中國城市基礎設施集團有限公司

China City Infrastructure Group Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2349

ANNUAL REPORT 2025

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Li Chao Bo
(Chairman and Chief Executive Officer)
Mr. Ji Jiaming

Non-executive Director

Mr. Zhang Guiqing

Independent non-executive Directors

Mr. Ng Chi Ho, Dennis
Mr. Kwok Kin Wa
Ms. Kwong Mei Wan, Cally

AUDIT COMMITTEE

Mr. Ng Chi Ho, Dennis *(Committee Chairman)*
Mr. Kwok Kin Wa
Ms. Kwong Mei Wan, Cally

REMUNERATION COMMITTEE

Mr. Kwok Kin Wa *(Committee Chairman)*
Mr. Ng Chi Ho, Dennis
Ms. Kwong Mei Wan, Cally

NOMINATION COMMITTEE

Mr. Kwok Kin Wa *(Committee Chairman)*
Mr. Ng Chi Ho, Dennis
Ms. Kwong Mei Wan, Cally

COMPANY SECRETARY

Mr. Chan Hoi Yin Anthony

AUTHORISED REPRESENTATIVES

Mr. Li Chao Bo
(Chairman and Chief Executive Officer)
Mr. Chan Hoi Yin Anthony

AUDITOR

Confucius International CPA Limited
Certified Public Accountants

WEBSITE

www.city-infrastructure.com

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

PRINCIPAL BANKERS

Chiyu Banking Corporation Limited
No. 78 Des Voeux Road Central
Hong Kong

DBS Bank (Hong Kong) Limited
16th Floor, The Center
No. 99 Queen's Road Central
Hong Kong

The Hongkong and Shanghai Banking
Corporation Limited
Level 10, HSBC Main Building
No. 1 Queen's Road Central, Hong Kong

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 6208, 62nd Floor
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

CHAIRMAN'S STATEMENT

On behalf of the board of directors (the "Board"), I am pleased to present the annual results of China City Infrastructure Group Limited (the "Company", and together with its subsidiaries, the "Group") for the year ended 31 December 2025.

The China's economy and the real estate sector continue to undergo a prolonged period of adjustment, with the operating environment remaining highly challenging and uncertain. Fortunately, the Group has adopted a prudent investment approach towards its real estate business in recent years, while proactively implementing cost controls, optimizing its capital structure and business portfolio. These measures have effectively enhanced the Group's overall financial resilience and risk mitigation capabilities.

Looking ahead, amid the rapid advancement of cutting-edge technologies such as digital technology and artificial intelligence, coupled with strong market demand for intelligent solutions, the Group will actively align with industry transformation trends. It will continue to explore new business opportunities and investment areas with high growth potential, extending beyond the traditional scope of real estate operations. Through business diversification and the expansion of revenue streams, the Group is committed to delivering more sustainable and stable long-term value to shareholders, thereby achieving sustainable development.

We will strive to capture investment opportunities prudently and optimise the Group's capital structure and business portfolio in a bid to maximise shareholders' interests. Finally, on behalf of the Board, I would like to express my sincere gratitude to our shareholders and business partners for their support, and also to all staff members for their devotion and perseverance.

Li Chao Bo
Chairman
Hong Kong, 31 March 2026

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is engaged in property related business and started to dedicate to the infrastructure business since late 2014. In order to devote more resources to meet the strategic direction of the Group's business, the Group may sell the whole or a portion of the Group's property portfolio depending on the market conditions and market value of the property portfolio. In support of further business development of the Group, the management is actively looking for the potential projects to leverage a diversified portfolio of business segments to broaden its revenue sources.

RESULT SUMMARY

The consolidated revenue of the Group increased by 23.3% from approximately HK$48.4 million for the year ended 31 December 2024 to approximately HK$59.7 million for the year ended 31 December 2025. The revenue from property investment and property management business was approximately HK$35.0 million (2024: HK$33.4 million) and HK$24.7 million (2024: HK$15.0 million) respectively.

The overall gross profit increased by 16.3% to approximately HK$37.0 million in 2025 from approximately HK$31.8 million in 2024, and the gross profit margin decreased to 62.0% from 65.7% in 2024. The Group also had net fair value loss on revaluation of various investment properties of approximately HK$90.1 million for the year ended 31 December 2025 (2024: approximately HK$79.5 million).

The loss attributable to owners of the Company was approximately HK$96.2 million for the year ended 31 December 2025 (2024: approximately HK$65.8 million). Basic loss per share attributable to owners of the Company was HK3.08 cents (2024: HK2.10 cents). The Board does not propose any final dividend for the year ended 31 December 2025.

BUSINESS REVIEW

The Property Investment Business

Wuhan Future City Commercial Property Management Company Limited was formed by the Group to operate the Future City Shopping Centre ("Future City") owned by the Group. Future City is located at Luo Shi Road South within close proximity to the Luoyu Road shopping belt and the Jiedao Kou station of metro line No. 2. The total leasable area of Future City is approximately 55,029 sq.m. with carparks included. Future City is situated in the heart of business and commercial centre of Hongshan District in Wuhan City, convenient to East Lake, Wuhan University, Wuhan University of Technology and other landmarks. Future City now becomes a fashionable, dynamic and international shopping centre to cater for the growing demand from the surrounding business centres and university region (more than twenty universities and tertiary education institutions including Wuhan University and Wuhan University of Technology) with 1,000,000 students and residential consumers. As at 31 December 2025, the occupancy rate of Future City was 90.8% (31 December 2024: 93.2%).

The Group has total gross floor area of Future Mansion's carparks and Zhongshui • Longyang Plaza's Carparks of 7,723.06 sq.m. and 135,173.09 sq.m. respectively, and as at 31 December 2025, the fair value of the carparks was approximately HK$15.3 million and HK$88.4 million respectively.

As at 31 December 2025, the aggregate fair value of the Future City, Future Mansion's carparks and Zhongshui • Longyang Plaza's Carparks held by the Group was approximately HK$991.6 million (31 December 2024: approximately HK$1,036.6 million). During the year ended 31 December 2025, the rental income generated from the investment properties was approximately HK$35.0 million (2024: approximately HK$33.4 million).

The Property Management Business

Wuhan Future City Property Management Company Limited and Wuhan Chengji Commodity City Management Company Limited, the indirect wholly owned subsidiaries of the Company, provides residents and tenants with safe, modern, comfortable and high quality property management services. During the year ended 31 December 2025, the revenue from property management was approximately HK$24.7 million (2024: approximately HK$15.0 million).

The Group established a branch office, Wuhan Future City Property Management Company Limited (Henan Branch)*, in August 2024 and entered a property management service contract with a third party in December 2025. The branch office generated property management service income of approximately HK$7.2 million for the year ended 31 December 2025.

*   *for identification purposes only*

MANAGEMENT DISCUSSION AND ANALYSIS

GROUP PROJECTS

Wuhan City, Hubei

Future City

Future City covers a total site area of 19,191 sq.m. with a total GFA of 145,273 sq.m. and comprises of five high-rise residential towers, a four-story premier shopping centre and parking spaces.

Future Mansion

Future Mansion is located at a prime location at Wuluo Road in Hongshan District in Wuhan City, just 600 meters from Future City project. It is near the conjunction of metro line No. 2 and 7. It has a total site area of 5,852 sq.m. and been developed for a composite building of residential apartments and retail shops with GFA of 42,149 sq.m..

Zhongshui • Longyang Plaza

Zhongshui • Longyang Plaza is strategically situated in the prime location between the Wangjiawan business area and national level Wuhan Economic & Technological Development Zone, delineated in the western Wuhan Middle Ring Road, next to the Hanyang bus terminal and adjacent to Longyang Avenue. The project has a land site of 30,625 sq.m. and is atop the Hanyang Station of metro line No. 3. This integrated complex has been developed for splendorous shopping mall and luxurious office apartments with planned GFA of 135,173 sq.m..

The following table set forth an overview of the Group's property projects at 31 December 2025:

Project	City	Equity Interest in the Project	Site Area	Total GFA/ Planned GFA
			sq.m.	*sq.m.*
Completed Projects				
Future City	Wuhan	100%	19,191	145,273
Future Mansion	Wuhan	100%	5,852	42,149
Zhongshui • Longyang Plaza	Wuhan	100%	30,625	135,173
Total			55,668	322,595

FINANCIAL REVIEW

Revenue

Revenue of the Group for the year ended 31 December 2025 (the "Current Year") increased to approximately HK$59.7 million from approximately HK$48.4 million, an increase of approximately 23.3% compared with that of last year.

Revenue from property investment and property management business increased from approximately HK$33.4 million for the year ended 31 December 2024 to approximately HK$35.0 million for the Current Year and increased from approximately HK$15.0 million for the year ended 31 December 2024 to approximately HK$24.7 million for the Current Year, respectively.

Cost of Sales

The cost of sales increased from approximately HK$16.6 million for the year ended 31 December 2024 to approximately HK$22.7 million for the Current Year.

For the Current Year, the Group's cost of sales included property management business of approximately HK$12.5 million, an increase of approximately HK$4.3 million compared with that of the year ended 31 December 2024, property investment business of approximately HK$10.2 million, an increase of approximately HK$1.8 million compared with that of the year ended 31 December 2024.

Gross Profit and Gross Profit Margin

Gross profit increased by approximately HK$5.2 million from approximately HK$31.8 million for the year ended 31 December 2024 to approximately HK$37.0 million for the Current Year. There was a decrease in the gross profit of property investment business (2025: HK$24.8 million; 2024: HK$24.9 million) and an increase in property management business (2025: HK$12.2 million; 2024: HK$6.9 million). The Group has an overall gross profit margin of 62.0% for the Current Year, as compared to that of 65.7% for the year ended 31 December 2024. The decrease in the Group's gross profit margin was mainly attributable to the increase in the repair and maintenance of the property investment and property management business.

Other Operating Income

Other operating income increased to approximately HK$3.0 million for the Current Year from approximately HK$1.5 million for the year ended 31 December 2024. The increase was primarily due to the increase in the income temporary venue rental and income from sales of bottled drinking water for the year ended 31 December 2025.

Other Operating Expenses

Other operating expenses decreased to approximately HK$0.8 million for the Current Year from approximately HK$50.4 million for the year ended 31 December 2024. The decrease was primarily due to the impairment losses on inventory of properties, right-of-use assets and property, plant and equipment of total approximately HK$44.8 million for the year ended 31 December 2024.

Change in Fair Value of the Investment Properties

There was a loss of approximately HK$90.1 million recorded in the Current Year (2024: HK$79.5 million) arising from change in fair value of the investment property portfolio in the PRC held by the Group.

Selling and Distribution Expenses

Selling and distribution expenses increased to approximately HK$0.39 million for the Current Year from approximately HK$0.08 million for the year ended 31 December 2024, primarily due to a increase in advertising and promotion and commission expenses for property investment business.

Administrative Expenses

The administrative expenses decreased by approximately 8.4% to approximately HK$25.6 million for the Current Year from approximately HK$27.9 million for the year ended 31 December 2024, primarily due to the decrease in legal and professional fee and staff costs.

Finance Costs

The finance costs decreased to approximately HK$39.5 million for the Current Year from that of approximately HK$42.4 million for the year ended 31 December 2024. The decrease was primarily due to decrease of interest expenses on borrowings of approximately HK$2.9 million.

Income Tax Credit

The Group recorded income tax credit of approximately HK$22.5 million for the Current Year (2024: income tax credit of approximately HK$19.9 million). The decrease in income tax expense was primarily attributable to the increase in deferred tax credit resulting from the increase in the fair value loss on investment properties.

Loss Attributable to Owners of the Company

Loss attributable to owners of the Company increased from approximately HK$65.8 million for the year ended 31 December 2024 to that of approximately HK$96.2 million for the Current Year.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2025, total cash and cash equivalents of the Group amounted to approximately HK$22.3 million (31 December 2024: approximately HK$9.7 million), representing a increase of approximately HK$12.6 million as compared to that of 31 December 2024.

Borrowings and Charges on the Group's Assets

At 31 December 2025, the Group's total borrowings included bank loans and other loans amounted to approximately HK$403.3 million (31 December 2024: approximately HK$358.1 million). Amongst the borrowings, approximately HK$13.3 million (31 December 2024: approximately HK$8.5 million) is repayable within one year and approximately HK$390.0 million (31 December 2024: approximately HK$349.6 million) is repayable after one year.

At 31 December 2025, certain investment properties with an aggregate amounts of approximately HK$420.4 million (2024: approximately HK$422.6 million) were pledged as security for certain banking facilities granted to the Group.

Gearing and Current Ratios

The gearing ratio was approximately 70.1% as at 31 December 2025 (31 December 2024: approximately 57.9%). The gearing ratio was measured by net debt (aggregated borrowings net of cash and cash equivalents) over the equity attributable to owners of the Company. The increase in gearing ratio was mainly due to the net loss incurred during the Current Year. The current ratio (current assets divided by current liabilities) was 0.84 (31 December 2024: 0.62).

CONTINGENT LIABILITIES AND COMMITMENTS

(a) As at 31 December 2025 and 2024, the Group had no significant contingent liabilities.

(b) As at 31 December 2025 and 2024, the Group had no capital commitments, contracted but not provided in the consolidated financial statements.

ACQUISITIONS AND DISPOSALS

The Group had no other material acquisition or disposal of subsidiaries, associates and joint ventures.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2025, the total number of employees stood at approximately 131. Total staff costs for the year was approximately HK$17.6 million. The Group offers its workforce comprehensive remuneration and employees' benefits packages.

OUTLOOK AND FUTURE PLAN

Looking ahead to 2026, the global political situation continues to experience a high degree of unrest, with escalating geopolitical tensions, armed conflicts, civil unrest, and political instability shaping a more volatile and fragmented international environment. The business environment remains complicated and grim amid deepening armed conflicts, trade frictions, protectionism, and rising risks of protests and disruptions worldwide.

China's economy is pursuing steady recovery and high-quality development amid external instabilities and uncertainties as well as internal structural challenges. The Chinese Government has set the general principle for economic work in 2026: adhere to the principle of "pursuing progress while ensuring stability, promoting stability through progress, and improving both quality and effectiveness", while fully implementing the new development philosophy, accelerating the formation of a new development paradigm, better coordinating development and security, and focusing on high-quality development to secure a strong start to the 15th Five-Year Plan. It is undisputed that China's economy will achieve sustained growth in the long run through proactive fiscal measures, policy coordination and deepened reforms emphasizing innovation.

The Group will continue to closely monitor domestic and international political, economic, and market developments, responding with flexibility and prudence. Amid the rapid advancement of cutting-edge technologies, particularly digitalisation and artificial intelligence, and sustained strong demand for smart solutions, the Group will proactively align with industry transformation trends. While continuing to pursue opportunities that align closely with its core business, management will also actively explore revenue streams that create long-term value for shareholders, with the aim of further diversifying the business portfolio and strengthening overall revenue resilience.

MR. LI CHAO BO ("MR. LI")

– Chairman and Executive Director

Mr. Li, aged 51, was appointed as the Chairman and an Executive Director of the Company with effect from 31 March 2016 and was appointed as the Chief Executive Officer on 25 July 2022 and is currently a director and the sole beneficial owner of Linkway Investment Holdings Limited. Linkway Investment Holdings Limited is a company incorporated in the British Virgin Islands with limited liabilities. Mr. Li is currently a chairman of the number of the investment and property investment development companies which are registered in the PRC. Mr. Li currently holds a master's degree from Hong Kong Baptist University and a bachelor's degree from Central South University. Mr. Li is experienced in brand operation, property development and financial investment.

The register of substantial shareholders maintained under section 336 of the SFO show that at 31 December 2023, Linkway Investment Holdings Limited holds 728,912,000 issued Shares of the Company (each a "Share"), representing approximately 23.30% of the total issued share capital of the Company.

MR. JI JIAMING ("MR. JI")

– Executive Director

Mr. Ji, aged 64, holds a master's degree in business administration from Capital University of Economics and Business# and is a senior economist. Mr. Ji has worked in construction, property and infrastructure construction industries for many years and has extensive experience in enterprise management, strategy formulation and engineering management. Mr. Ji served as the board chairman of China Construction First Building Development Corporation#, the general manager of China Architecture First Building (Group) Corporation Limited#, the board chairman of China Construction Municipal Construction Corporation Limited# before May 2012. From June 2012 until December 2014, Mr. Ji was an executive director and vice-chairman of Kaisa Group Holdings Ltd. (stock code: 1638), the issued shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. Ji was the board chairman of China Economic International New Technology Corporation Limited# on June 2015. Since 28 October 2024, Mr. Ji has been appointed as an Non-executive Director of China New Town Development Company Limited (中國新城鎮發展有限公司) (stock code: 1278), the issued shares of which are listed on the Stock Exchange. Mr. Ji was appointed as the Executive Director of the Company with effect from 21 July 2017.

The English translation of Chinese names or words in this biography is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words

MR. ZHANG GUIQING ("MR. ZHANG")

– Non-executive Director

Mr. Zhang, aged 63, holds a Bachelor's degree in Engineering with a major in material studies from Central South Institute of Mining and Metallurgy (currently known as Central South University). Mr. Zhang has worked in real estate and construction industry for many years and has extensive experience in enterprise management and engineering management. Mr. Zhang served as Vice President of Beijing Dongfang Hongming Real Estate Development Limited# from May 1999 to May 2008. From May 2008 until June 2010, Mr. Zhang was an executive director of Sanya Hongli Orient Holdings Limited#. Mr. Zhang was appointed as the Non-executive Director of the Company with effect from 16 August 2017.

