charged to cost of sales in the consolidated statement of profit or loss.

19 PROPERTIES UNDER DEVELOPMENT AND INTERESTS IN LAND USE RIGHTS FOR PROPERTY DEVELOPMENT (Continued)

Interests in land use rights for property development

The balance represented prepayments for acquisition of land use rights in Mainland China and as at 31 December 2024 and the Group was in the process of obtaining the relevant land use rights certificates.

20 COMPLETED PROPERTIES HELD FOR SALE

	2025	2024
	HK$'000	HK$'000
Carrying amount	**1,657,140**	1,645,969

All the completed properties held for sale are stated at the lower of cost and net realisable value.

At 31 December 2025, certain of the Group's completed properties held for sale, including the relevant land use rights, with an aggregate carrying amount of HK$237,172,000 (2024: HK$92,489,000) were pledged to secure other borrowing facilities granted to the Group (note 25(c)).

Reversal of provision for completed properties held for sale amounted to HK$53,582,000 (2024: HK$7,001,000) for the year ended 31 December 2025 and such amount was credited to cost of sales in the consolidated statement of profit or loss.

21 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	**2025 HK$'000**	2024 HK$'000
Prepayments	*(a)*	**793,291**	702,993
Cost of obtaining contracts	*(b)*	**1,059,647**	822,918
Deposits		**65,821**	54,797
Consideration receivable for the return of land parcels	*(c)*	**172,775**	165,080
Loan receivables from third parties	*(d)*	**4,500**	43,500
Others	*(e)*	**246,038**	191,233
		2,342,072	1,980,521
Impairment allowance		**–**	–
Total other receivables, deposits and prepayments		**2,342,072**	1,980,521
Less: Other receivables classified as non-current assets		**(67,304)**	(61,655)
Portion classified as current assets		**2,274,768**	1,918,866

Notes:

(a) Included in balance is prepayment of construction costs of HK$565,832,000 (2024: HK$649,467,000) advanced to a contractor of the Group in accordance with the respective construction contracts. Such prepayment will be utilised to set off future construction cost payables to the contractor after the achievement of certain construction progress of the respective property development projects.

(b) Cost of obtaining contracts represented the prepaid sales commission paid in connection with the sales of properties. The Group has capitalised the amounts paid and will charge them to the statement of profit or loss when the revenue from the related property sales is recognised and are included in selling and marketing expenses at that time. During the year ended 31 December 2025, sales commission of HK$350,481,000 (2024: HK$257,386,000) was charged to the statement of profit or loss.

(c) The balance represented consideration receivable from a local government authority in Mainland China for the return of the land use rights of certain land parcels to the local government.

(d) The balance represented loans advanced to third parties which were unsecured, interest-bearing at 4.15% per annum and were repayable within one year.

(e) Included in the balance is an advance to a non-controlling shareholder of a non-wholly-owned subsidiary of the Group of HK$67,304,000 (2024: HK$61,655,000). The balance is unsecured, interest-free and has no fixed terms of repayment. In addition, the non-controlling shareholder has agreed that any dividends payable to it will first be utilised to settle any outstanding amount of this advance. In the opinion of the directors, this advance is not expected to be repaid within one year.

21 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

Except for the consideration receivable for the return of land parcels being overdue, the remaining financial assets included in the above balances relate to receivables for which there was no recent history of default and none of the balances is either past due or impaired. The remaining financial assets included in the above balances are categorised in Stage 1 for the measurement of expected credit losses, while the consideration receivable for the return of land parcels is categorised within Stage 2 for the measurement of expected credit losses. Where applicable, an impairment analysis is performed at each reporting date by considering the probability of default and the timing and amount of future cash flows. Given the Group has not experienced any significant credit losses in the past for material receivable balances, the directors of the Company considered that the allowance for ECLs for these deposits and receivables is not significant.

22 CASH AND BANK BALANCES

	2025 **HK$'000**	2024 HK$'000
Restricted bank balances *(note)*	**2,660,652**	906,958
Cash and cash equivalents	**587,004**	43,956
Cash and bank balances	**3,247,656**	950,914

Note:

Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place at designated bank accounts certain amounts of pre-sales proceeds of properties as guarantee deposits for the construction of the related properties. The deposits can only be used for purchases of construction materials and payments of construction fees for the relevant property projects. As at 31 December 2025, such guarantee deposits amounted to HK$2,660,652,000 (2024: HK$906,958,000).