MR. NG CHI HO, DENNIS ("MR. NG")

– Independent Non-executive Director

Mr. Ng, aged 67, was appointed as Independent Non-executive Director on 16 March 2017. Mr. Ng holds a Bachelor of Commerce degree from The University of New South Wales, Australia and is a chartered accountant of The Chartered Accountants Australia and New Zealand and a fellow member of the Hong Kong Institute of Certified Public Accountants. He is also a practising certified public accountant and has extensive experience in auditing, accounting, financial management and corporate affairs. Mr. Ng is currently an independent non-executive director of Lai Sun Garment (International) Limited (stock code: 191). He was an independent non-executive director of Media Asia Group Holdings Limited (stock code: 8075) from October 2011 to April 2023. He was a non-executive director of My Heart Bodilbra Group Limited (stock code: 8297) from December 2018 to April 2019, an independent non-executive director for each of KOALA Financial Group Limited (formerly known as Sunrise (China) Technology Group Limited) (stock code: 8226) from June 2014 to May 2015, Kirin Group Holdings Limited (stock code: 8109) from April 2015 to December 2021, and Legendary Group Limited (stock code: 8195) from June 2019 to November 2022. Mr. Ng was also the company secretary of Celebrate International Holdings Limited (stock code: 8212) from July 2014 to February 2018 and the company secretary of Yunhong Guixin Group Holdings Limited (stock code: 8349) from December 2016 to March 2023.

MR. KWOK KIN WA ("MR. KWOK")

– Independent Non-executive Director

Mr. Kwok, aged 62, holds a Master degree of Business Administration from The University of South Australia. Mr. Kwok has extensive experience in real estate development and business investment and operations. Mr. Kwok is currently the director of Easymax Holdings Limited, Savilla Technology Group Company Limited and Aqualake Asian Pacific Holdings Limited. Also, Mr. Kwok is currently the committee member of the Political Consultative Conference of Jiangxi Province, the deputy director of Committee for Liaison with Hong Kong, Macau, Taiwan and Oversea of the Chinese People's Political Consultative Conference of Jiangxi Province, the vice president of Federation of Hong Kong Zhuhai Association and Federation of Industry and Commerce of Jiangxi Province, the president of Investment Chamber of Commerce of Private Enterprises of Jiangxi Province and Chamber of Direct Members of Jiangxi Federation of Industry and Commerce. Mr. Kwok has been appointed as Independent non-executive Director of the Company with effect from 4 June 2019.

The English translation of Chinese names or words in this biography is included for information purpose only, and should not be regarded as the official English translation of such Chinese names or words

MS. KWONG MEI WAN, CALLY ("MS. KWONG")

– Independent Non-executive Director

Ms. Kwong, aged 63, serves as the Hong Kong Deputy to the 14th National People's Congress. She is University Fellow of the Hong Kong Polytechnic University and a Graduate Gemologist Diploma from the Gemological Institute of America. Ms. Kwong is currently the chairman of Cally K Jewellery Limited and she has extensive experience in business investment and operations. Ms. Kwong was awarded "The Outstanding Businesswomen Award" by Hong Kong Commercial Daily in 2016 and "The 3rd Hong Kong Jewelry Industry Outstanding Achievement Award" by Hong Kong Jewelry Manufacturers' Association in 2018. Ms. Kwong actively participates in social affairs. She is an honorary citizen of Zhuhai, the executive vice president of Federation of Hong Kong Guangdong Community Organisations, the president of Federation of Hong Kong Zhuhai Community Organisations. Ms. Kwong has been appointed as Independent non-executive Director of the Company with effect from 22 July 2019.

SENIOR MANAGEMENT

The above mentioned Directors of the Company are members of senior management of the Group.

The directors of the Company (each a "Director") present the annual report and the audited consolidated financial statements of China City Infrastructure Group Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in Note 35 to the consolidated financial statements.

BUSINESS REVIEW

The business review, analysis using financial key performance indicators and future development in the Company's business of the Group for the year ended 31 December 2025 are set out in the section headed "Management Discussion and Analysis" on pages 4 to 9 of this annual report.

The environmental policies and performance, compliance with relevant laws and regulations and relationships with employees are also discussed under section headed "Environmental, Social and Governance Report" on pages 22 to 54.

Review and outlook of the business of the Group as required by Schedule 5 to the Hong Kong Companies Ordinance are disclosed in the Chairman's Statement, Notes to the Consolidated Financial Statements and Group Financial Summary of this annual report, which form part of this report. There are no significant events affecting the Group which have occurred since the end of the financial year.

RESULTS AND APPROPRIATIONS

Details of the Group's results for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss on page 73 of this report.

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

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the importance of maintaining a good relationship with its suppliers and customers to meet its immediate and long-term goals. The Group is committed to maintaining close relationship with our employees, providing quality services to customers and strengthening the cooperation with our business partners.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group committed to enhancing governance, promoting employee benefits and development, protecting the environment and giving back to society in order to fulfill social responsibility and achieve sustainable growth.

As the major businesses of the Group are property related businesses in the PRC, the Group evaluate, manage and mitigate from time to time environmental issues within the context of the Group's business activities and objectives for the conservation of energy and other natural resources, and devise environmental policies and measures for the Group so as to keep them in line with the standards required under the applicable laws, rules and regulations to the extent practicable. In the office, the Group encourages the reduction in paper and energy usage.

During the year under review, there had been no record of material breach or violation by the Group of applicable environmental laws, rules or regulations.

COMPLIANCE WITH RELEVANT LAWS AND REGULATIONS

The Group seeks to uphold high standard of integrity in all aspects of business and is committed to ensure that its affairs are conducted in accordance with applicable laws and regulatory requirements and has formulated and adopted various internal control measures, approval procedures and training within all business units at all levels of the Group. During the year under review, there has been no violation or breach of relevant laws and regulations that had a significant impact on the Company.

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 157 of this report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in investment properties of the Group during the year are set out in Note 15 to the consolidated financial statements. Further details of the Group's major properties are set out on page 158 of this report.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in Note 25 to the consolidated financial statements.

RESERVES

Details of the movements in reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on page 77 of this report and Note 36 to the consolidated financial statements, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

No distributable reserves of the Company as at 31 December 2025, which comply with the Companies Law of the Cayman Islands.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association (the "Articles of Association", each an "Article"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

FINAL DIVIDEND

The Board resolved that the Company would not declare the payment of a dividend for the year ended 31 December 2025 (2024: Nil).

EVENTS AFTER THE REPORTING PERIOD

Details of significant subsequent events of the Group are set out in Note 37 to the consolidated financial statements.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's ordinary shares during the year ended 31 December 2025.

DIRECTORS

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

Executive Directors

Mr. Li Chao Bo *(Chairman and Chief Executive Officer)*
Mr. Ji Jiaming

Non-executive Director

Mr. Zhang Guiqing

Independent Non-executive Directors

Mr. Ng Chi Ho, Dennis
Mr. Kwok Kin Wa
Ms. Kwong Mei Wan, Cally

In accordance with Article 108 of the Articles of Association, Mr. Ji Jiaming, Ms. Kwong Mei Wan, Cally and Mr. Ng Chi Ho, Dennis shall retire from their office by rotation at the forthcoming annual general meeting. Being eligible, Mr. Ji Jiaming will offer himself for re-election as Executive Director. Ms. Kwong Mei Wan, Cally and Mr. Ng Chi Ho, Dennis will offer themselves for re-election as Independent Non-executive Director at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Mr. Li Chao Bo ("Mr. Li") has been appointed as the executive Director of the Company with effect from 31 March 2016 and Mr. Li has entered into a new service contract with the Company on 3 June 2022. The term of the service contract will be for three years commencing from the date of the service contract subject to compliance with the relevant provisions of the Listing Rules. Mr. Li is entitled to a salary of HK$325,000 per month, with housing allowance of not more than HK$50,000 per month, together with discretionary management bonus by the Company to be determined by the Board. Mr. Li's emolument is reviewed by the remuneration committee of the Company.

Mr. Ji Jiaming ("Mr. Ji") has been appointed as the executive Director of the Company with effect from 21 July 2017 and Mr. Ji has entered into a new service contract with the Company on 21 July 2023. The term of the service contract will be for three years commencing from the date of the service contract subject to compliance with the relevant provisions of the Listing Rules. Mr. Ji is entitled to a salary of HK$250,000 per month, together with discretionary management bonus by the Company to be determined by the Board. Mr. Ji's emolument is reviewed by the remuneration committee of the Company.

Mr. Ng Chi Ho, Dennis has been appointed as the Independent Non-executive Director of the Company with effect from 16 March 2017 and he has entered into a new service contract with the Company for a term of two years which commence on 16 March 2025.

Mr. Kwok Kin Wa has been appointed as the Independent Non-executive Director of the Company with effect from 4 June 2019 and he has entered into a new service contract with the Company for a term of three years which commence on 4 June 2025.

Ms. Kwong Mei Wan, Cally has been appointed as the Independent Non-executive Director of the Company with effect from 22 July 2019 and she has entered into a new service contract with the Company for a term of three years which commence on 22 July 2025.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") from each of the Independent Non-executive Directors, namely Mr. Ng Chi Ho, Dennis, Mr. Kwok Kin Wa and Ms. Kwong Mei Wan, Cally for the year ended 31 December 2025 and as at the date of this report, the Company considers the Independent Non-executive Directors to be independent.

DIRECTORS' BIOGRAPHY

Biographical details of the Directors are set out from pages 10 to 12 of this annual report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES AND THE UNDERLYING SHARES OF THE COMPANY AND ANY ASSOCIATED CORPORATIONS

At 31 December 2025, the interests and short positions of each Director and the chief executives of the Company in the shares and the underlying shares of the Company and any associated corporations (as defined in Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

(i) Long positions in shares at 31 December 2025

Name of Director	Capacity	Notes	Number of underlying shares	Approximate percentage of shareholding
Mr. Li Chao Bo	Beneficial owner	(1)	728,912,000	23.30%
Mr. Ji Jiaming	Beneficial owner	(2)	100,000,000	3.20%

Notes:

(1) Mr. Li Chao Bo is the sole beneficial owner of Linkway Investment Holdings Limited which in turn owns 728,912,000 shares of the Company. Mr. Li Chao Bo was appointed as the Chairman and an Executive Director of the Company with effect from 31 March 2016, and as the chief executive officer of the Company with effect from 25 July 2022.

(2) Mr. Ji Jiaming holds 50% of Double Joy Developments Limited and is a director of Double Joy Developments Limited, which in turn owns 100,000,000 shares of the Company.

Save as disclosed above, at 31 December 2025, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in shares, underlying shares or debentures of the Company and its associated corporations as recorded in the register required to be maintained under Section 352 of Part XV of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SHARE OPTIONS

The following table discloses movements in the Company's share options during the year.

				Number of share options					
Category	Date of grant	Exercise price (HK$)	Exercise period	As at 1 January 2025	Granted during the year	Exercised during the year	Expired during the year	Lapsed during the year	As at 31 December 2025
Consultant	16/06/2015	0.88	16/06/2015 to 15/06/2025	5,000,000	–	–	(5,000,000)	–	–
Consultant	25/06/2015	0.91	25/06/2015 to 24/06/2025	20,445,948	–	–	(20,445,948)	–	–
				25,455,948	–	–	(25,445,948)	–	–

Saved as disclosed above, at no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors, chief executive of the Company or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

On 18 June 2013, the shareholders of the Company at the annual general meeting approved the adoption of a share option scheme (the "2013 Scheme"). The 2013 Scheme expired on 17 June 2023 and all share option granted had been expired on 24 June 2025.

On 5 June 2025, the Company adopted a new share option scheme the (the "2025 Scheme") whereby the Board can grant options to any eligible participants (being full time employees, executive directors and non-executive directors of the Company or any of its subsidiaries) for the subscription of the Company's shares in order to provide them with incentives and retain them for the ongoing operation and development of the Group. Details of the 2025 Scheme are set out in the circulars of the Company dated 29 April 2025. The 2025 Scheme will remain in force for a period of 10 years commencing from the date of adoption of the 2025 Scheme from 5 June 2025, i.e. from 5 June 2025 to 4 June 2035.

As at the date of this annual report, the total number of Shares available for issue under the 2025 Scheme is 312,827,854 representing approximately 10.00% of the issued share capital of the Company as at the date of this annual report. The maximum number of Shares issuable upon exercise of the options which may be granted under the 2025 Scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting.

No share option has been granted by the Company under the 2025 Scheme since the adoption date and up to the date of this report.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Details of transactions during the year between the Group and the related parties or other companies in which the Directors had beneficial interest are set out in Note 34 to the consolidated financial statements.

Saved as disclosed above, no contracts of significance in relation to the business of the Group to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

The register of substantial shareholders (other than Directors and chief executives) maintained under Section 336 of the SFO shows that at 31 December 2025, the Company had been notified of the following substantial shareholders' interests and short positions in the shares and underlying shares of the Company, being 5% or more of the Company's issued share capital.

(i) Long positions in the shares at 31 December 2025

Name of substantial Shareholder	Notes	Capacity/ Nature of interest	Number of ordinary shares	Approximate percentage of shareholding
Linkway Investment Holdings Limited ("LIHL")	(1)	Beneficial owner and interest of controlled corporation	728,912,000	23.30%
Good Outlook Investments Limited	(2)	Beneficial owner	215,683,681	6.89%
China Financial International Investments Limited ("CFIIL")	(3)	Beneficial owner	698,079,429	22.32%
China Financial International Investments and Managements Limited	(4)	Investment manager	290,079,429	9.27%
Capital Focus Asset Management Limited	(4)	Investment manager	290,079,429	9.27%
Fu Lam Wu	(5)	Beneficial owner	200,000,000	6.39%

Notes:

(1) These Shares were held by LIHL. Mr. Li Chao Bo ("Mr. Li") is the sole beneficial owner of LIHL. Therefore, Mr. Li has beneficially interested in the said Shares.

(2) The company is a company incorporated in the British Virgin Island with limited liability.

(3) These Shares were held by CFIIL (Stock Code: 721). Therefore, CFIIL have beneficially interested in the said Shares.

(4) These Shares were held by CFIIL. China Financial International Investments and Managements Limited ("CFIIM") is 51% owned by Capital Focus Asset Management Limited ("Capital Focus") and 29% by owned CFIIL. Accordingly, for the purposes of the SFO, CFIIM and Capital Focus are deemed to have the same interests in the Company as CFIIL, being in the capacity of investment manager of CFIIL.

(5) She is an independent third party.

Save as disclosed above, the Company has not been notified by any persons or corporations, other than the Directors or chief executives of the Company, who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of Part XV of the SFO at 31 December 2025.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the significant related party transactions or continuing connected transactions undertaken by the Group during the year in the ordinary course of business or on normal commercial terms are set out in Note 34 to the consolidated financial statements. Certain details of which are disclosed in compliance with the requirements of Chapter 14A of the Listing Rules.

AUDIT COMMITTEE

The Listing Rules require every listed issuer to establish an audit committee comprising at least three members who must be non-executive directors only, and the majority thereof must be independent non-executive directors, at least one of whom must have appropriate professional qualifications, or accounting or related financial management expertise. The audit committee is accountable to the Board and the primary duties of the audit committee include the review and supervision of the Group's financial reporting process and internal controls. During the year ended 31 December 2025, the audit committee comprised Mr. Ng Chi Ho, Dennis, Mr. Kwok Kin Wa and Ms. Kwong Mei Wan, Cally, who are the independent non-executive Directors.

The audit committee has reviewed the audited consolidated results and the risk management and internal control system of the Group for the year ended 31 December 2025.

The Group's annual results for the year ended 31 December 2025 have been reviewed by the audit committee, which was of the opinion that the preparation of such annual results complied with the applicable accounting standards and requirements and that adequate disclosures were made.

MAJOR CUSTOMERS AND SUPPLIERS

The top five suppliers in aggregate and the single largest supplier of the Group accounted for approximately 6.4% and 4.0% for the Group's total purchases for the year ended 31 December 2025 respectively.

During the year, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales.

At no time during the year did a Director, an associate of a Director, within the meaning of the Listing Rules, or a Shareholder which to the knowledge of the Directors owns more than 5% of the Company's share capital, have any interest in the Group's five largest suppliers and five largest customers.

PUBLIC FLOAT

On the basis of information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has complied with the public float requirements of the Listing Rules.

MANAGEMENT CONTRACT

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

DIRECTOR'S INTEREST IN COMPETING BUSINESS

As at 31 December 2025, none of the Directors of the Company had any interest in business which competes or may constitute competition directly or indirectly with the business of the Group.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this report, there was or is, any permitted indemnity provision being in force for the benefit of any of the Directors of the Company or an associated company.

The Company has taken out and maintained Directors' and officers' liability insurance throughout the year, which provides appropriate cover for the certain legal actions brought against its Directors and officers.

EVENT AFTER THE REPORTING PERIOD

There was no significant event subsequent to 31 December 2025 and up to the date of this annual report.

AUDITOR

The consolidated financial statements for the year ended 31 December 2025 were audited by Confucius International CPA Limited ("Confucius"). A resolution for the re-appointment of Confucius International CPA Limited as auditor of the Company is to be proposed at the AGM.

On behalf of the Board
Li Chao Bo
Chairman

Hong Kong, 31 March 2026

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

OVERVIEW

The Group is delighted to present the Environmental, Social and Governance ("ESG") report (the "ESG Report"), prepared by China City Infrastructure Group Limited (the "Company"), together with its subsidiaries (collectively, the "Group") to summaries the Group's ESG key issues, initiatives, and the sustainability performance of our principal business for the period from 1 January 2025 to 31 December 2025 ("2025" or "2025 Reporting Period"). The ESG Report is prepared in response to stakeholders' expectations and concerns about the sustainable development of the Group.

This report is prepared in accordance with the ESG Reporting Code (the "ESG Reporting Code") outlined in Appendix C2 of the Listing Rules and Guidance Governing the Listing of Securities on the Main Board of the Hong Kong Stock Exchange ("HKEX") and follows the principles of materiality, quantitative, balance and consistency, and covers the operations and activities of the subsidiaries in the People's Republic of China (the "PRC" or "China") and Hong Kong. This ESG Report was compiled in compliance with the "mandatory disclosure requirements" and the "comply or explain" provisions in the ESG Reporting Code.

This ESG Report has been reviewed and approved by the board of the Company (the "Board"), both reviews and reports the core business operations and activities of the Group.

ESG OBJECTIVES AND STRATEGIES

The Group is engaged in the property related business. The Group's principal activities include: (i) Property development involving development of property projects in the People's Republic of China (the "PRC" or "China"); (ii) Project investment relating to the leasing of investment properties; and (iii) Property management business involving the provision of property management and other services, in Wuhan City ("Wuhan") and Zhoukou City ("Zhoukou"), the PRC.

The Group continues to strive to be an environmentally friendly and socially responsible corporation. We operate in strict compliance with the principles of minimizing risks associated with the listed ESG subject areas and aspects mentioned in the ESG Reporting Code, including but not limited to complying with legal and regulatory requirements, adherence to high ethical standards, and eliminating and minimizing negative impacts on the environment.

The Group holds a deep appreciation for the individuals who are an integral part of the business. We are committed to furthering our adherence to the various ESG principles outlined in the ESG Reporting Code. Our focus extends beyond compliance and we strive to make a meaningful impact in several key areas:

1. Enhancing Employee Well-Being: We prioritize the health and happiness of our employees by implementing programs that support their mental and physical well-being, offering certain work arrangements, and fostering professional growth.

2. Creating Value for Stakeholders: We believe in building strong relationships with our stakeholders. By engaging in open dialogue and collaboration, we ensure that our endeavors benefit all parties involved and contribute to our collective success.

3. Supporting Community Growth and Inclusion: We are dedicated to uplifting the communities in which we operate. Through outreach initiatives, we aim to enhance local education, infrastructure, and health services, reinforcing our commitment to social responsibility and inclusivity.

By embracing these principles, we not only uphold our responsibilities under the ESG Reporting Code but also contribute to a sustainable and inclusive future for everyone involved.

GOVERNANCE STRUCTURE

The Board is responsible for the sustainable development of the Group and directs the Group to perform its corporate social responsibilities. The Board determinedly believes that our attention to resources management and occupational safety and health will especially help the Group achieve its established vision and mission. The Board have faith in that attaching importance to ESG management can improve our corporate image, reduce ESG risks and enhance the Group's capability to comply with relevant laws and regulations. These efforts can further improve the competitiveness of the Group and promote the sustainable development of the Group's business.

The Group's ESG philosophy is to create long-term value for its stakeholders in alignment with the strategic development and sustainability of its business. The Group is committed to maintaining a rigorous corporate governance framework to promote and safeguard the interests of shareholders and other stakeholders, thereby upholding the Group's credibility and reputation. The Group will continue to seek ways to develop our business in a more efficient and environmentally friendly manner and remains steadfast in our mission to build an inclusive and sustainable society.

The Board continuously enhances its supervision over the Company's ESG governance and increases its engagement efforts. The Company sets annual environmental targets related to its business, and the Board regularly reviews and discusses the establishment and progress of these targets. The Company has adopted the Hong Kong Stock Exchange Environmental, Social, and Governance Reporting Code, under which it carries out sustainability tasks in environmental protection, employee welfare, and operational safety.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Throughout the 2025 Reporting Period, the Group maintained the same ESG management structure and process as the last reporting period (from 1 January 2024 to 31 December 2024, "2024" or "2024 Reporting Period"). The Group fully understands that ESG policies and practices may change over time to reflect the changes in business operations, structures, technologies, laws and regulations, and the environment. The Group thus continues to invest substantial resources to monitor ESG issues, policies and practices and performance on an ongoing basis. Our ESG strategies, management policy and approach are based on compliance with relevant legal and regulatory requirements, the principle of sustainability and opinions from our key stakeholders. The Group's visions and goals, and the ESG management policy and approach can be summarized in the following statements:

1. The Group is committed to successfully undertaking its business, while providing strong returns to our investors and supporters, mitigating risks associated with our operations, ensuring a healthy and safe working environment to our employees, and contributing to sustainable developments for the local communities and the Group.

2. The Board periodically approves and updates strategies and policies that incorporate the environmental and social issues outlined in the ESG Reporting Code. The Chief Executive Officer ("CEO") is responsible for ensuring that the Board's approved targets and strategic directions are effectively implemented in the Group's ESG activities. To support this, the general manager has appointed an ESG Manager to monitor and review ESG issues, ensuring the recommendations of the ESG Reporting Code are regularly followed and adopted. When necessary, independent professionals and consultants have been and will continue to be engaged to conduct analyses and reviews aimed at improving or resolving ESG-related matters.

3. To promote the comprehensive risk management within the Group, the Group has made a basic assessment of relevant ESG risks through the Board's extensive understanding of the business and the communication with different stakeholders, and incorporated the relevant risks into the risk management and internal control system.

REPORTING PRINCIPLES

The Group has compiled the ESG Report in accordance with the following reporting principles:

Materiality	:	The Group has identified the materiality of ESG topics by stakeholder engagement and materiality assessment. The details are explained in the section of "Stakeholders Communication and Materiality Assessment".
Quantitative	:	Under feasible situation, the Group recorded, calculated and disclosed quantitative information and conducted comparisons with past performance, if applicable. Details of the calculation standards/methods for the reporting of emissions/energy consumptions are disclosed together with the data tables in relevant sections.
Consistency	:	The methodology adopted for disclosing key environmental and social performance indicators is consistent with that of the previous reporting period.
Balance	:	This report has been prepared in an objective manner to ensure that the information disclosed give a full and unbiased picture of the overall performance of the Group in environmental, social and governance aspects.

CONTACT

Should you have any enquiries or feedback on this Report, please feel free to contact us via the following methods:

- Address : Suite 6208, 62nd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong
- Tel : +852 2827 0088
- Fax : +852 2827 0303
- Official website : http://www.city-infrastructure.com

BOARD STATEMENT

The Group's ESG philosophy is to create long-term value for its stakeholders that aligns with the strategic development and sustainability of its business. The Board of Directors (the "Board") believes that good corporate governance promotes and safeguards the interests of shareholders and other stakeholders. Hence, the Group is committed to maintaining a rigorous framework of corporate governance which upholds the Group's credibility and reputation.

The Board continuously enhances the supervision over the Company's ESG governance and increases its engagement efforts. The Company has set business-related annual environmental targets, and the Board has reviewed and discussed the establishment of the targets and reviewed the progress of the fulfillment of targets on a regular basis. The Board believes in the long-term value created by sustainable business development, and the Company has adopted the Hong Kong Stock Exchange Environmental, Social and Governance Reporting Guide, under the guidance of which, we carry out sustainability tasks in environmental protection, employees, operational safety and other aspects.

Li Chao Bo
Executive Director

31 March 2026

REPORTING BOUNDARY

For the purpose of this report, the Group herein will review its core business activities and operations in terms of their environmental and social objectives, policies and practices, and their impacts and performances.

The reporting scope of the ESG Report focuses on the primary business. The Group continues its practices and aims to maximize returns for the shareholders, business partners and investors, whilst being a socially and environmentally responsible company and providing a safe, healthy and pleasant working environment to our employees. In the 2025 Reporting Period, the Group strengthened the management efforts on the quality management of products, management of supply chains and the administration of personnel.

This ESG Report mainly includes data and activities of the managed properties and shopping malls in Wuhan and Zhoukou and the office-based operation in Hong Kong (the “Hong Kong Office”).

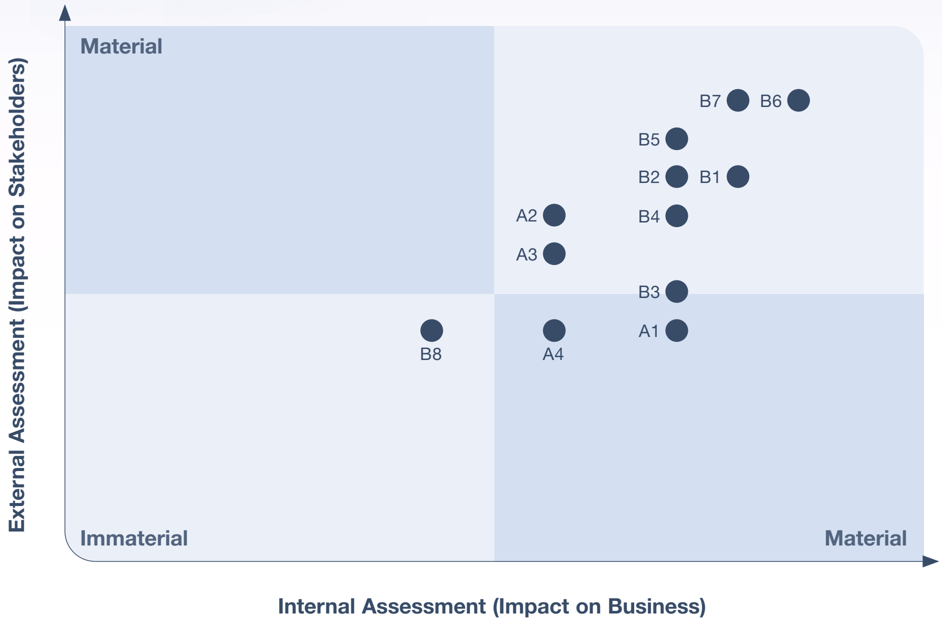
STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

The Group always values input and feedback of its stakeholders which are considered influential and weight bearing to the overall interest and business of the Group. In this regard, the Group continues to constantly communicate with its internal and external stakeholders to canvas their views and opinions regarding not only ESG matters but also the Group’s operations and performance to address their concerns.

Regarding issues that are of concerns to the stakeholders, the Group seeks stakeholders’ opinions and suggestions through scheduled and ad hoc conversations through various communication channels. Internal meetings of the Group are conducted to report and discuss the feedback from the stakeholders’ feedback, which will then be used as important reference for the Group’s sustainable development strategy. The Group continues to assign a board member and duty managers (the “Management Team”) to constantly communicate with its stakeholders under the following established channels in order to gain insights on ESG material aspects in the 2025 Reporting Period.

Stakeholders	Communication Channels
Shareholders/Investors	• General meetings • Information published on websites of the Company and The Stock Exchange of Hong Kong Limited • Direct emails or phone enquiries • Dispatched documents
Employees	• Direct meetings with the management executives • Emails • Annual and regular appraisal • Organized functions and activities for the employees
Customers	• Ad hoc communication meetings • Email and phone contact • Official websites
Suppliers/service providers	• Day-to-day communication through front line staff • Regular review of the signed arrangements by the management
Regulatory authorities	• Cooperate on compliance inspections • Regular submission of statements/documents required (monthly/quarterly)

Through regular communications with stakeholders and reviewing of the information collected, the Group has identified the following ESG material areas and aspects indicated in the following table:



Subject Areas		Subject Aspects
Environmental		A1. Emissions
		A2. Use of Resources
		A3. Environment and Natural Resources
		A4. Climate Change
Social	Employment and Labour Practices	B1. Employment
		B2. Health and Safety
		B3. Development and Training
		B4. Labour Standards
	Operating Practices	B5. Supply Chain Management
		B6. Product Responsibility
		B7. Anti-corruption
	Community	B8. Community Investment

The above ESG material areas and aspects have continued to be strictly managed and monitored through the Group's established management structure, process, policies and guidelines as described in this ESG Report.

THE GROUP'S ENVIRONMENTAL AND SOCIAL AREAS AND ASPECTS AND THEIR PERFORMANCE

(A) ENVIRONMENTAL

1.1 Environmental Areas Overview

As an environmentally responsible corporation, the Group is committed to achieving a balance between maximizing returns to our shareholders and minimizing any adverse impact on the environment.

Based on various aspects of the subject areas in the ESG Reporting Code, we have identified the laws and regulations that are the most relevant to the Group:

- Environmental Protection Law of the PRC;
- Environmental Impact Assessment Law of the PRC;
- Water Pollution Prevention and Control Law of the PRC;
- Solid Waste Pollution and Environmental Prevention and Control Law of the PRC;
- Air Pollution Control Ordinance Law of Hong Kong; and
- Environmental Impact Assessment Ordinance Law of Hong Kong.

1.2 Environmental Aspects

The Group advocates the importance of sustainable development in relation to our on-ongoing business operations and activities. We have employed various measures to ensure full compliance with all relevant rules and regulations regarding emissions, effluent water, and solid waste discharge and to ensure minimal impact on the environment.

A1. Emissions and Wastes

(i) Direct and Indirect Hazardous and Non-Hazardous Air Emissions

The operations and activities of the Group do not directly generate any hazardous air emissions and pollutants, the only non-hazardous carbon dioxide ("CO_2") is generated indirectly from the use of electricity by the Hong Kong Office, offices in the PRC and the managed properties and shopping malls in Wuhan and Zhoukou. The degree of electricity consumption by the residents, tenants and visitors of the managed properties and shopping malls in Wuhan and Zhoukou will determine the amount of electricity usage.

Hazardous air emissions, such as sulphur oxides, nitrogen oxides and particulate matters will be generated from direct use of diesel, petrol and other fossils fuels. Our managed properties and shopping malls in Wuhan and Zhoukou have a few standby small diesel generators, which will be used only when there is a sudden power outage. The diesel consumption and related hazardous emissions will only be disclosed if the Group constantly and regularly consume diesel. Fortunately, power cut-off incidents were only on ad-hoc with a few short periods in the last 3 years and is insignificant on continuous management basis. We therefore have not reported any use of diesel herein. The Group does not own and operate a fleet of transport vehicles, its petrol and other fossils fuel consumption is insignificant and not reporting herein as well. Furthermore, the Group continues to encourage our staff to reduce flights by teleconferencing and use public transport as means to consume less energy and to produce less CO_2.

For the 2025 Reporting Period, same as 2024, the Group did not breach any laws, rules or regulations and did not receive any notice of fine or warning from any governmental agencies in relation to its emissions in the PRC and Hong Kong, which might have an adverse impact on the environment and the Group.

The table below recorded and compared the 2025 Reporting Period and the 2024 Reporting Period's resultant air pollutant emissions:

		Year ended 31 December		
Items of emissions *Note 1*	**Unit**	**2025**	**2024**	**Changes**
CO_2 indirect emission				
– Hong Kong Office	Tonnes	9.74	11.31	-13.88%
– Wuhan and Zhoukou *Note 2*	Tonnes	3,166.95	2,517.10	+25.82%
Total (CO_2)	Tonnes	3,176.69	2,528.41	+25.64%
Intensity				
– CO_2/employee in Hong Kong Office	Tonnes	0.65	0.87	-25.29%
– CO_2/employee in Wuhan and Zhoukou	Tonnes	27.30	31.86	-14.31%

Note 1: Emission factors for calculations in this ESG Report were made reference to the "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 31 December 2024)" by The Stock Exchange of Hong Kong Limited, unless otherwise specified.

Note 2: Emission factors for purchased electricity sourced from 中國產品全生命週期溫室氣體排放系數庫.

The significant increase in indirect CO_2 emissions in the PRC during the 2025 Reporting Period is primarily attributable to the addition of a new subsidiary compared to 2024.

In the coming year, the Group targets to reduce 1-2% indirect CO_2 emission performance in Wuhan and Zhoukou, and Hong Kong Office, by implementing various environmental initiatives stated in *Section A1(vi)*.

(ii) Noise Pollution Emission

The operations and activities of our offices and the managed properties and shopping malls do not generate and emit any noises. Moreover, residents, tenants and visitors have been advised to read the noise policies to avoid noise generated. The Group has complied with all the national and local laws, rules and regulations to ensure noise emission is under strict control. The Group did not receive any complaints related to noise emission for the 2025 Reporting Period, which was consistent with our performance in 2024 and targets to achieve the same performance in the coming year.

(iii) Light Emission

The operations and activities of our offices and the managed properties and shopping malls generate and emit minimal light pollution. The Group has designed, decorated and installed lighting systems for its managed properties and shopping malls that are strictly in compliance with the local requirements and standards, and minimal light pollution is caused. The Group did not receive any complaints related to light emissions for the 2025 Reporting Period, which was consistent with our performance in 2024 and targets to achieve the same performance in the coming year.