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to HK$3,205,078,000 (2024: HK$939,324,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and 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.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

23 TRADE AND RETENTION PAYABLES

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

	2025 HK$'000	2024 HK$'000
Trade payables:		
Within 1 month	**1,963,501**	1,415,589
Over 1 month but within 2 months	**999**	8,875
Over 2 months but within 3 months	**594**	313
Over 3 months	**48,036**	59,341
Subtotal	**2,013,130**	1,484,118
Retention payables	**1,698,733**	1,270,517
Total	**3,711,863**	2,754,635

The trade payables are non-interest-bearing. The payment terms of trade payables are stipulated in the relevant contracts with credit periods of 30 to 60 days in general. As at 31 December 2025, all retention payables were expected to be settled within 1 year to 5 years (2024: from 1 to 5 years). Retention payables expected to be settled within 12 months is HK$1,454,876,000 and beyond 12 months is HK$243,857,000.

24 OTHER PAYABLES AND ACCRUED EXPENSES

	2025 HK$'000	2024 HK$'000
Deposits received	**12,328**	41,662
Lease liabilities *(note 15)*	**8,965**	12,590
Value-added tax and other levies payables	**675,640**	600,674
Other payables	**751,655**	593,389
Accrued expenses	**360,751**	484,654
Accrued interest expenses	**250,738**	45,891
Total	**2,060,077**	1,778,860
Less: Portion classified as non-current liabilities	**(7,076)**	(8,387)
Portion classified as current liabilities	**2,053,001**	1,770,473

Other payables included in current liabilities are non-interest-bearing and repayable within one year.

25 INTEREST-BEARING BANK AND OTHER BORROWINGS

	As at 31 December 2025			As at 31 December 2024		
	Contractual interest rate	Maturity	HK$'000	Contractual interest rate	Maturity	HK$'000
Current						
Bank loans — secured	**2.5% to 6%**	**2026**	**621,343**	6%	2025	328,738
Other borrowings — secured	**11.5%**	**2026**	**106,958**	8.5%	2025	106,045
Total — current			**728,301**			434,783
Non-current						
Bank loans — secured	**2.5% to 4.75%**	**2027-2029**	**1,332,434**	6%	2026	413,574
Other borrowings — secured	**10.2% to 12.5%**	**2027-2028**	**917,143**	6.4% to 12.5%	2026-2027	2,909,802
Other borrowings — unsecured	**12% to 12.5%**	**2027-2028**	**1,120,640**	12% to 12.5%	2026-2027	1,182,784
Total — non-current			**3,370,217**			4,506,160
Total			**4,098,518**			4,940,943

	2025	2024
	HK$'000	HK$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**621,343**	328,738
In the second year	**765,816**	413,574
In the third to fifth years, inclusive	**566,618**	–
Subtotal	**1,953,777**	742,312
Other borrowings repayable:		
Within one year or on demand	**106,958**	106,045
In the second year	**819,798**	3,013,196
In the third to fifth years, inclusive	**1,217,985**	1,079,390
Subtotal	**2,144,741**	4,198,631
Total	**4,098,518**	4,940,943

25 INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) As at 31 December 2025, bank borrowings with an aggregate amount of HK$821,121,000 (2024: HK$742,312,000) were secured by the pledge of the equity interest of a 53.6% and a 80% in non-wholly-owned subsidiaries of the Group (2024: secured by the pledge of 53.6% equity interest in two non-wholly-owned subsidiaries of the Group), and other borrowings with an aggregate amount of HK$1,024,101,000 (2024: HK$1,783,688,000) were secured by the pledge of the equity interest of a 80%, a 67% and a 80% in non-wholly-owned subsidiaries of the Group (2024: secured by the pledge of the equity interest of a 80%, a 67%, a 78.4% and a 80% in non-wholly-owned subsidiaries of the Group) and share charge in respect of the entire equity interests of certain wholly-owned subsidiaries of the Group.

(b) As at 31 December 2025, bank borrowings and other borrowings with aggregate amounts of HK$1,953,777,000 (2024: HK$742,312,000) and HK$821,925,000 (2024: HK$1,879,298,000), respectively, were secured by the Group's properties under development with aggregate carrying amounts of HK$6,679,255,000 (2024: HK$2,739,690,000) and HK$2,739,510,000 (2024: HK$4,461,838,000), respectively (note 19).