(iv) Water Pollution and Discharge

The Group's operations and activities only generate living and hygiene water used by our employees, residents, tenants and visitors of the offices, managed properties and shopping malls, which is not harmful nor toxic by nature and do not generate much polluted water. Water is supplied from the city supply network and is discharged through central sewage system. The Group did not receive any complaints or warnings relating to the discharge of polluted water for the 2025 Reporting Period, which was consistent with our performance in 2024 and targets to achieve the same performance in the coming year. As the water consumption fees are included in the office management fees, we therefore do not have the water consumption data for the Hong Kong Office. Water consumption in Wuhan and Zhoukou is stated in *Section A2(ii)*.

(v) Hazardous and Non-Hazardous Wastes Discharge and Disposal

The Group's operations and activities only generate non-hazardous general wastes, such as used papers, packaging materials, office residuals, general rubbish and hygiene and living wastes, by its employees, residents, tenants and visitors of the managed properties and shopping malls. All these wastes are disposed to rubbish bins and stored in rubbish depots and will be collected by the city urban clean services on daily basis or fee basis. The Group did not receive any complaints or warnings on its wastes disposal for the 2025 Reporting Period, which was consistent with our performance in 2024 and targets to achieve the same performance in the coming year. Owing to the different natures of our operations and activities involving leased properties, shopping malls and management services offices, the amount of non-hazardous wastes were only generated from our administrative offices which are insignificant and pose no material impact to the environment. For the paper usage, please refer to *Section A2(iii)*. For the coming year, we target to reduce the overall paper consumption by 2-3%.

(vi) Mitigation Measures

As a responsible corporation, for cost-saving purposes and for the protection of the environment, the Group continues to comply with all the national and local environmental laws, rules and regulations and industrial standards. The Group has also implemented the following environmentally friendly measures into its daily operations and activities to minimise adverse impacts on our environment.

- Appointed responsible officers to regularly inspect our offices and managed properties and shopping malls to ensure the fresh water is not wasted, power is turned off when works is not being carried out, and the use of natural ventilation to replace air-conditioning in allowable conditions;

- Reduced unnecessary business trips and increased use of the information technology, such as video conferencing;

- Encouraged the employees to take public transports or car-pooling to minimise the use of private vehicles and taxi;

- Invested in fresh water and energy saving tools and equipment such as the installation of water measuring meters, LED lights and solar energy systems; and

- Implemented a waste-classification system and the practice of recycling use of resources especially on printing papers.

As a result, the Group did not have any violation related to hazardous or non-hazardous air emissions and wastes discharges, fines or warning notices from the relevant environmental agencies in Hong Kong and the PRC in 2025, as well as in 2024. The Group is determined to reinforce and to take all required measures to continue to achieve and improve on our environmental performance in coming years, and is also committed to contributing to combat global warming by reducing the CO_2 emissions and other pollutants, and preserving natural resources especially fresh water by reducing wasting uses.

A2. Use of Resources

The Group's managed properties and shopping malls, property investment, development and management services offices only use electricity to run the operations and activities, fresh water for general hygiene and cleaning needs, printing papers and paper bags for general offices routine works and services to visiting clients. The Group did not used significant amount of other natural resources in its normal business activities and operations.

Although the Group's operations and activities do not generate much environmental hazards, we are committed to acting responsibly and aiming to minimise our impact on the environment whilst reducing our operational costs. The Group has promoted efficient uses of resources, including electricity, fresh water, paper and packaging materials, through the introduction of various measures as disclosed above. For the 2025 Reporting Period, the Group did not find any unreasonable uses of resources including electricity, fresh water, paper and packaging materials, which were all within our internal control targets.

(i) Electricity Consumption

The Group's managed properties and shopping malls, property investment, development and management services offices only use electricity supplied from the local city grids. To save operational costs and to combat climatic changes by reduction of CO_2 and pollutants emissions, the Group has already implemented measures as explained in *Section A1(vi)* to reduce energy consumption.

The table below recorded and compared the 2025 Reporting Period and the 2024 Reporting Period's resultant electricity consumption:

		Year ended 31 December		
Electricity Consumption	**Unit**	**2025**	**2024**	**Changes**
– Hong Kong Office	kWh	16,232.00	17,131.00	-5.25%
– Wuhan and Zhoukou	kWh	5,964,117.16	4,687,339.27	+27.24%
Total	kWh	5,980,349.16	4,704,470.27	+27.12%
Intensity				
– kWh/employee in Hong Kong Office		1,082.13	1,317.77	-17.88%
– kWh/employee in Wuhan and Zhoukou		51,414.80	59,333.41	-13.35%

For the coming year, the Group targets a reduction of 1-2% of electricity consumption under normal operating conditions through improvement in energy efficiency management measures.

As aforementioned in *Section A1(i)*, the Group uses diesel for our standby power generators only and which are only used during power shortages. Fortunately, over the last three years, such incidents were only experienced momentarily, and as such are insignificant in terms of general and usual operations and we therefore, have not reported any use of diesel herein.

(ii) Fresh Water Consumption

The Group's offices, managed properties and shopping malls have no problem in sourcing fresh water supply, which comes from the cities' central water supply network, using for living, hygiene and cleaning purposes by its employees, residents, tenants and visitors of the managed properties and shopping malls. We regularly remind our employees to efficiently use fresh water and to avoid excessive usage of fresh water as it is one of the most important and scarce resources on our planet. We have appointed supervising staff to regularly inspect the places, such as toilets, kitchens and bathrooms to ensure all the water taps have been turned off when they are not in use, and to check and remediate immediately any water leakage. In the toilets, managed properties and shopping malls, we have posted notices to remind the users to reduce fresh water consumption. We have also continued to use treated water for toiletry purposes in the managed properties and shopping malls.

As explained in the aforementioned "Water Pollution and Discharge" section, the water consumption fees are included in the office management fees, we therefore do not compile the water consumption data for the Hong Kong Office. The table below recorded and compared the 2025 Reporting Period and the 2024 Reporting Period's resultant water consumption in Wuhan and Zhoukou:

		Year ended 31 December		
Water Consumption in Wuhan and Zhoukou	**Unit**	**2025**	**2024**	**Changes**
– Wuhan and Zhoukou	m^3	24,884.05	17,287.00	+43.95%
Intensity (m^3/employee in Wuhan and Zhoukou)		214.52	218.82	-1.97%

Due to the addition subsidiary and employees, the Group experienced a significant increase in water consumption during the 2025 Reporting Period. Nonetheless, intensity decreased slightly, meeting our target set out last year.

For the coming year, the Group targets to continue the decreasing trend and to achieve an overall reduction of fresh water consumption by 1-2% under normal operating conditions.

(iii) *Paper and Packaging Materials and other Raw Materials Consumption*

The table below recorded and compared the 2025 Reporting Period and the 2024 Reporting Period's resultant paper usage in Hong Kong Office:

		Year ended 31 December		
Non-Hazardous Waste (A4 Paper)	**Unit**	**2025**	**2024**	**Changes**
– Hong Kong Office	Pieces	7,760.00	12,000.00	-35.33%
	Tonnes	0.04	0.06	-33.33%

Efforts were made to encourage employees to use paper efficiently during the 2025 Reporting Period. These efforts included reducing paper usage by sending soft copies instead of printing paper copies, resulting in very low levels of paper waste during that period.

Although the Group's activities and operations do not consume significant amounts of papers and packaging materials, to save operational costs and improve its environmentally friendly footprint, the Group has continued to implement the following measures, requested its employees and the residents, tenants and visitors of the managed properties and shopping malls to cooperate in reducing paper and packaging material consumption:

For employees:

- Applying computer technology such as storage of documents in electronic version, communications via emails and messages to replace paper consumption;
- Reusing stationery such as envelopes, document folders etc.; and
- Printing on either both sides of a plain paper or on recycled paper.

For residents, tenants and visitors of the managed properties and shopping malls:

- Encouraging people to use recycled and reusable bags and containers; and
- Posting notices in convenient places to request their cooperation in reducing the use of plastic bags and papers.

For the 2025 Reporting Period, the Group was not aware of any indicator alerting to the consumption of paper and packaging materials at an excessive level. For the coming year, the Group targets to achieve a 1-2% reduction in the paper and packaging materials consumption.

A3. *The Environment and Natural Resources*

The Group's activities and operations do not generate any harmful emissions and discharges, which will cause significant environmental impact and hazards. The Group also does not consume significant and excessive amounts of water, paper and packaging materials. As a responsible corporation, we have implemented environmental protection policies and have complied with all the national and local environmental laws, rules and regulations, and industry standards. We are committed to conserving resources in order to reduce the impact on the environment as well as saving operational costs. We cooperate with the local government agencies and support environmental activities to build a "clean" environmental society.

During the 2025 Reporting Period, electricity, fresh water, paper and paper-based packaging materials for our normal operations and activities were the only key elements which were considered to have an impact on the environment. The Group has continued to support all measures to reduce, reuse and recycle as far as possible and practicable. The Group honoured its environmental obligations and did not receive any warning or notice of complaint from any governmental environmental agencies, clients or business partners that we violated any environmental rules and regulations, polluted the environment or caused any environmental troubles. We have also taken initiatives to guide and requested the residents, tenants and visitors to co-operate on saving energy and water. For the coming year, we strive to continue to achieve a record of zero complaints and no pollution occurrences, and to explore new avenues and means to accomplish our goals of conserving natural resources and protecting the environment.

A4. *Climate Related Disclosure*

(i) Governance

The Group understands that stakeholders expect us to be managing and mitigating climate change risks in line with local and global commitments and recommendations. After communication with the stakeholders and reviewing of the Group's operations and activities in light with the current global environmental conditions, the Board identifies that global warming and reduction on the use paper and paper related packaging materials will be the most significant climatic issues that may impact the Group. These two climatic issues not only affect the operation costs of the Group, they will also affect the global environmental conditions.

It also is generally agreed that global warming is mainly caused by the excessive release of CO_2 into the atmosphere, which is directly and indirectly the result of uses of fossil fuels for transportation and electricity generation.

For 2025 Reporting Period, although the Group's operations and activities did not directly generate any CO_2 emission, we did generate CO_2 indirectly through the use of electricity. Faced with the global climate change risks and the international trend and challenge of reducing greenhouse gas emissions, as well as the possible hike of energy consumption caused by the daily uses by the employees, the Group deeply understands the needs to cooperate with the overall industry and its upstream and downstream supply chain, to align with the national policies of each region, as well as new opportunities for energy conservation and carbon reduction. We have implemented policies and measures to use electricity efficiently to reduce indirect CO_2 emission, which is a main contributor of global warming. Through reduction on usage of paper, we wish to indirectly reduce the cutting of trees, which will directly assist on curbing global warming as well.

As the world transitions toward a lower-carbon sustainable economy, there are inevitable areas that our Group can contribute to this. After discussions with our stakeholders, we have identified energy and water as immediate areas that we can tackle to both combat climate change and reduce potential costs in the future.

Management's Role:

1. Oversight of climate-related risks and opportunities is managed directly by the Board. The CEO holds the overall responsibility for ensuring that the strategies and policies set by the Board are effectively implemented across the organization.

2. The Board is also responsible for the development of appropriate skills and competencies through training programs, professional development opportunities, and assessments of current capabilities. This ensures that the board members and relevant personnel are well-equipped to oversee and address climate-related risks and opportunities.

3. The Management Team plays a critical role in the governance of climate-related risks and opportunities. The Management Team is responsible for examining and addressing climate related risks and opportunities, and day to day implementation of policies set by the Board.

4. The Group utilizes various controls and procedures, such as internal audits, performance reviews, and sustainability reporting, to support the oversight of climate-related risks and opportunities. These controls and procedures are integrated with other internal functions, such as finance, operations, and human resources, to ensure a cohesive approach to sustainability.

(ii) *Strategy*

We strive to understand the impacts brought by climate change to our business operations and thus continuously seek to advance the relevant studies, as well as our action plans and mitigation measures. Subject to the ongoing development of our climate-related risk assessment and management practices, we will further study the feasibility and practicality of integrating the financial impacts of climate-related risk and other sustainability issues into our financial planning at the corporate and project levels.

Physical Acute Risk

The Group has identified extreme weather such as typhoons, heavy rain, thunder and lightning and flooding that can cause physical acute risk. The potential consequences include delivery or shipment delay as well as damage to documents, equipment and even employees' health and life. The above potential consequences will cause economic losses to and increase operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effect of extreme weather.

Physical Acute Risk **Extreme weather**	**Preventative and mitigation measures**
Typhoons	– Attach duct tapes to windows to avoid damage
	– Move equipment to safety areas in advance
	– Reinforce equipment and components that may be blown away
	– Inform and negotiate with clients and third-party suppliers of potential delays in advance
	– Arrange work from home for staff according to the guidelines of local observatory
Heavy Rain and Flooding	– Check that all windows are shut as secure as possible
	– Reinforce equipment and assets which may be damaged or blown away
	– Arrange work from home for staff according to the guidelines of local observatory
Thunder and Lightning	– Keep good conditions of earthing devices
	– Remind employees to save data and turn off computers

Physical Chronic Risk

The Group has identified extreme weather such as sustained high temperature during the year could cause physical chronic risk. The potential consequences include a higher chance of getting heatstroke for employees, increasing turnover rate and work-related injuries. The demand for cooling for the working environment will be increased, which may lead to an increase in power demand and operating costs of the Group.

The Group has established different measures as below to prevent and minimize the negative effects of extreme weather.

Physical Chronic Risk **Extreme weather**	**Preventative and mitigation measures**
Sustained high temperature	– Keep a First-aid kit convenient – Keep cold water available 24 hours a day

Climate-related Transition Risk

Transition risk	**Risk description**	**Potential Business Impact**	**Mitigation Measures**
Legal and policy risk	Local governments may enforce stricter carbon emission reduction policies, potentially raising the carbon emission costs for enterprises' production and operations. This includes changes to government policies, laws, and regulations, such as carbon pricing and renewable electricity pricing.	– Increase operation cost and potential for litigation.	– Regular review of relevant legislation – Set up near term target to demonstrate the Group's decarbonization effort.

Transition risk	Risk description	Potential Business Impact	Mitigation Measures
Technology Risk	Technological improvements that support the transition to a lower-carbon system.	– Failing to upgrade to more efficient, sustainable, or automated technologies could result in higher operation costs and reduced competitiveness.	– Explore new technologies, sustainable materials, and techniques. – Adapt to changes in the cost and availability of raw materials and utilities like renewable electricity, water, and gas, including the relevant costs of securing and maintaining sufficient supply.
Market and reputation risk	Customers have increasingly strict requirements for carbon emission management of their suppliers, while the decarbonization of products and services may become an important standard for customers to choose from. Products or services that are not low-carbon may lead to a decrease in demand. There are stricter requirements for transparent carbon emissions information, and enterprises need to increase investment in the management of related performance. Poor performance in climate information disclosure may lead to reputation damage, declined stock price, or difficulties in financing.	– There will be a risk of a decline in sales and reputation if end-user is getting more prefer on environmentally friendly products or services and we do not have these options for our customers.	– Expand the product or services range to cater to a broader audience and adapt to changing customer preferences, including eco-friendly and ethically produced lines to attract environmentally conscious consumers. – Obtain environmental related certifications like to demonstrate commitment to sustainability.

Climate-related Opportunities

The Group recognizes that climate change not only presents a range of physical and transitional risks, but also provides emerging opportunities for our businesses. Measures such as improving energy efficiency, increasing the utilization of renewable energy, transitioning to sustainable resource management practices, and adopting green and low-carbon technologies have not only resulted in direct cost savings but also a reduction in energy expenses.

Looking ahead, we anticipate the opportunities that will arise from long-term regulatory frameworks and carbon trading. These mechanisms will enable us to explore alternative approaches to combat climate change, leveraging sustainable financial instruments. As the global economy transitions towards carbon neutrality, we remain committed to assessing and managing the climate-related risks and opportunities associated with our business.

(iii) *Risk Management*

We have updated the assessment methodology through a climate scenario analysis to reassess climate risks and opportunities across our operations in the PRC under two consolidated scenarios in accordance with Task Force on Climate-related Financial Disclosure ("TCFD") recommendations. The two consolidated climate scenarios are constructed based on public available scenarios which include Intergovernmental Panel on Climate Change ("IPCC"), International Energy Agency ("IEA") and Network for Greening the Financial System ("NGFS"). Based on the revaluation of our climate risk assessment results, we have updated our mitigation measures across various operational area. The following outlines the scenarios and assumptions employed during our climate risk assessment.

Consolidated Scenario	**Brown Scenario**	**Turquoise Scenario**
Timeframe	Short-term – till 2030 Medium to long-term – till 2100	
Global Mean Temperature	Global mean temperature rises of above 3°C by 2100	Global mean temperature rises of 1.5 to 2°C by 2100
Scenario Description	The scenario represents the future that only current policies and nationally determined contribution are implemented with limited investments and climate actions to decarbonize. This would usually lead to high level of physical risk and low level of transition risk.	The scenario represents the future that stringent and immediate policies will be implemented by the companies that are actively committed to climate action goals. This would usually result in high level of transition risks and low level of physical risks.

By gaining insight into the significant climate risks that affect our business across our value chain, we can develop effective strategies and measures to manage these risks and mitigate their financial and non-financial impacts. Within our framework, we acknowledge climate change as a strategic business risk and have integrated climate-related risks and opportunities into our overall business strategy. Our objective is to enhance long-term resilience by comprehensively assessing, managing, and monitoring climate risks that may impact our operations.

(iv) Metrics and Targets

We strive to effectively manage and evaluate the risks and opportunities arising from climate change. Throughout the 2025 Reporting Period, we maintained continuous monitoring of key metrics, specifically GHG emissions, which serve as indicators of climate-related risks. These targets aim to reduce overall GHG emissions and electricity consumption.

Greenhouse Gas Emissions

Greenhouse gases (GHG) include CO_2 and its non-hazardous equivalents including nitrous oxide and methane (collectively with CO_2, "CO_2e"). Greenhouse gas emissions comprise Scope 1 direct emissions, which is direct emissions from the fuel combustion, and Scope 2 energy indirect emissions, which is emissions resulting from the use of purchased electricity.

As explained in aforementioned, the Group's operations and activities did not directly generate any CO_2e emission and no Scope 1 direct emissions reported herein.

The table below recorded and compared the 2025 Reporting Period and the 2024 Reporting Period's GHG emissions:

		Year ended 31 December		
GHG Emission *Note (3)*	**Unit**	**2025**	**2024**	**Changes**
Scope 1 (CO_2e)	Tonnes	N/A	N/A	N/A
Scope 2 (CO_2e)	Tonnes	3,176.69	2,528.41	+25.64%
Intensity				
– CO_2e/employee		24.25	27.48	-11.75%

Note 3: Emission factors for calculations in this ESG Report were made reference to the "How to prepare an ESG Report-Appendix 2: Reporting Guidance on Environmental KPIs (version updated on 31 December 2024)" by The Stock Exchange of Hong Kong Limited, unless otherwise specified.

Our Group is dedicated to reduce GHG emissions. To achieve this goal, our Group has set out some ground rules of using elasticities.

We target to reduce the greenhouse gas emission by 1-2% in the coming year through monitoring our employees' energy saving practices.

Energy

During the 2025 Reporting Period, the Group generated indirect greenhouse gas – CO_2 emissions, through the uses of electricity. As explained previously, we have implemented policies and procedures to reduce the use of electricity across our organization and we will continue to invest in new more energy efficient manufacturing equipment and processes in the near future.

Water

Water is used both in our production process and by our employees in their dormitories. The Group has taken measures to encourage employees to more efficiently use water in order to reduce its consumption.

Logistics

In line with our climate change strategy, the carbon footprint and sustainability of suppliers is an important consideration and we are actively seeking logistics partners that utilize electric vehicles or close equivalents to minimize their own carbon footprint where possible.

For the 2025 Reporting Period, the Group's business operations and activities, except for the above three aspects, did not lead to any events or issues that might impact the climate or result in the change of the climate significantly. The Group also has already taken measures to lower indirect CO_2 emissions and freshwater consumption for the coming year.

(B) SOCIAL AREAS AND ASPECTS

2.1 Social Areas Overview

Introduction

The Group spares no effort to contribute to the development of a harmonious society and building a mutually beneficial relationship with our stakeholders including employees, customers, suppliers, professional services providers, local communities as well as the regulatory authorities. Throughout the formulation and implementation of our ESG strategies, policies, rules and regulations, we incorporated our long and short term goals with due considerations of the stakeholders and the society. We act in an honest and transparent way with mutual respect and believe that our sincere acts will ultimately benefit the stakeholders and general society.

2.2 Employment and Labor Practices Aspects

B1: Employment

The Group's business development and growth relies heavily on the commitment, passion and skills of its employees. We therefore value our employees as our most valuable assets. We strive to create a workplace which makes each employee feel valued and inspired to do their best. We are committed to strictly complying with all the relevant statutory requirements in the Labour Law of the PRC and other applicable laws and regulations in the PRC, and the "Hong Kong Employment Ordinance".

Since the commencement of ESG reporting, the Group has continued its employment policies and practices throughout, which include the following main features:

- Human resources department in the headquarter office is responsible to review and approve the human resources policies, and employment terms and conditions, while the local subsidiaries' human resources managers implement the approved policies and measures in accordance with the local employment laws, rules, regulations and practices;

- Adopt humanistic and equitable human resources policies with equal opportunities for all without discrimination on hiring, promotion, remuneration, benefits, training, dismissal and other aspects of employment;

- All employees are required to sign employment contracts with the Group and/or its subsidiaries, and will receive an Employee Handbook, detailly listed out all the employment terms and conditions, benefits and obligations including but not limited to, appointment, termination, working hours, rest days, statutory holidays, remunerations, various compensations, dismissals, health, general safety and welfares etc.;

- In accordance with the requirements of the national laws of PRC, such as Social Insurance Law of the PRC and the Administrative Regulations on Housing Provident Funds and local Employment and Labour Law of Hong Kong, the Group provides and maintains statutory benefits to all qualified staff, including but not limited to the mandatory provident fund, social security insurance, medical insurance, work injury insurance and compensation and statutory holidays;

- Employees' remunerations are determined with reference to the prevailing market level in line with their competency, qualifications, experience and job position. Discretionary bonuses of such amounts and at such intervals for internal employees will be rewarded at the discretion of the top management with consideration on performance;

- The recruitment and evaluation process of the Group is transparent and ensures equitable positions and equal opportunities to all employees on all qualified job applications, transfers and promotions; and applicants will be considered without discrimination on age, race, religion, sex and disability basis; and

- Provide a safe and pleasant working environment to our employees.

For the 2025 Reporting Period, same as the 2024 Reporting Period, the Group has complied with all the employment laws, rules and regulations of the PRC and Hong Kong, and has honored all obligations including the payment of salaries and wages, holidays and leave, compensations, insurance and health benefits without disputes with our employees. We are confident that our well performed employment policies and measures and track records will continue in the coming years ahead.

In 2025, the addition of a new subsidiary resulted in a significant increase in the number of employees within the Group.

As required by ESG Reporting Code, the Group's Employment for the 2025 Reporting Period and 2024 Reporting Period are graphed as follows:

Figure 1: Number of Employees by Employment Type

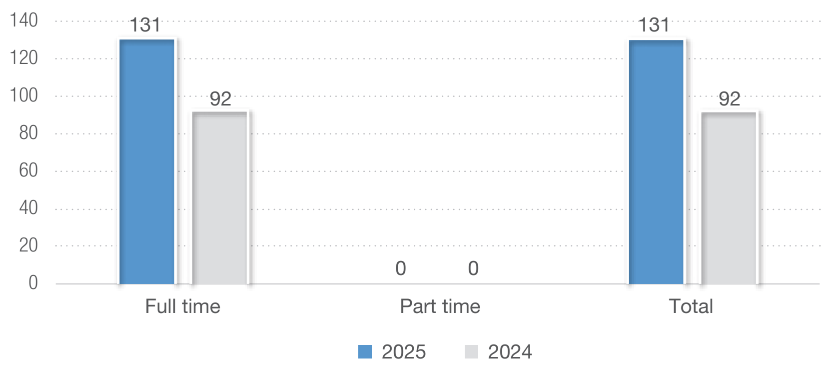


Figure 2: Number of Employees by Gender

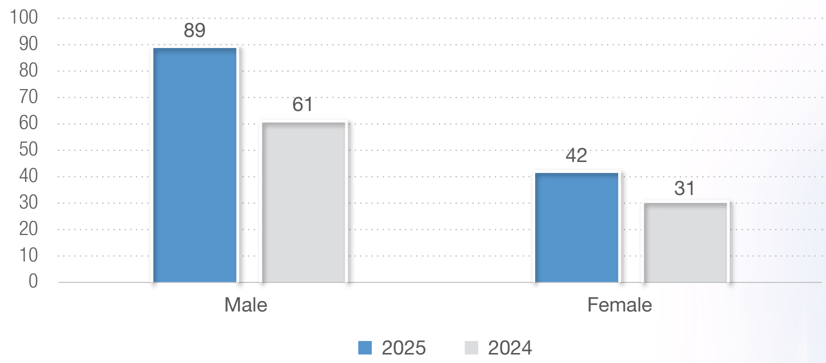


Figure 3: Number of Employees by Employment Role

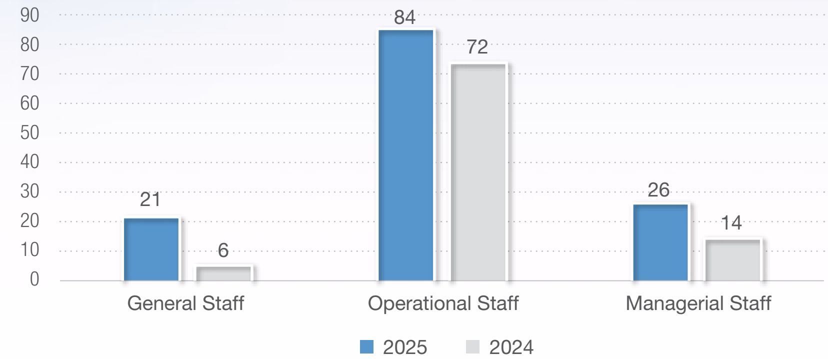


Figure 4: Number of Employees by Age

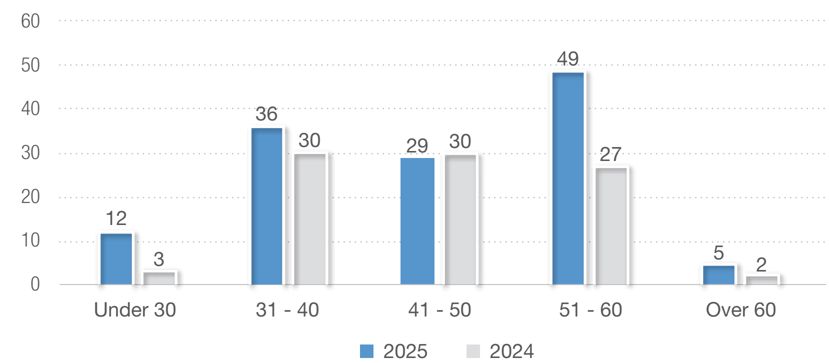
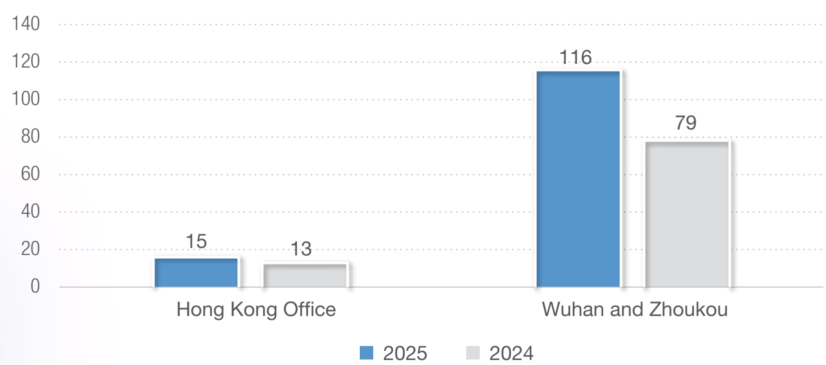


Figure 5: Number of Employees by Geographical Region



As required by ESG Reporting Code, the Group's Employment turnover rate for the 2025 Reporting Period is graphed as follows:

Figure 6: Employment Turnover Rate by Gender

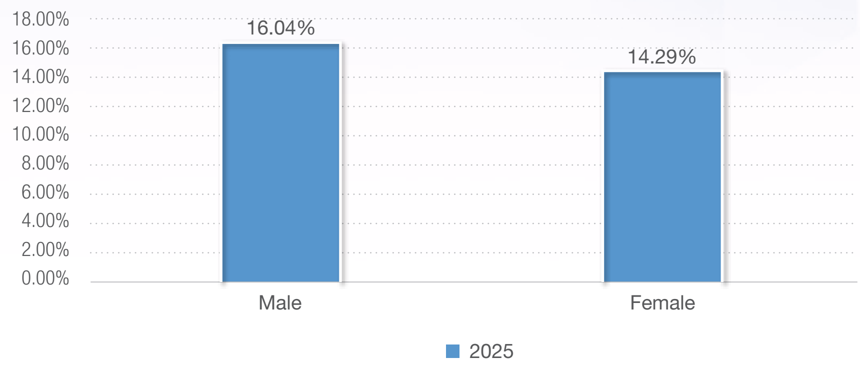


Figure 7: Employment Turnover Rate by Age

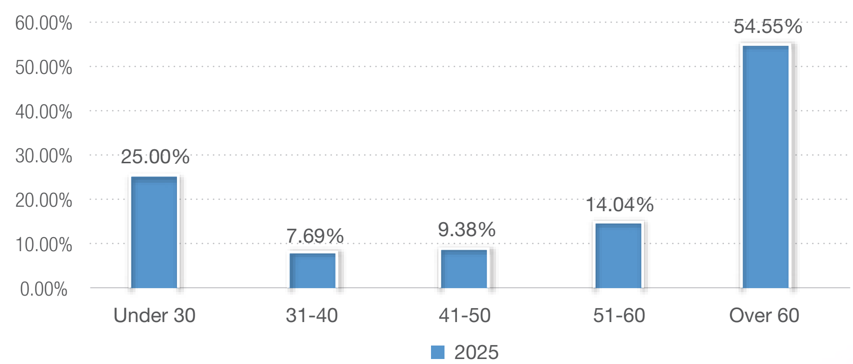
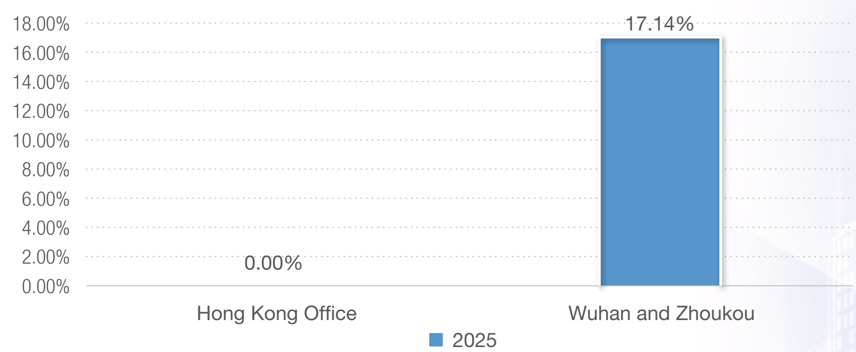


Figure 8: Employment Turnover Rate by Geographical Regions



B2. Health and Safety

As a continuing cornerstone policy, the Group at all times provides a safe, clean and pleasant working environment to all the employees as its top priority on business planning and resources allocation, which can be summarised below:

- Constantly improves the occupational safety and health management system in order to reduce risks and create a safe working environment;

- Ensures all the safety, medical and hygiene equipment are adequately in place and are operating efficiently, passing inspections and complying with all the safety and hygiene rules and regulations;

- Requires all employees to strictly comply with the health and safety policies, rules and regulations and has constantly alerted the employees to perform their tasks under safety conditions;

- Takes occupational health and safety as one of our prime responsibilities, and employees are required by the in-house rules to notify their superiors immediately, whenever emergency or accidents, regardless of minor or serious occur, who will then take appropriate measures to ensure safety is not compromised, and in all circumstances the in-house rules also require all injuries or accidents to be promptly and properly dealt with and reported in accordance with the local or national laws as appropriate; and

- Insure all qualified employees in both the PRC and Hong Kong with medical insurance in accordance with the statutory requirements of the two places.

The Employees' Handbook and Labor Contract for Chinese employees and Employment Contract for Hong Kong employees set out detailed health and safety guidance and measures, which comply with the employment ordinance of Hong Kong and labor laws and regulations of the PRC, and which the Group has honored completely.

The Group had zero work-related fatalities in the past three years including the 2025 Reporting Period in any of our operations. Furthermore, during the 2025 Reporting Period, same as the 2024 Reporting Period, zero lost days due to work-related injuries was recorded, nor any claimed disputes on employees compensation or investigation by any government agencies. For the coming year, we will continuously monitor and audit our safety performance closely and are confidential to maintain zero-accident for all our business activities.

B3. Development and Training

The Group recognises the value and contributions of its employees and is willing to invest and to offer training and development to enhance their skills and capabilities. The Group has regularly offered in the last few years in its local properties/shopping malls and management services offices internal and on-the job training programs, including but not limited to occupational safety, jobs related skills, services quality etc. to new and current employees. The Group has also supported its employees to continue learning and enhancing their job skills. Individual employees can apply for further development and training and the Group will sponsor or allow paid leave for employees to attend job related training programs.