(c) As at 31 December 2025, other borrowings with an aggregate amount of HK$28,857,000 (2024: HK$182,442,000) were secured by the Group's completed properties held for sale with an aggregate carrying amount of HK$237,172,000 (2024: HK$92,489,000) (note 20).

(d) As at 31 December 2025, the Group's other borrowings with an aggregate amount of HK$122,701,000 (2024: HK$201,026,000) were secured by the Group's investment properties with an aggregate carrying amount of HK$488,346,000 (2024: HK$344,645,000) (note 14).

(e) As at 31 December 2025, the Group's bank borrowings with aggregate amounts of HK$1,198,669,000 (2024: HK$296,925,000) were secured by the Group's construction in progress of HK$8,459,000 (2024: HK$25,917,000) (note 13).

(f) As at 31 December 2025, the Group's bank and other borrowings with aggregate amounts of HK$1,953,777,000 (2024: HK$742,312,000) and HK$780,877,000 (2024: HK$7,423,000), respectively, were guaranteed by certain third parties.

(g) As at 31 December 2025, bank and other borrowings of HK$4,098,518,000 (2024: HK$4,940,943,000) were denominated in Renminbi. As at 31 December 2025 and 2024, no bank and other borrowings were denominated in Hong Kong dollars.

(h) As at 31 December 2025 and 2024, all bank and other borrowings bear interest at fixed interest rates.

26 CONTRACT LIABILITIES

	31 December 2025 HK$'000	31 December 2024 HK$'000	1 January 2024 HK$'000
Sales of properties	**12,907,971**	8,309,714	10,176,114

Contract liabilities include deposits and advances received from buyers in connection with the Group's pre-sales of properties. The net increase in contract liabilities in 2025 was mainly due to advances received from customers in relation to the pre-sales of new properties, partly offset by the revenue recognised upon delivery of properties to customers. (2024: the net decrease in contract liabilities was mainly due to the recognition of revenue upon delivery of properties to customers, partly offset by the increase in advances received from customers in relation to the pre-sales of properties).

27 DEFERRED TAX

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

Deferred tax liabilities

	Note	Revaluation of investment properties HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Withholding taxes HK$'000	Total HK$'000
At 1 January 2024		520	165,659	9,494	175,673
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	*10*	922	(9,918)	–	(8,996)
Exchange realignment		(36)	(5,421)	(322)	(5,779)
At 31 December 2024 and 1 January 2025		**1,406**	**150,320**	**9,172**	**160,898**
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	*10*	**483**	**(48,638)**	**(9,599)**	**(57,754)**
Exchange realignment		**54**	**5,818**	**427**	**6,299**
At 31 December 2025		**1,943**	**107,500**	**–**	**109,443**

27 DEFERRED TAX (Continued)

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

Deferred tax assets

	Note	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Provision for LAT HK$'000	Losses available for offsetting taxable profits HK$'000	Provision and accruals of expenses HK$'000	Total HK$'000
At 1 January 2024		53,259	19,962	52,718	137,820	263,759
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	*10*	(20,058)	5,981	39,910	9,933	35,766
Exchange realignment		(1,403)	(798)	(2,593)	(4,877)	(9,671)
At 31 December 2024 and 1 January 2025		**31,798**	**25,145**	**90,035**	**142,876**	**289,854**
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year	*10*	**(26)**	**(14,126)**	**(4,111)**	**(44,649)**	**(62,912)**
Exchange realignment		**1,482**	**827**	**4,044**	**5,598**	**11,951**
At 31 December 2025		**33,254**	**11,846**	**89,968**	**103,825**	**238,893**

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 assets recognised in the consolidated statement of financial position	**172,576**	159,083
Net deferred tax liabilities recognised in the consolidated statement of financial position	**(43,126)**	(30,127)
	129,450	128,956

27 DEFERRED TAX (Continued)

The Group has tax losses arising in Hong Kong of HK$131,485,000 (2024: HK$112,322,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group has tax losses arising in Mainland China of HK$474,340,000 (2024: HK$394,563,000) that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have been recognised in respect of tax losses of HK$440,113,000 as at 31 December 2025 (2024: HK$361,318,000). Deferred tax have not been recognised in respect of tax losses of HK$34,227,000 as at 31 December 2025 (2024: HK$33,245,000), as they have arisen in subsidiaries that have been loss-making and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC CIT 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. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As at 31 December 2024, deferred tax liabilities of HK$9,172,000 have been recognised in respect of the future dividend plan related to the unremitted earnings of one of the Group's subsidiaries established in Mainland China that are subject to withholding taxes.