The participation rates of training of the Group during the 2025 Reporting Period and 2024 Reporting Period are tabulated as follows:

Training (No. of employees)		Internal	External
Percentage of employees trained			
	2025	37.40%	–
	2024	25.00%	–
Male			
	2025	81.63%	–
	2024	78.26%	–
Female			
	2025	18.37%	–
	2024	21.74%	–
Managerial staff			
	2025	4.08%	–
	2024	0.00%	–
Operational staff			
	2025	0.00%	–
	2024	0.00%	–
General staff			
	2025	95.92%	–
	2024	100.00%	–

The training hours of the Group during the 2025 Reporting Period and 2024 Reporting Period are tabulated as follows:

Average training hours per employee		Internal	External
Total average training hours per employee			
	2025	2.38	–
	2024	1.96	–
Average training hours for male			
	2025	2.79	–
	2024	2.75	–
Average training hours for female			
	2025	1.52	–
	2024	0.39	–
Average training hours for managerial staff			
	2025	0.38	–
	2024	–	–
Average training hours for operational staff			
	2025	–	–
	2024	–	–
Average training hours for general staff			
	2025	37.75	–
	2024	30.00	–

B4. Labour Standards

The Group has continued to strictly comply with the PRC and the Hong Kong labor laws and employment regulations in the relevant jurisdictions in which it operates and adopts the respective national standards as its minimum labor standard on labor protection and welfare. The Group also always maintains strict compliance with the laws in relation to equal employment opportunities, prevention of child or forced labor. The human resources managers are charged with the responsibilities to ensure all such compliances are strictly adhered, failing which will be a breach of work duties and will be fired. The Group has honored all of our obligations towards the employees under the signed employment contracts and the terms and conditions written in the employee handbook, and has built a safe, healthy and harmonious working environment in all our offices. The Group had not violated any provisions under the Labor Laws of the PRC and Employment Ordinances of Hong Kong, and no labour litigation and charge was filed against us in the 2025 Reporting Period, same performance as 2024.

As a routine practice, with the purpose to improve understanding and the general working environment, the Group regularly invites the employees' representatives to meet to discuss about issues relating to working conditions, health and safety. The Group believes that with effective communication, trust can be built and a win-win situation can be established.

2.3 Operation Practices and Social Investment Aspects

B5. Supply Chain Management

The ESG Reporting Code specified the supply chain management primarily refers to the management of sourcing and procurement especially in relation to environmental and social risks. Same as the last few years, the Group has approved and implemented policies and regulations with the purposes to achieve an efficient and stable supply of quality products and services, elimination of malpractices, and manage the suppliers to be in line with the Group's core values to uphold environmental and social standards.

The sourcing and procurement management of the Group's properties, shopping malls and management services offices operations and activities summarised below:

For properties, shopping malls and management services operations, there are many types of purchases including raw materials, utensils and consumables, such as stationery, cleaning detergent, towels, appliances; food and beverage products, repair and maintenance tools, project construction materials and contract services.

To ensure a stable, quality assured and cost-efficient procurement, the Group has implemented clear procurement management rules and guidelines containing policies and procedures with respect to procurement including quality control, warehousing, payment and documentation approval process, and methods of payment. We select the suppliers based on a set of criteria, which includes (i) ability to meet specification and standards, (ii) products and services quality; (iii) pricing of the products and services; (iv) reliable delivery times; and (v) historical record of the suppliers' business relationships with us and others in the industry and their committed compliance to laws, rules and regulations. The Group also assesses the suppliers with regard to their track records on environmental maintenance and performance. The Group keeps a list of suppliers and will invite 2-3 suppliers to tender for purchases to get the optimal offer and to eliminate malpractices if the purchase order is of a reasonable size in the opinion of the CEO and departmental manager.

During the 2025 Reporting Period, the Group engaged 15 major suppliers. To support the local community, the Group gives preferential status to local suppliers in sourcing its services and equipment. For the 2025 Reporting Period, same as the 2024 Reporting Period, all its purchases of services, supplies and equipment were sourced from local suppliers or agents. The Group did not have any disputes and litigations with our suppliers in the 2025 Reporting Period, which was consistent with our performance in 2024.

B.6 Product Responsibility

The ESG Reporting Code mentioned four major aspects related to Product Responsibility policies and practices: product quality and safety, customer services and complaints handling, intellectual property rights and privacy.

(i) Quality and Safety

As a standard policy, the Group always takes all reasonable steps to ensure that the services delivered to its residents, tenants and visitors to its managed properties and shopping malls are safe, accurate, satisfactory and meet all agreed or legally required requirements and industries standards and pursuant to its sales and purchases contracts and/or tenancy agreements signed on health and safety, quality of services, timing and price satisfaction. Apart from the provision of quality hardware and facilities, the Group has regularly trained and ensured our employees provide service with politeness, smiles and a positive attitude, and to render support with empathy and heart to the residents, tenants and visitors.

(ii) *Customer Services and Complaints*

It is a continuing policy that the local management services offices' managers are the direct controller to monitor and to review the performance of the delivered quality of services meeting both internal and external quality assurance processes and codes. The residents, tenants and visitors of the managed properties and shopping malls can contact the managers directly or to leave messages by letters, emails and phone about their requests, concerns dissatisfactions and complaints. Upon receiving, the site duty-officers or managers are required to handle immediately without delay. If the incidents are beyond the handling capacity of the site duty-officers or managers, they have to report immediately to the general manager of the local offices, which ensures to find out a solution to address the requests, concerns, dissatisfactions and complaints. For serious issues and complaints, the local management offices will afterwards complete a report to explain and give recommendations for future improvement to the management of the Group.

In the 2025 Reporting Period, same as the 2024 Reporting Period, local properties, shopping malls and management services offices were proud again that it received no major complaints from the residents, tenants and visitors, or warnings from the Consumer Councils or relevant regulatory authorities on the quality of its services.

(iii) *Intellectual Property Right*

Given the nature of the Group's business, it does not involve in intellectual property right ("IPR") issues. However, the Group recognises and complies with all the relevant laws and rules in relation to intellectual property right, such as buying original software for office applications and uses. In the 2025 Reporting Period, as well as 2024, the Group did not have any infringement by third parties on its IPR or by itself to any IPR of third parties.

(iv) *Privacy*

The Group's properties, shopping malls and management services operations, owing to their business nature, has generated and accumulated large volumes of private, confidential and sensitive information on the residents, tenants and visitors as well as suppliers especially about the personal and company detailed background information, and financial documents and position details, terms of contracts etc., of the managed properties, shopping malls. These types of information are extremely sensitive and important. Pursuant to the Personal Data (Privacy) Ordinance ("PDPO") of Hong Kong (Chapter 486 of the Laws of Hong Kong) and the relevant laws rules and regulations relating to privacy of the PRC, the Group is obliged to keep and to protect all such data confidential and safe. If there is any breach of confidentiality or a failure to comply with the protection, collection, use and disclosure of personal data as prescribed under the PDPO, resulting in personal data related to individual candidates being leaked to or obtained by third parties as a result of its breach of confidentiality, individual candidates may take legal action against the Group for damages and/or compensation for the loss that may have arisen or been incurred therefrom, in addition and being subject to the penalties prescribed under the PDPO.

The Group is fully aware of its obligation and has exercised due diligence on protecting information. The Group has set up a system to encrypt and safeguard this sensitive and confidential information to prevent unauthorised access. The Group has authorised an IT security expert to continuously monitor, maintain and update the hardware software and security system to prevent hacking attacks at all times. Also, all the employees have been notified and legally bound in their employment contracts that they are obligated to honour the "Confidentiality Undertaking", and that no disclosure and/or leakage in whatever form of the confidential information shall be accessed and/or obtained without the approval of the senior management of Group. Legal actions will be taken if violation takes place. In the 2025 Reporting Period, same as the 2024 Reporting Period, there was no report on information leakage received.

B7. Anti-corruption

As discussed in the introduction section, anti-corruption is a material aspect to all stakeholders. The Group has the social responsibility, as well as the duty to safeguard the assets and interests of all our stakeholders. The Group is also well aware of the importance of honesty, integrity and fairness in our business operations and has therefore put in place anti-corruption measures. We have therefore adopted a zero-tolerance approach to bribery, extortion fraud, and money laundering crimes. All our employees and suppliers must follow our strict policies on ethical standards/business integrity that prohibits bribery and corruption in any form. The employees handbook and employment contracts have incorporated anti-corruption, anti-bribery and malpractices clauses, which strictly prohibit to offer, give, demand or accept any undue advantage, such as money, favours, gifts, discounts, services, loans, contracts, etc., to or from any person in order to obtain or retain business. All employees are required to declare any conflicts of interests in the execution of their roles and duties.

Transactions in large monetary sums are processed through bank transactions which require authorised signatories of the appropriate levels depending on the amount involved. Checks and balances have been installed in the Group for money transaction activities and are considered effective and adequate. In the 2025 Reporting Period, same as the 2024 Reporting Period, there was no bribery or corruption cases against the Group or its employees reported.

B8. Community Investment

The Group strives to implement corporate social responsibility to make continuous contributions to the building of a cohesive and caring society. The Group seeks to foster employees' sense of social responsibility, thus encouraging them to participate in charitable activities and devote their spare time to help the needy. Furthermore, the Group supported the local communities by prioritising its purchases with the local suppliers. The Group continues to encourage and educate all our employees to participate in environmental protection activities.

The Group's properties, shopping malls and management services business continued to provide 116 jobs to low skilled city and country-side workers in the PRC during the 2025 Reporting Period, and to encourage and support employees to provide voluntary services to the community on paid leave on application.

The Company is committed to maintaining good corporate governance standard and procedures to ensure the integrity, transparency and quality of disclosure in order to enhance the shareholders' value. The board of directors (the "Board") reviews its corporate governance system from time to time in order to meet the rising expectations of shareholders and comply with the increasingly tightened regulatory requirements.

CORPORATE CULTURE

The Board leads to establish, promote and continually reinforce the desired corporate culture of the Company which is underpinned by our corporate values of committing highest standard of business ethics and integrity. Our sound corporate culture reaches all levels of the Group, and aligns with the Company's mission, corporate values and strategies.

BOARD OF DIRECTORS

1. The Board

The Company is managed through the Board which currently comprises six Directors, comprising Mr. Li Chao Bo (Chairman and Chief Executive Officer) and Mr. Ji Jiaming as Executive Directors, Mr. Zhang Guiging as Non-executive Director and Mr. Ng Chi Ho, Dennis, Mr. Kwok Kin Wa and Ms. Kwong Mei Wan, Cally as Independent Non-executive Directors. Independent Non-executive Directors comprise 50% of the Board. The Company has compiled with the Listing Rules requirement of Independent Non-executive Directors representing at least one-third of the Board throughout the year ended 31 December 2025. The names and biographical details of the Directors of the Company, and the relationship amongst them, if any, are set out on pages 10 to 12 of this annual report.

The Board is responsible for setting the strategic direction and policies of the Group and supervising the management. Some functions including, inter alia, the monitoring and approval of material transactions, matters involving a conflict of interest for a substantial shareholder or Director of the Company, the approval of the interim and final results, other disclosures to the public or regulators and the internal control system are reserved by the Board and the decisions relating to such matter shall be subject to the decision of the Board. Matters not specifically reserved to the Board and necessary for the daily operations of the Company are delegated to the management under the supervision of the respective Directors and the leadership of the chief executive officer.

There are agreed procedures for the Directors, upon reasonable request, to seek independent professional advice at the Company's expense in appropriate circumstances.

The Board conducts scheduled meetings on a regular basis. Ad-hoc meetings are convened when circumstances require; the Board had met four times in the year ended 31 December 2025 to consider, review and approve significant matters including the 2024 annual results, the 2025 interim results, and refreshment of general mandate.

Non-executive Directors and Independent Non-executive Directors are selected with the necessary skills and experience to provide strong independent element on the Board and to exercise independent judgement. At least one of the Independent Non-executive Directors has appropriate professional qualifications or accounting or related financial management expertise as provided under Rule 3.10 of the Listing Rules.

To enhance the effectiveness of the Board and to encourage active participation and contribution from Board members, the Board has established an audit committee, a remuneration committee and a nomination committee. Detailed descriptions of each of these committees are set out below. All of these committees adopt, as far as practicable, the principles, procedures and arrangements of the Board in relation to the scheduling and proceeding of meetings, notice of meetings and inclusion of agenda items, records and availability of minutes.

2. Appointment, Re-election and Removal of Directors

At each annual general meeting of the Company ("AGM"), one-third of the Directors are required to retire from office by rotation. At 31 December 2025, all Independent Non-executive Directors are appointed for a fixed term not exceeding three years and all Non-executive Directors (except for chairman) are subject to the requirements of retirement by rotation and re-election by Shareholders at the AGM in accordance with the Company's articles of association (the "Articles").

The names and biographical details of the Directors who will offer themselves for election or re-election at the forthcoming AGM are set out in the circular to Shareholders to assist Shareholders in making an informed decision on their elections.

The Company establishes a nomination committee participating in the appointment of new Directors. In evaluating whether an applicant is suitable to act as a Director, the nomination committee will consider the experience and skills of the applicant, as well as personal ethics, integrity and the willingness to commit time in the affairs of the Group. Where the applicant is appointed as an Independent Non-executive Director, the Board will also consider his independence. During the year ended 31 December 2025, the Board had also reviewed and made recommendations in respect of the re-appointments of retiring Directors, which were approved by the Shareholders at the last AGM.

Newly appointed Director(s) will be given an induction on the information of the Group and a manual on the duties and responsibilities as a director of a listed company both under the Listing Rules and applicable laws. The Company has arranged appropriate insurance cover in respect of legal action against the Directors and officers.

3. Chairman and Chief Executive Officer

The Group is committed to achieving high standards of corporate governance. Throughout the year ended 31 December 2025, the Company had applied the principles and complied with the requirements set out in the CG Code in Appendix C1 of the Listing Rules.

Under this code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, Mr. Li Chao Bo is acting as both the chairman of the Board (the "Chairman") and the Chief Executive Officer (the "CEO"). The Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of two executive Directors, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

The Chairman provides leadership and is responsible for the effective functioning of the Board in accordance with good corporate governance practice. With the support of the senior management, the Chairman is also responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues at the Board meetings.

The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. The Chief Executive Officer is in charge of the Company's management and operating businesses. The Chief Executive Officer is also responsible for developing strategic plans and formulating the Company's practices and procedures, business objectives, and risk assessment for the Board's approval.

BOARD COMMITTEES

1. Audit Committee ("AC")

During the year ended 31 December 2025, the AC comprised three Independent Non-executive Directors, namely Mr. Ng Chi Ho, Dennis (AC Chairman), Mr. Kwok Kin Wa and Ms. Kwong Mei Wan, Cally. The company secretary (the "Company Secretary") of the Company serves as the secretary of the AC and minutes of the meetings are sent to the members of the AC within a reasonable time after the meetings. The quorum necessary for the transaction of business by the AC is two.

At least one of the members of the AC has appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules. All members have appropriate skills and experience in reviewing financial statements as well as addressing significant control and financial issues of the Company.

The Board expects the members of the AC to exercise independent judgement and delegates the responsibilities of the corporate governance functions to the AC in order to comply with the requirement of the CG Code. In December 2015, the Board adopted a revised terms of reference of the AC which include the amendments in line with the requirements of the CG Code. The revised terms of reference setting out the AC's authority and its duties and responsibilities are available on the Company's website and on the Stock Exchange website.

Under its revised terms of reference, the AC has been delegated the corporate governance functions of the Board to monitor, procure and manage corporate compliance within the Group.

The operations of the AC are regulated by its terms of reference. The main duties of the AC include:

- to review and supervise the Group's financial reporting process including the review of interim and annual results of the Group;

- to review the external auditors' appointment, remuneration and any matters relating to resignation or termination;

- to examine the effectiveness of the Group's internal control which involves regular review in various corporate structures and business process; and

- to realise corporate objective and strategy by taking into account the potential risk and the nature of its urgency in order to ensure the effectiveness of the Group's business operations. The scope of such reviews includes finance, operations, regulatory compliance and risk management.

Works performed during the year included:

(i) considered and approved the terms of engagement of the external auditor and their remuneration;

(ii) reviewed the annual financial statements for the year ended 31 December 2024 and the interim financial statements for the six months ended 30 June 2025;

(iii) reviewed the Group's risk management and internal control system; and

(iv) reviewed the Company's policies and practices on corporate governance.

The revised terms of reference setting out the AC's authority and its duties and responsibilities are available on the Company's website and on the Stock Exchange website.

The AC met two times during the year ended 31 December 2025 with an attendance rate of 100% and reviewed the annual results of the Group for the year ended 31 December 2024 and the interim results of the Group for the six months ended 30 June 2025. The Company Secretary keeps all the minutes of the AC meeting.

2. Remuneration Committee ("RC")

During the year ended 31 December 2025, the RC comprised three Independent Non-executive Directors namely Mr. Kwok Kin Wa (RC Chairman), Mr. Ng Chi Ho, Dennis and Ms. Kwong Mei Wan, Cally. The Company Secretary serves as the secretary of the RC and minutes of the meetings are sent to the members of the RC within a reasonable time after the meetings. The quorum necessary for the transaction of business by the RC is two.

On 29 December 2022, the Board adopted a revised terms of reference of the RC which include the amendments in line with the requirements of the CG Code. The revised terms of reference setting out the RC's authority and its duties and responsibilities are available on the Company's website and on the Stock Exchange website.

The RC has adopted the model that it will review the proposals made by the management on the remuneration of Executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the RC.