As at 31 December 2025, unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China of approximately HK$569,016,000 (2024: HK$516,007,000) have not been recognised for deferred tax. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future.

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

28 SHARE CAPITAL

Shares

	2025	2024
	HK$'000	HK$'000
Authorised:		
1,500,000,000 ordinary shares of HK$0.1 each	**150,000**	150,000
Issued and fully paid:		
799,557,415 ordinary shares	**79,956**	79,956

Share options

At a special general meeting held on 21 May 2015, the Company adopted a share option scheme (the "Scheme") to replace the old scheme. Employees (including directors) of the Group are included in the eligible participants. A total of 79,955,741 shares will be available for issue under the Scheme, which represents 10% of the Company's issued shares. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. The shares must be taken up under an option not later than 10 years from the date of grant of options. No share options have been granted since the adoption of the Scheme and the Scheme expired on 20 May 2025.

29 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 of the financial statements.

The Group's contributed surplus represented the excess of the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares, over the nominal value of the Company's shares issued in exchange therefor.

The Group's other reserve represents the fair value reserve arising from a financial asset designated at fair value through other comprehensive income with no recycling of gains or losses to profit or loss on derecognition.

30 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

	2025	2024
Percentage of equity interest held by non-controlling interests:		
Yuanzhong Rundafeng	**20%**	20%
Yuanzhong Kangyangcheng	**33%**	33%
Yuanzhong Changxin	**46.4%**	46.4%

	2025	2024
	HK$'000	HK$'000
Profit/(loss) for the year allocated to non-controlling interests:		
Yuanzhong Rundafeng	**(24,729)**	16,737
Yuanzhong Kangyangcheng	**10,049**	42,311
Yuanzhong Changxin	**(18,202)**	(26,851)
Accumulated balances of non-controlling interests at the reporting dates:		
Yuanzhong Rundafeng	**(32,368)**	(6,721)
Yuanzhong Kangyangcheng	**(42,261)**	(50,215)
Yuanzhong Changxin	**(140,346)**	(117,927)

30 PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (Continued)

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

	Yuanzhong Rundafeng HK$'000	**Yuanzhong Kangyangcheng HK$'000**	**Yuanzhong Changxin HK$'000**
2025			
Revenue	**1,564,578**	**1,120,066**	**2,036,942**
Total expenses	**(1,677,859)**	**(1,074,627)**	**(1,903,219)**
Profit/(loss) for the year	**(123,647)**	**31,415**	**(39,228)**
Total comprehensive income/(loss) for the year	**(128,233)**	**25,124**	**(48,318)**
Current assets	**2,986,615**	**5,700,741**	**5,962,336**
Non-current assets	**2,252**	**259,781**	**116,574**
Current liabilities	**(3,107,580)**	**(5,934,875)**	**(6,197,351)**
Non-current liabilities	**(43,126)**	**(11,017)**	**(48,835)**
Net cash flows from operating activities	**112,367**	**368,709**	**465,028**
Net cash flows from/(used in) investing activities	**538**	**(150,370)**	**4,260**
Net cash flows used in financing activities	**(114,476)**	**(229,691)**	**(305,043)**
Net increase/(decrease) in cash and cash equivalents	**(1,571)**	**(11,352)**	**164,245**

	Yuanzhong Rundafeng HK$'000	Yuanzhong Kangyangcheng HK$'000	Yuanzhong Changxin HK$'000
2024			
Revenue	1,753,351	2,470,147	899
Total expenses	(1,588,053)	(2,258,714)	(62,718)
Profit/(loss) for the year	83,686	129,221	(57,869)
Total comprehensive income/(loss) for the year	86,060	139,950	(50,561)
Current assets	3,779,731	5,481,033	6,172,028
Non-current assets	102,153	253,774	115,277
Current liabilities	(3,620,083)	(5,515,550)	(5,998,622)
Non-current liabilities	(295,407)	(236,029)	(413,574)
Net cash flows from/(used in) operating activities	(60,302)	166,549	248,191
Net cash flows from/(used in) investing activities	197	(47,768)	5,708
Net cash flows from/(used in) financing activities	52,270	(33,599)	(297,713)
Net increase/(decrease) in cash and cash equivalents	(7,835)	85,182	(43,814)