Major responsibilities and functions of the RC are:

- to make recommendations to the Board on the issuer's policy and structure for all remuneration of Directors and senior management;
- to review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the board from time to time;
- to review and approve the compensation payable to Executive Directors and senior management in connection with any loss or termination of their office or appointment to ensure that such compensation is determined in accordance with relevant contractual terms and that such compensation is otherwise fair and not excessive for the issuer;
- to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that such arrangements are determined in accordance with relevant contractual terms and that any compensation payment is otherwise reasonable and appropriate;
- to do any such things to enable the Committee to discharge its powers and functions conferred on it by the Board; and
- to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

Works performed during the year included:

(i) reviewed and approved the remuneration of all Executive Directors of the Company for the year of 2025; and

(ii) reviewed the level of Directors' fees and made recommendations on the Directors' fees for the year ended 31 December 2025.

The RC met one time during the year ended 31 December 2025 with an attendance rate of 100% and reviewed its terms of reference, the remuneration policy of the Group and the remuneration packages of Directors and senior management. The fees of the Directors are subject to the Shareholders' approval at general meetings of the Company. Other emoluments are reviewed by the RC with reference to Directors' duties, responsibilities and performance and the results of the Group. Details of the remuneration payable to the Directors are set out in Note 9 to consolidated financial statements.

3. Nomination Committee ("NC")

During the year ended 31 December 2025, the NC comprised three Independent Non-executive Directors namely Mr. Kwok Kin Wa (NC Chairman), Mr. Ng Chi Ho, Dennis and Ms. Kwong Mei Wan, Cally. The Company Secretary serves as the secretary of the NC and minutes of the meeting is sent to the members of the NC within a reasonable time after the meeting. The quorum necessary for the transaction of business by the NC is two.

The operations of the NC are regulated by its terms of reference. The main duties of the NC include:

- to implement the nomination policy laid down by the Board;
- to review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
- to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for directors in particular the Chairman and the Chief Executive Officer; and
- to report to the Board the findings and recommendations of the committee at the next meeting of the Board following each NC meeting.

Works performed during the year included:

(i) to make recommendations to the Board in respect of the re-appointment and re-election of retiring Directors at 2025 AGM.

In February 2015, the Board adopted a revised terms of reference of the NC which include the amendments in line with the requirements of the CG Code. The revised terms of reference setting out the NC's authority and its duties and responsibilities are available on the Company's website and on the Stock Exchange website.

The NC met one time during the year ended 31 December 2025 with an attendance rate of 100%. To review its terms of reference and re-election of retiring Directors, the nomination procedures basically follow the Article 111 which empowers the Board from time to time and at any time to appoint any person as director either to fill a casual vacancy or as an addition to the Board.

During the year, the Company has formulated a policy for nomination of directors with the following procedures:

1. The Nomination Committee shall consider suitability of an individual pursuant to the Listing Rules, the Board Nomination Policy and Board Diversity Policy, and the independence of an individual for the position of independent non-executive director.

2. The Nomination Committee shall make recommendation to the Board's for consideration.

3. The Board shall consider the individual recommended by the Nomination Committee pursuant to the Listing Rules (including the corporate governance code as Appendix 14 to the Listing Rules), the Board Nomination Policy and Board Diversity Policy.

4. For casual vacancy and addition of new directors, the Board shall confirm the appointment of the individual and the new director shall be subjected to re-election by shareholders of the Company at the next annual general meeting in accordance with the articles of association of the Company.

5. For re-appointment of retiring directors, the Board shall, based on the recommendation of Nomination Committee, recommend the retiring directors to stand for re-election at the annual general meeting. The appointment of retiring directors shall be subjected to the approval of shareholder at the annual general meeting.

6. The Board reserves the right to final decision on the matters in relation to the selection and appointment of directors.

DISCLOSURE OF INSIDE INFORMATION

The Group has put in place a set of policy for the disclosure of inside information which sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner and in compliance with the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong). Unless the inside information falls within any of the safe harbors as permitted under the Securities and Futures Ordinance, the Group is required to disseminate such information through the electronic publication system operated by the Stock Exchange to the public in a timely manner. All Directors, Senior Management and relevant employees are required to take reasonable precautions for preserving the confidentiality of inside information and the relevant announcement (if applicable) before publication. If the Group believes that the necessary degree of confidentiality cannot be maintained, the Group will in a timely manner disclose the information to the public as soon as reasonably practicable. The policy and its effectiveness are subject to review on a regular basis.

WHISTLEBLOWING AND ANTI-CORRUPTION POLICY

The Company is committed to achieving and maintaining the highest possible standards of openness, probity and accountability. A whistleblowing policy is in place to create a system for the employees and business partners to raise concerns, in confidence and anonymity, to the Audit Committee and the Board about possible improprieties relating to the Group. The identity of the whistleblower will be treated with the strictest confidence.

The Company has also established an anti-corruption policy and system to promote and support anti-corruption laws and regulations. The anti-corruption policy sets out the basic standard of conduct which applies to all directors and employees of the Company. It also provides guidance on accepting advantages and handling conflicts of interest.

BOARD DIVERSITY POLICY

The Board has adopted a board diversity policy, under which the Company seeks to achieve board diversity through the consideration of a number of factors in the Board members' selection process, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All Board members' appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. During the reporting period, the Company has a solid slate of Directors with diverse perspectives and varied educational background and expertise made-up, from finance and corporate management, to professional qualifications in accounting fields. The Board shall review the structure, size and composition of the Board from time to time to ensure that it has a balanced composition of skills and experience appropriate to the requirements of the Company's business, with due regard to the benefits of diversity of the Board. The Board currently has one female Director out of six Directors. The current gender diversity of the Board at 16.7% of the Directors being female Directors. The gender diversity of the Board was achieved throughout the year under review as the Board adhered to the Board Diversity Policy and placed significant emphasis on diversity (including gender diversity). The Company will use its reasonable endeavors to maintain gender diversity at least at one female director in the Board, subject to any changes to the business model and needs that requires material deviation from the current Board gender diversity.

MECHANISM REGARDING INDEPENDENT VIEWS TO THE BOARD

The Board has implemented different ways to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively.

The mechanism is disclosed below:

(i) Composition

The Board ensures the appointment of at least three INEDs and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time), with at least one INED possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, INEDs will be appointed to Board Committees as required under the Listing Rules and as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The Nomination Committee strictly adheres to the Nomination Policy with regard to the nomination and appointment of INEDs, and is mandated to assess annually the independence of INEDs to ensure that they can continually exercise independent judgement.

(iii) Compensation

No equity-based remuneration with performance-related elements will be granted to INEDs as this may lead to bias in their decision-making and compromise their objectivity and independence.

(iv) Board Decision Making

The Directors (including INEDs), upon reasonable request, may seek independent professional advice at the Company's expense, to assist the performance of their duties.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than a written resolution.

A Director who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

(v) Board Evaluation

The Board assesses and reviews the time contributed by every INED and their attendance to meetings of the Board and the board committees so as to ensure that every INED has devoted sufficient time to the Board to discharge his/her responsibilities as a Director of the Company.

Proper insurance coverage in respect of legal actions against the Directors' liability has been arranged by the Company.

ATTENDANCE AT MEETINGS

During the year under review, the attendance records of the Directors at Board Meetings, Audit Committee Meetings, Remuneration Committee Meeting, Nomination Committee Meeting and the 2025 annual general meeting ("AGM") are as follows:

	Numbers of meetings attended/held				
	Board Meetings	**Audit Committee Meetings ("AC")**	**Remuneration Committee Meetings ("RC")**	**Nomination Committee Meeting ("NC")**	**2025 AGM**
Attendance/Number of meetings held					
Executive Directors					
Mr. Li Chao Bo *(Chairman and Chief Executive Officer)*	4/4	N/A	N/A	N/A	1/1
Mr. Ji Jiaming	4/4	N/A	N/A	N/A	1/1
Non-executive Directors					
Mr. Zhang Guiqing	2/4	N/A	N/A	N/A	1/1
Independent non-executive Directors					
Mr. Ng Chi Ho, Dennis *(AC Chairman)*	2/4	2/2	1/1	1/1	1/1
Mr. Kwok Kin Wa *(RC and NC Chairman)*	2/4	2/2	1/1	1/1	1/1
Ms. Kwong Mei Wan, Cally	2/4	2/2	1/1	1/1	1/1

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2025, the Company has applied the principles of, and complied with, the applicable code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix C1 of the Listing Rules, except for certain deviations which are summarised as below:

(1) Code Provision A.2.1

Under this code provision A.2.1, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, Mr. Li Chao Bo is acting as both the chairman of the Board (the "Chairman") and the Chief Executive Officer (the "CEO"). The Board believes that vesting the roles of both the Chairman and the Chief Executive Officer in the same person can facilitate the execution of the Group's business strategies and boost effectiveness of its operation. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstance. In addition, under the supervision of the Board which is comprised of two executive Directors, one non-executive Director and three independent non-executive Directors, the Board is appropriately structured with balance of power to provide sufficient checks to protect the interests of the Company and its shareholders.

(2) Code Provision A.4.2

Under this code provision A.4.2, every director should be subject to retirement by rotation at least once every three years. According to Articles, at each annual general meeting, one third of the Directors shall retire from office by rotation provided that notwithstanding anything therein, the chairman (the "Chairman") of the Board of the Company shall not be subject to retirement by rotation or taken into account in determining the number of Directors to retire. As continuation is a key factor to the successful long term implementation of business plans, the Board believes that the role of the chairman provides the Group with strong and consistent leadership and allows more effective planning and execution of long-term business strategy. As such, the Board is of the view that the Chairman should not be subject to retirement by rotation.

Except as stated above, the Company has continued to comply with the applicable code provisions of the CG Code.

INDUCTION PROGRAMME AND TRAINING FOR BOARD MEMBERS

Each newly appointed Director receives a comprehensive and formal induction to ensure that he/she has an appropriate understanding of (i) the business and operations of the Group; (ii) his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements; (iii) the corporate governance code of the Company; and (iv) the Model Code for Securities Transactions by Directors of Listed Issuers.

The Directors are committed to complying with code provision A.6.5 of the CG Code on Directors' training effective from 1 April 2012. All Directors confirmed that they have participated in continuous professional development to develop and refresh their knowledge and skills during the year.

DIVIDEND POLICY

Under the dividend policy adopted by the Company, dividends may be declared from time to time and be paid to shareholders provided that the Group is profitable and without affecting the normal operations of the Group. In summary, the declaration of dividends and the dividend amount shall be determined at the sole and absolute discretion of the Board taking into account the following factors including (1) the Group's financial performance; (2) the liquidity position and capital requirements of the Group; and (3) any other factors that the Board may consider appropriate.

COMPANY SECRETARY

The Company Secretary, Mr. Chan Hoi Yin Anthony, is responsible to the Board for ensuring that the Board procedures are followed and the Board activities are efficiently and effectively conducted. He is also responsible for ensuring that the Board is fully appraised of the relevant legislative, regulatory and corporate governance developments relating to the Group and facilitating the induction and professional development of Directors.

The Company Secretary reports to the Chairman and the Chief Executive Officer, plays an essential role in the relationship between the Company and its shareholders, and assists the Board in discharging its obligations to shareholders pursuant to the Listing Rules.

During the year under review, Mr. Chan Hoi Yin Anthony has attended relevant professional seminars to update his skills and knowledge. He has complied with the Listing Rules to take no less than 15 hours of relevant professional training in each financial year.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for ensuring sound and effective internal control systems and risk management to safeguard the Shareholders' interests and the Company's assets. Review of the Group's internal controls covering major financial, operational and compliance controls, as well as risk management functions. The controls built into the risk management system are intended to manage, not eliminate, significant risks in the Group's business environment.

1. Risk Management

The Group adopts a risk management system which manages the risk associated with its business and operations. The system comprises the following phases:

- *Identification:* Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.

- *Evaluation:* Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.

- *Management:* Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

Based on the risk assessments conducted in 2025, no significant risk was identified.

2. Internal Control

The Group's has outsourced the internal control systems auditing function. The outsourced internal auditor reports directly to the Audit Committee and is responsible for conducting regular audits on the major activities of the Group. The Audit Committee has received a report from the outsourced internal auditor summarizing audits concluded in the year. The Audit Committee has reviewed the findings and recommendations made by the outsourced internal auditor and have ensured that any issues arising from the audit are appropriately resolved by management in an efficient and timely manner.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Board has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix C3 of the Rules Governing the Listing of Securities on The Stock Exchange (as amended from time to time by the Stock Exchange) as its own code of conduct for regulating securities transactions by Directors.

Having made specific enquiry of all the Directors, all the Directors confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2025.

ACCOUNTABILITY AND AUDIT

1. Financial Reporting

The Board acknowledges its responsibility for preparing the Group's accounts which give a true and fair view of the state of affairs of the Group on a going concern basis, with supporting assumptions or qualification as necessary.

In preparing the accounts for the year ended 31 December 2025, the Directors have selected suitable accounting policies and applied them consistently, made judgments and estimates that are prudent and reasonable.

The management provides explanation and information to the Board to enable the Board to make informed assessments of the financial and other information put before the Board for approval.

The Board endeavours to ensure the making of balanced, clear and understandable assessments of the Group's position and prospects and extending the coverage of such information to include annual reports, interim reports, price-sensitive announcements and financial disclosures as required under the Listing Rules, reports to regulators as well as any information that is required to be disclosed pursuant to statutory requirements.

2. Auditor and their Remuneration

For the year ended 31 December 2025, the total remuneration in respect of audit service paid and payable to the Company's auditor, Confucius International CPA Limited, amounted to HK$550,000.

COMMUNICATION WITH SHAREHOLDERS

The Company strives to convey to Shareholders pertinent information in a clear, detailed, timely manner and on a regular basis and to take into consideration their views and inputs, and to address the Shareholders concerned. Their views are communicated to the Board comprehensively.

1. Disclosure of information on Company's website

The Company communicates with the Shareholders through the publication of annual, interim reports, circulars, results announcements and press releases. All communications to Shareholders are also available on the Company's website at www.city-infrastructure.com.

2. General meetings

The Company had provided sufficient notice for Shareholders on all general meetings of the Company. The AGM provides a useful platform for Shareholders to exchange views with the Board. The Chairman and the Board members are available to answer Shareholders' questions.

3. Voting by poll

Separate resolutions are proposed at general meetings on each substantially separate issue, including the election of individual Directors.

All votes of the Shareholders at a general meeting must be taken by poll according to the Listing Rules. The chairman of the meeting will therefore demand a poll for every resolution put to the vote of the AGM pursuant to the Article.

The Board has conducted a review of the implementation and effectiveness of the shareholder communication policy of the Company during the year under review. Having considered the multiple channels of communication in place, the Board is satisfied that an effective shareholder communication policy has been properly implemented throughout the year ended 31 December 2025.

RIGHT TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND PUT FORWARD PROPOSALS

In accordance with the provisions under the Articles of Association of the Company, extraordinary general meetings can be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an Extraordinary General Meeting to be called by the Directors for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Directors fail to proceed to convene such meeting, the requisitionist themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the requisitionist(s) by the Company.

COMMUNICATION WITH INVESTORS

The Board recognises that effective communication with investors is the key to establish investor confidence and to attract new investors.

1. Results announcement

Annual reports and interim reports are prepared and issued to all Shareholders within the prescribed period stipulated by the Listing Rules. All results announcements and reports are posted on the Company's website and the Stock Exchange's website. The Company can still provide the Shareholders and investors with an adequate degree of transparency and information of the financial position of the Company.

2. Regular release of corporate information

The Group regularly releases corporate information such as the latest news of the Group's developments on its Company's website. The public are welcome to give their comments and make their enquiries through the Company's website and the management will give their prompt response.

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited
Certified Public Accountants

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TO THE MEMBERS OF CHINA CITY INFRASTRUCTURE GROUP LIMITED
中國城市基礎設施集團有限公司
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China City Infrastructure Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 73 to 156, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and 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 audit 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 31 December 2025 have been prepared assuming that the Group will continue as a going concern. We draw attention to Note 3 to the consolidated financial statements which mentions that the Company incurred a net loss of approximately HK$96,208,000 and recorded net current liabilities of approximately HK$8,814,000 as at 31 December 2025. These conditions indicate a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. The directors' arrangements to address the going concern issue are also described in Note 3 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

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.

Valuation of investment properties

Reference is made to Note 15 to the consolidated financial statements.

Management has estimated the fair value of the Group's investment properties to be approximately HK$991,556,000 with a fair value loss amounting to approximately HK$90,110,000 for the year recorded in the consolidated statement of profit or loss with reference to valuations performed by the independent external valuer.

Due to the significant financial impacts of the valuations which is dependent on certain key assumptions and inputs that require significant management's judgements and estimations, we identified the valuation of investment properties as a key audit matter.

How our audit addressed the key audit matter

Our procedures in relation to valuation of investment properties included:

- Assessing the independent external valuer's competence, capabilities, independence and objectivity;

- Assessing the valuation methodologies used and the appropriateness of the key assumptions and data adopted in the valuation based on our knowledge of the property industry;

- Evaluating, on a sample basis, the reasonableness of the significant unobservable and the accuracy of the input data used in the valuation by comparing them to, where relevant, existing tenancy profiles, and available public information of similar comparable properties;

- Discussing the valuation with the external valuer and management and challenging key estimates and inputs adopted in the valuation including those relating to market selling prices, by comparing them with available market data, taking into consideration comparability and other local market factors; and

- Conducting site visits to all investment properties.

We consider the key assumptions and estimates adopted in the valuation supported by available evidence and reasonable.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 DIRECTORS AND THOSE CHARGED WITH GOVERNANCE 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 either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible 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 solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism 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 group 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 those charged with governance 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 those charged with governance 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 those charged with governance, 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.