31 DISPOSAL OF SUBSIDIARIES

Details of the net assets of the subsidiaries disposed of during the prior reporting period and the financial impacts were as follows:

	2024 HK$'000
Net assets disposed of:	
Investment properties *(note 14)*	471,410
Cash and cash equivalents	11,806
Other receivables, deposits and prepayments	509
Interest-bearing bank and other borrowings	(460,425)
Other payables and accrued expenses	(17,663)
Tax payable	(419)
Subtotal	5,218
Gain on disposal of subsidiaries *(note 6)*	20,118
Release of exchange fluctuation reserve upon disposal of subsidiaries	8,414
Total consideration	33,750
Satisfied by:	
Cash	33,750

An analysis of the net cash inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2024 HK$'000
Cash consideration	33,750
Cash and cash equivalents disposed of	(11,806)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	21,944

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) The reconciliation of profit/(loss) before tax to net cash generated from operations is as follows:

	Notes	**2025** **HK$'000**	2024 HK$'000
Profit/(loss) before tax		**(206,537)**	185,041
Adjustments for:			
Finance costs	*7*	**99,530**	131,764
Interest income from time deposits	*5*	**–**	(1,142)
Bank interest income	*5*	**(9,253)**	(8,203)
Changes in fair value of investment properties	*14*	**(1,934)**	(3,688)
Depreciation	*6*	**11,912**	15,928
Impairment loss on other intangible asset	*6*	**1,420**	–
Impairment loss on goodwill	*6*	**9,059**	–
Gain on disposal of subsidiaries	*6*	**–**	(20,118)
Provision for properties under development and completed properties held for sale	*6*	**30,868**	14,220
		(64,935)	313,802
Decrease in properties under development and completed properties held for sale		**479,784**	453,324
Increase in interests in land use rights for property development		**(1,297,110)**	(2,168,453)
Increase in other receivables, deposits and prepayments		**(302,861)**	(234,206)
Increase in restricted bank balances		**(1,670,624)**	(35,425)
Increase in trade and retention payables		**1,109,561**	1,566,340
Increase/(decrease) in contract liabilities		**3,717,965**	(2,416,050)
Increase in other payables and accrued expenses		**4,464**	533,516
Net cash generated from/(used in) operations		**1,976,244**	(1,987,152)

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings HK$'000	Interest payable HK$'000	Dividend payable HK$'000	Lease liabilities HK$'000
2025				
At 1 January 2025	**4,940,943**	**45,891**	**5,266**	**12,590**
Changes from financing cash flows	**(1,072,747)**	**(208,187)**	**–**	**(5,424)**
New leases	**–**	**–**	**–**	**467**
Interest expense	**–**	**406,063**	**–**	**943**
Unclaimed dividends forfeited	**–**	**–**	**(4,552)**	**–**
Exchange realignment	**230,322**	**6,971**	**–**	**389**
At 31 December 2025	**4,098,518**	**250,738**	**714**	**8,965**
2024				
At 1 January 2024	2,009,847	22,933	5,266	13,210
Changes from financing cash flows	2,337,758	(289,740)	–	(4,221)
New leases	–	–	–	2,865
Interest expense	–	325,814	–	1,013
Acquisitions of subsidiaries that are not a business	1,117,701	–	–	–
Disposal of subsidiaries	(460,425)	(11,958)	–	–
Exchange realignment	(63,938)	(1,158)	–	(277)
At 31 December 2024	4,940,943	45,891	5,266	12,590

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

(c) Total cash outflow for leases

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

	2025 **HK$'000**	2024 HK$'000
Within operating activities	**2,826**	2,847
Within financing activities	**5,424**	4,221
Total	**8,250**	7,068

33 FINANCIAL GUARANTEES

The Group had the following financial guarantees:

	2025 **HK$'000**	2024 HK$'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	**10,225,701**	7,419,651

As at 31 December 2025 and 2024, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any sales proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans. The banks are entitled to take over the legal titles and will realise the pledged properties through open auction or other appropriate means in the event of default on mortgage repayments by these purchasers.

The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers.

The fair value of the guarantees is not significant and the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalties and therefore no provision has been made in these consolidated financial statements for the guarantees.

34 PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's interest-bearing bank and other borrowings are included in notes 13, 14, 19, 20 and 25 to the financial statements.

35 CAPITAL COMMITMENTS

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

	2025	2024
	HK$'000	HK$'000
Capital expenditure for construction of properties under development and investment properties	**3,452,812**	6,475,622
Capital expenditure for construction of property, plant and equipment	**119,444**	21,492
Capital expenditure for acquisition of land use rights	**–**	1,240,483
Total	**3,572,256**	7,737,597

36 RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group:

	2025	2024
	HK$'000	HK$'000
Short term employee benefits	**6,060**	5,303
Post-employment benefits	**88**	62
Total compensation paid to key management personnel	**6,148**	5,365

Further details of directors' emoluments are included in note 8 to the financial statements.

37 FINANCIAL INSTRUMENTS BY CATEGORY

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

	2025 HK$'000	2024 HK$'000
Financial assets		
Financial asset designated at fair value through other comprehensive income:		
Unlisted investment at fair value	**1,200**	1,200
Financial assets at amortised cost:		
Financial assets included in other receivables, deposits and prepayments	**489,134**	454,610
Restricted bank balances	**2,660,652**	906,958
Cash and cash equivalents	**587,004**	43,956
Subtotal	**3,736,790**	1,405,524
Total	**3,737,990**	1,406,724
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and retention payables	**3,711,863**	2,754,635
Financial liabilities included in other payables and accrued expenses	**1,363,169**	1,156,374
Interest-bearing bank and other borrowings	**4,098,518**	4,940,943
Total	**9,173,550**	8,851,952

38 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The fair value of a financial asset designated at fair value through other comprehensive income is based on quoted market prices.

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

	Carrying amounts		Fair values	
	2025	2024	**2025**	2024
	HK$'000	HK$'000	**HK$'000**	HK$'000
Financial liabilities				
Interest-bearing bank and other borrowings	**4,098,518**	4,940,943	**4,329,842**	4,565,886

Management has assessed that the fair values of cash and bank balances, trade and retention payables, financial assets included in other receivables, deposits and prepayments, financial liabilities included in other payables and accrued expenses, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of other receivables and deposits and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities which is categorised within Level 2 of the fair value hierarchy. The fair value of the non-current portion of other receivables and deposits approximates to its carrying amount. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2025 and 2024 were assessed to be insignificant.

38 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

(Continued)

The following tables illustrate the fair value measurement hierarchy of the Group's financial instrument:

Asset measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
At 31 December 2025				
Financial asset designated at fair value through other comprehensive income	**1,200**	**–**	**–**	**1,200**
At 31 December 2024				
Financial asset designated at fair value through other comprehensive income	1,200	–	–	1,200

During the year, there were no transfers into or out of Level 1 fair value measurement (2024: Nil).

The Group did not have any financial liabilities measured at fair value as at 31 December 2025 (2024: Nil).

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise cash and short term deposits and interest-bearing bank and other borrowings. 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 other receivables and deposits and trade and retention payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are 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.

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from business activities by operating units in currencies other than the units' functional currencies. The Group's exposure to market risk for changes in foreign currency exchange rates is primarily related to certain cash equivalents in a currency other than the functional currency of the Group's operating subsidiaries. Management manages its foreign currency risk by closely reviewing the movements of the foreign currency rates and considers hedging significant foreign currency exposure should the need arise.

Credit risk

The Group's credit risk is primarily attributable to cash and bank balances and other receivables and deposits. Management has a credit policy in place and the exposure to this risk is monitored on an ongoing basis. It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. There is no significant concentration of credit risk within the Group.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 33.

39 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, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets.

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	**Stage 2 HK$'000**	**Stage 3 HK$'000**	**Simplified approach HK$'000**	**Total HK$'000**
At 31 December 2025					
Financial assets included in other receivables, deposits and prepayments					
— Normal*	**316,359**	**–**	**–**	**–**	**316,359**
— Doubtful*	**–**	**172,775**	**–**	**–**	**172,775**
Restricted bank balances					
— Not yet past due	**2,660,652**	**–**	**–**	**–**	**2,660,652**
Cash and cash equivalents					
— Not yet past due	**587,004**	**–**	**–**	**–**	**587,004**
Total	**3,564,015**	**172,775**	**–**	**–**	**3,736,790**
Financial guarantee contracts	**10,225,701**	**–**	**–**	**–**	**10,225,701**
At 31 December 2024					
Financial assets included in other receivables, deposits and prepayments					
— Normal*	289,530	–	–	–	289,530
— Doubtful*	–	165,080	–	–	165,080
Restricted bank balances					
— Not yet past due	906,958	–	–	–	906,958
Cash and cash equivalents					
— Not yet past due	43,956	–	–	–	43,956
Total	1,240,444	165,080	–	–	1,405,524
Financial guarantee contracts	7,419,651	–	–	–	7,419,651

* The credit quality of the financial assets included in other receivables, deposits and prepayments is considered to be "normal" when they are not past due and 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".

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the Group's available cash.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, is as follows:

	Within 12 months or on demand HK$'000	Over 1 year to 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
2025				
Lease liabilities	**1,973**	**4,716**	**7,825**	**14,514**
Interest-bearing bank and other borrowings	**1,288,764**	**3,637,356**	**–**	**4,926,120**
Trade and retention payables	**3,468,006**	**613,615**	**–**	**4,081,621**
Other payables and accruals	**1,103,466**	**–**	**–**	**1,103,466**
Total	**5,862,209**	**4,255,687**	**7,825**	**10,125,721**
Financial guarantees issued: Maximum amount guaranteed	**10,225,701**	**–**	**–**	**10,225,701**
2024				
Lease liabilities	4,603	4,002	9,390	17,995
Interest-bearing bank and other borrowings	959,480	5,001,911	–	5,961,391
Trade and retention payables	2,368,623	607,140	–	2,975,763
Other payables and accruals	1,097,893	–	–	1,097,893
Total	4,430,599	5,613,053	9,390	10,053,042
Financial guarantees issued: Maximum amount guaranteed	7,419,651	–	–	7,419,651

39 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

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

The Group regards equity attributable to owners of the Company, comprising issued share capital, retained profits and other reserve as capital and manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is net bank and other borrowings (bank and other borrowings less cash and bank balances) divided by the equity attributable to equity holders of the Company. The Group actively reviews the gearing ratio and the capital structure to ensure an optimal capital structure by taking into consideration the projected cash flows and profitability, projected capital expenditures and projected business and investment opportunities.

The gearing ratios of the Group as at 31 December 2025 and 2024 were as follows:

	2025 **HK$'000**	2024 HK$'000
Interest-bearing bank and other borrowings	**4,098,518**	4,940,943
Less: Cash and bank balances	**(3,247,656)**	(950,914)
Net debt	**850,862**	3,990,029
Equity attributable to equity holders of the Company	**693,625**	1,011,191
Gearing ratio	**122.7%**	394.6%

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY

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

	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS		
Interests in subsidiaries	**476,554**	828,994
Other intangible asset	**9,660**	11,080
Total non-current assets	**486,214**	840,074
CURRENT ASSETS		
Other receivables	**5,585**	44,583
Cash and bank balances	**335**	4,763
Total current assets	**5,920**	49,346
CURRENT LIABILITY		
Other payables	**1,020**	5,590
NET CURRENT ASSETS	**4,900**	43,756
Net assets	**491,114**	883,830
EQUITY		
Issued share capital	**79,956**	79,956
Reserves *(Note)*	**411,158**	803,874
Total equity	**491,114**	883,830

40 STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

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

	Share premium account HK$'000	Capital redemption reserve HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2024	95,738	1,350	709,057	806,145
Loss and total comprehensive loss for the year	–	–	(2,271)	(2,271)
At 31 December 2024 and 1 January 2025	**95,738**	**1,350**	**706,786**	**803,874**
Loss and total comprehensive loss for the year	**–**	**–**	**(397,268)**	**(397,268)**
Unclaimed dividends forfeited	**–**	**–**	**4,552**	**4,552**
At 31 December 2025	**95,738**	**1,350**	**314,070**	**411,158**

41 APPROVAL OF THE FINANCIAL STATEMENTS

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

INVESTMENT PROPERTIES IN MAINLAND CHINA

Location	Use	Lease expiry	Approximate gross floor area	Group's interest %
Under construction Shopping mall, Donghong Road Community Baohe Street, Chenghua District Chengdu, Sichuan Province	Commercial	2060	160,915 Sqm	100

PROPERTIES UNDER DEVELOPMENT IN MAINLAND CHINA

Location	Use	Expected completion date	Approximate gross floor area to be delivered or under development Sqm	Group's interest %
Binjiang Wisdom City Meishan, Sichuan Province	Residential/ Commercial	2026 or after	234,456	80
The City of Islands (phase 1 and 2) Meishan, Sichuan Province	Residential/ Commercial	2026 or after	588,729	67
The City of Islands (phase 3) Meishan, Sichuan Province	Residential/ Commercials	2026 or after	571,860	53.6
Joyous Time Chengdu, Sichuan Province	Residential/ Commercial	2027 or after	69,145	100
Luhu Mansion of Value (phase 1) Chengdu, Sichuan Province	Residential/ Commercial	2027 or after	82,071	80
Jiaozi Mansion of Value (phase 1) Chengdu, Sichuan Province	Residential/ Commercial	2027 or after	61,177	80
Luhu Mansion of Value (phase 2) Chengdu, Sichuan Province	Residential/ Commercial	2028 or after	73,753	80
Jiaozi Mansion of Value (phase 2) Chengdu, Sichuan Province	Residential/ Commercial	2028 or after	62,812	100

COMPLETED PROPERTIES HELD FOR SALE IN MAINLAND CHINA

Location	Use	Approximate gross floor area Sqm	Group's interest %
Binjiang Wisdom City Meishan, Sichuan Province	Residential/ Commercial	103,464	80
The City of Islands (phase 1 and 2) Meishan, Sichuan Province	Residential/ Commercial	170,262	67

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, is set out below.

	Year ended 31 December				
	2021	2022	2023	2024	**2025**
	HK$'000	HK$'000	HK$'000	HK$'000	**HK$'000**
ASSETS AND LIABILITIES					
Property, plant and equipment	194,982	202,013	204,406	195,546	**206,943**
Investment properties	873,999	805,904	759,637	344,645	**488,346**
Goodwill	286,593	264,299	257,336	248,603	**251,133**
Other intangible asset	9,760	9,960	11,080	11,080	**9,660**
Financial asset designated at fair value through other comprehensive income	2,400	1,980	1,760	1,200	**1,200**
Deferred tax assets	43,945	107,578	134,905	159,083	**172,576**
Deposits/other receivables	10	60,247	61,388	61,655	**67,304**
Current assets	14,538,932	16,879,184	14,534,750	17,915,847	**22,516,406**
Current liabilities	(11,150,543)	(15,152,324)	(13,303,368)	(13,563,429)	**(19,838,968)**
Net current assets	3,388,389	1,726,860	1,231,382	4,352,418	**2,677,438**
Non-current liabilities	(3,164,289)	(2,300,190)	(1,846,337)	(4,544,674)	**(3,420,419)**
Net assets	1,635,789	878,651	815,557	829,556	**454,181**
EQUITY					
Equity attributable to equity holders of the Company					
Issued share capital	79,956	79,956	79,956	79,956	**79,956**
Reserves	1,595,042	973,085	949,141	931,235	**613,669**
	1,674,998	1,053,041	1,029,097	1,011,191	**693,625**
Non-controlling interests	(39,209)	(174,390)	(213,540)	(181,635)	**(239,444)**
Total equity	1,635,789	878,651	815,557	829,556	**454,181**
RESULTS					
Revenue	1,224,263	2,706,963	7,274,368	4,241,331	**4,724,061**
Profit/(loss) before tax	(200,616)	(789,566)	(24,168)	185,041	**(206,537)**
Income tax credit/(expense)	29,664	104,945	(49,626)	(163,782)	**(187,715)**
Profit/(loss) for the year	(170,952)	(684,621)	(73,794)	21,259	**(394,252)**
Attributable to:					
Equity holders of the Company	(120,977)	(475,968)	(30,094)	(3,954)	**(343,785)**
Non-controlling interests	(49,975)	(208,653)	(43,700)	25,213	**(50,467)**
	(170,952)	(684,621)	(73,794)	21,259	**(394,252)**