Confucius International CPA Limited
Certified Public Accountants
Tsang Kwong Kin
Practising Certificate Number: P07368

Hong Kong, 31 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
Revenue	7(a)	**59,710**	48,432
Cost of sales		**(22,705)**	(16,604)
Gross profit		**37,005**	31,828
Fair value loss on investment properties	15	**(90,110)**	(79,456)
Gain on disposal of subsidiaries	29	**2**	83,124
Allowance for expected credit losses on trade and other receivables, net of reversal		**(2,328)**	(1,878)
Other operating income	7(b)	**2,963**	1,476
Other operating expenses		**(802)**	(50,377)
Selling and distribution expenses		**(393)**	(85)
Administrative expenses		**(25,561)**	(27,910)
Finance costs	8	**(39,469)**	(42,370)
Loss before tax		**(118,693)**	(85,648)
Income tax credit	10	**22,485**	19,863
Loss for the year	11	**(96,208)**	(65,785)
Loss for the year attributable to			
– Owners of the Company		**(96,208)**	(65,785)
– Non-controlling interest		**–**	–
		(96,208)	(65,785)
Loss per share	13	**HK cents**	HK cents
– Basic		**(3.08)**	(2.10)
– Diluted		**(3.08)**	(2.10)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	NOTE	2025 HK$'000	2024 HK$'000
Loss for the year		**(96,208)**	(65,785)
Other comprehensive income for the year:			
Items that are reclassified or may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**38,320**	(25,514)
Release of translation reserve upon deregistration of a subsidiary		**–**	(270)
Release of translation reserve upon disposal of subsidiaries	29	**–**	36,663
Other comprehensive income for the year (net of tax)		**38,320**	10,879
Total comprehensive expense for the year		**(57,888)**	(54,906)
Total comprehensive expense for the year attributable to:			
– Owners of the Company		**(57,888)**	(54,906)
– Non-controlling interest		**–**	–
		(57,888)	(54,906)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	*14*	**191**	288
Investment properties	*15*	**991,556**	1,036,596
Right-of-use assets	*16(a)*	**1,220**	3,659
		992,967	1,040,543
Current assets			
Inventories	*17*	**18**	17
Trade and other receivables	*19*	**24,211**	18,818
Cash and cash equivalents	*20*	**22,300**	9,721
		46,529	28,556
TOTAL ASSETS		**1,039,496**	1,069,099
EQUITY AND LIABILITIES			
EQUITY			
Capital and reserves			
Share capital	*25*	**312,828**	312,828
Reserves		**230,780**	288,668
Equity attributable to owners of the Company		**543,608**	601,496
Non-controlling interest		**1**	1
		543,609	601,497

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	27	**47,796**	67,570
Borrowings – due after one year	24	**390,006**	349,576
Deposits received for lease of properties	23	**2,742**	2,774
Lease liabilities – due after one year	16(b)	**–**	1,293
		440,544	421,213
Current liabilities			
Trade and other payables	21	**29,694**	26,042
Contract liabilities	22	**1,837**	1,437
Deposits received for lease of properties	23	**8,791**	7,625
Tax payable		**395**	338
Borrowings – due within one year	24	**13,333**	8,510
Lease liabilities – due within one year	16(b)	**1,293**	2,437
		55,343	46,389
TOTAL LIABILITIES		**495,887**	467,602
TOTAL EQUITY AND LIABILITIES		**1,039,496**	1,069,099
NET CURRENT LIABILITIES		**(8,814)**	(17,833)
TOTAL ASSETS LESS CURRENT LIABILITIES		**984,153**	1,022,710

The consolidated financial statements on pages 73 to 156 were approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Li Chao Bo
DIRECTOR

Ji Jiaming
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attribute to owners of the Company									
	Share capital	Share premium	Share options reserve	Special reserve *(note a)*	Capital reserve *(note b)*	Translation reserve	Accumulated losses	Subtotal	Non-controlling interest	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
At 1 January 2024	312,828	1,741,104	6,183	(184)	303	(92,643)	(1,311,192)	656,399	–	656,399
Loss for the year	–	–	–	–	–	–	(65,785)	(65,785)	–	(65,785)
Release of translation reserve upon disposal of subsidiaries	–	–	–	–	–	36,663	–	36,663	–	36,663
Release of translation reserve upon deregistration of a subsidiary	–	–	–	–	–	(270)	–	(270)	–	(270)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	(25,514)	–	(25,514)	–	(25,514)
Total comprehensive expense for the year	–	–	–	–	–	10,879	(65,785)	(54,906)	–	(54,906)
Gain on partial disposal of a subsidiary	–	–	–	–	3	–	–	3	1	4
At 31 December 2024 and 1 January 2025	312,828	1,741,104	6,183	(184)	306	(81,764)	(1,376,977)	601,496	1	601,497
Loss for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(96,208)**	**(96,208)**	**–**	**(96,208)**
Exchange differences arising on translation of foreign operations	**–**	**–**	**–**	**–**	**–**	**38,320**	**–**	**38,320**	**–**	**38,320**
Total comprehensive expense for the year	**–**	**–**	**–**	**–**	**–**	**38,320**	**(96,208)**	**(57,888)**	**–**	**(57,888)**
Release of special reserve upon deregistration of a subsidiary	**–**	**–**	**–**	**184**	**–**	**–**	**(184)**	**–**	**–**	**–**
Share option lapsed	**–**	**–**	**(6,183)**	**–**	**–**	**–**	**6,183**	**–**	**–**	**–**
At 31 December 2025	**312,828**	**1,741,104**	**–**	**–**	**306**	**(43,444)**	**(1,467,186)**	**543,608**	**1**	**543,609**

Notes:

(a) The special reserve represents:

(i) the difference between the nominal value of the share capital issued by Wah Yuen Foods International Limited, a subsidiary of the Company, and the nominal value of the share capital of the subsidiaries acquired in a previous group reorganisation; and

(ii) the difference between the nominal value of the share capital issued by the Company and the nominal value of the share capital of the subsidiaries acquired in a previous group reorganisation.

(b) The capital reserve represents:

(i) In 2020, the Group acquired additional interests in a subsidiary and accounted for as an equity transaction. The difference between the fair value of the non-controlling interests and the fair value of the consideration paid was recognised in capital reserve.

(ii) In 2024, the Group disposed partial interests in a subsidiary that do not result in a loss of control over the subsidiary. The transaction is accounted for as equity transaction and recognised in capital reserve.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 *HK$'000*	2024 *HK$'000*
OPERATING ACTIVITIES		
Loss before tax	**(118,693)**	(85,648)
Adjustments for:		
Interest expenses	**39,469**	42,370
Interest income	**(47)**	(61)
Depreciation of property, plant and equipment	**94**	103
Depreciation of right-of-use-assets	**2,439**	2,856
Impairment loss on property, plant and equipment	**–**	3,663
Impairment loss on right-of-use assets	**–**	11,636
Impairment loss on inventory of properties	**–**	29,513
Allowance for expected credit losses on trade and other receivables, net of reversal	**2,328**	1,878
Loss on write-off of property, plant and equipment	**–**	54
Fair value loss on investment properties	**90,110**	79,456
Gain on disposal of subsidiaries	**(2)**	(83,124)
Gain on deregistration of a subsidiary	**–**	(378)
Operating cash flows before movements in working capital	**15,698**	2,318
Increase in trade and other receivables	**(6,442)**	(9,970)
Increase in trade and other payables	**2,928**	12,862
Increase in deposits received for lease of properties	**665**	265
Increase in contract liabilities	**332**	359
Cash from operations	**13,181**	5,834
Income tax paid	**–**	–
NET CASH FROM OPERATING ACTIVITIES	**13,181**	5,834

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	NOTES	2025 HK$'000	2024 HK$'000
INVESTING ACTIVITIES			
Net cash inflow (outflow) on disposal of subsidiaries	29	**2**	(1,249)
Net cash inflow on partial disposal of a subsidiary		**–**	4
Purchase of property, plant and equipment		**(9)**	(15)
Interest received		**47**	61
NET CASH FROM (USED IN) INVESTING ACTIVITIES		**40**	(1,199)
FINANCING ACTIVITIES			
Capital element of lease rentals paid	33	**(2,437)**	(2,568)
Interest element of lease rentals paid	33	**(193)**	(182)
Interest paid	33	**(9,849)**	(11,303)
New borrowings raised		**16,724**	10,692
Repayment of borrowings		**(8,791)**	(16,304)
NET CASH USED IN FINANCING ACTIVITIES		**(4,546)**	(19,665)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**8,675**	(15,030)
Effect of foreign exchange rate changes		**3,904**	12,185
CASH AND CASH EQUIVALENTS AT 1 JANUARY		**9,721**	12,566
CASH AND CASH EQUIVALENTS AT 31 DECEMBER		**22,300**	9,721
ANALYSIS OF CASH AND CASH EQUIVALENTS			
Bank balances and cash		**22,300**	9,721

1. GENERAL

China City Infrastructure Group Limited (the "Company") is an exempt company with limited liability incorporated in the Cayman Islands under the Companies Law Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 9 October 2002.

The shares of the Company have been listed on the main board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 25 June 2003. The Directors of the Company consider Linkway Investment Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, as the substantial shareholder of the Company.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively, the "Group") are property investment, property development and property management in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Hong Kong Dollars ("HK$"). Other than those subsidiaries established in the PRC whose functional currencies are Renminbi ("RMB"), the functional currency of the Company and other subsidiaries is HK$.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to an HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of the amendments to an HKFRS Accounting Standard in the current year has had no material impact on the Group's financial positions and performance for current and prior period or on the disclosures set out in these consolidated financial statements.

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

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

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[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2026.
3 Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standard below, the Directors of the Company anticipate that the application of amendments to HKFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

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

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provision. The application of the new standard is not expected to have significant impact on the financial performance and position of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

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

Statement of compliance

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

Going concern basis

The Group incurred a net loss of approximately HK$96,208,000 for the year ended 31 December 2025, and as at that date, the Group had net current liabilities of approximately HK$8,814,000, which included borrowings of approximately HK$13,333,000 due within one year. These conditions indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The validity of the use of the going concern basis in the preparation of the consolidated financial statements is dependent upon the Group's ability to generate adequate cash flows in order to meet its obligations as and when the obligations fall due.

Notwithstanding the above results and financial condition, the consolidated financial statements have been prepared on a going concern basis. The Directors of the Company have given careful consideration to the future liquidity and the Group's available financing sources in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken by the Group to mitigate its liquidity pressure and to improve its financial position which include, but are not limited to, the followings:

(a) the Group has secured loan facilities from a financial institution by pledging investment properties, with undrawn bank facilities amounting to approximately RMB103,960,000 as at 31 December 2025;

(b) the Group will continue to seek for borrowings from other lenders. The Group has been received additional other borrowings of HK$3,000,000 after the end of the reporting period;

(c) the Group will accelerate the collection of outstanding trade and other receivables; and

(d) the Group applies cost control measures in the cost of sales and administrative expenses and maintains containment of capital expenditures.

The Directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from the date of approval of these consolidated financial statements. In the opinion of the Directors, in light of the above and taking into account the anticipated cash flows to be generated from the Group's operations as well as the above plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the Directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

Going concern basis (continued)

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of all these potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2025.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties that are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

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

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

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

Business combinations

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to the share-based payment arrangements of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below);

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16 Leases) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

Business combinations (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

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

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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

Revenue from contracts with customers (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date (base on the contract terms), the Group recognises revenue in the amount to which the Group has the right to invoice.

Refund liabilities

The Group recognises a refund liability if the Group expects to refund some or all of the consideration received from customers.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (such as sales commission) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

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

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including cost of testing whether the related assets in functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position, except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at fair value, adjusted to exclude any prepaid or accrued operating lease income.

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

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables from property management services arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

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

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables and cash and cash equivalents), which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

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

Financial instruments (continued)

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instruments as at the reporting date with the risk of a default occurring on the financial instruments as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instruments' external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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

Financial instruments (continued)

***Financial assets** (continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(i) Significant increase in credit risk (continued)

For loan commitments and financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of a default occurring on the loan to which a loan commitment relates; for financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

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

Financial instruments (continued)

***Financial assets** (continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit rating where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

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

Financial instruments (continued)

***Financial assets** (continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables, where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- For financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Financial instruments (continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity instruments in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the group entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Perpetual instruments which include no contractual obligation for the Group to deliver cash or other financial assets or the Group has the sole discretion to defer payment of distribution and redemption of principal amount indefinitely are classified as equity instruments.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, deposits received for lease of properties, borrowings and lease liabilities) are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

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

Financial instruments (continued)

Financial liabilities and equity *(continued)*

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment on property, plant and equipment, and right-of-use assets

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, and right-of-use assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant assets is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

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

Impairment on property, plant and equipment, and right-of-use assets (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

When an impairment loss is subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

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

Leases (continued)

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

The cost of right-of-use asset includes:

- The amount of the initial measurement of the lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs incurred by the Group; and
- An estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statement of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

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

Leases (continued)

***The Group as a lessee** (continued)*

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

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, initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the Group under residual value guarantees;
- The exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- Payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- The lease payments change due to changes in market rental rates following a market rent review, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

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

Leases (continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

Rental income which are derived from the Group's ordinary course of business are presented as revenue.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under HKFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

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

Taxation

Income tax expense represents the sum of current and deferred tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to be reversed in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to cover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

Taxation (continued)

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current tax and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising from the settlement of monetary items, and from the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

On the disposal of a foreign operation, that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of a control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

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

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Retirement benefit costs

Payments to Mandatory Provident Fund Scheme for Hong Kong employees and state-managed retirement benefits schemes for employees in the People's Republic of China (the "PRC") are recognised as expenses as they fall due. The Group's obligations under state-managed retirement benefits schemes are equivalent to those arising in a defined contribution retirement benefits scheme.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statement of financial position include:

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts which are repayable on demand and form an integral part of the Group's cash management. Such overdrafts are presented as short-term borrowings in the consolidated statement of financial position.

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

Related parties

A related party is a person or that is related to the Group:

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) the entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

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

(v) the entity has a post-employment benefit plan for the benefits 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); or

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity, and include:

(a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the Directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the Directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern basis

The assessment of the going concern assumption involves making judgements by the Directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors of the Company consider that the Group has ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt on the going concern assumptions are set out in Note 3 to the consolidated financial statements.

Key sources of estimation uncertainty

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

(a) Depreciation on property, plant and equipment

The Group depreciates property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values, using the straight line method. The estimated useful lives reflect the Directors' estimate of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the Directors' estimated amount that the Group would currently obtain from the disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of their useful lives.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

(b) Estimated impairment on property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the higher of fair value of the property, plant and equipment and right-of-use assets less costs of disposal or the value-in-use calculations. An impairment loss is measured as the difference between the asset's carrying amount and the recoverable amount. Where the recoverable amount is less than expected, an impairment loss may arise. During the year ended 31 December 2025, no impairment loss recognised for property, plant and equipment and right-of-use assets (2024: HK$3,663,000 and HK$11,636,000 respectively).

(c) Provision of ECL for trade and other receivables

The Group uses provision matrix to calculate ECL for the trade and other receivables. The provision rates are based on internal credit rating as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade and other receivables with significant balances and credit impaired are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade and other receivables are disclosed in Note 19 to the consolidated financial statements.

(d) Fair value of investment properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2025 at their fair value of approximately HK$991,556,000 (2024: approximately HK$1,036,596,000). The fair value was based on a valuation on these properties conducted by an independent professional valuers using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss. Details of the fair value measurement of investment properties are disclosed in Note 15 to the consolidated financial statements.

(e) Estimated impairment on inventory of properties

The Group determines the net realisable value of inventory of properties based on estimation of future selling price less costs to be incurred in relation to the sale, with reference to the prevailing market condition, valuations and estimated unit selling price from independent property valuers and internally available information and exercised considerable judgement. During the year ended 31 December 2025, no impairment loss recognised for inventory of properties (2024: approximately HK$29,513,000). Details of the impairment on inventory of properties are disclosed in Note 18 to the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

(f) Recognition of current taxes and deferred taxes

There were transactions and calculations for which the ultimate tax determination was uncertain during the ordinary course of business. As detailed in the Group's accounting policies, 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. Where the final tax outcomes of these matters are different from the amounts that were initially recorded, such differences will impact on the income tax and deferred tax provisions in the periods in which such determination is made.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Categories of financial instruments

	2025	2024
	HK$'000	*HK$'000*
Financial assets		
Financial assets at amortised cost	**45,180**	26,400
Financial liabilities		
Financial liabilities at amortised cost	**445,850**	398,257

The Group's major financial instruments include cash and cash equivalents, trade and other receivables, trade and other payables, deposits received for lease of properties, lease liabilities and borrowings. Details of these financial instruments are disclosed in the respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Currency risk management

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

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

	Assets 2025 *HK$'000*	**Liabilities 2025 *HK$'000***	Assets 2024 *HK$'000*	Liabilities 2024 *HK$'000*
Renminbi ("RMB")	**24,882**	**209,482**	24,566	205,820

Sensitivity analysis

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

The following table shows the sensitivity analysis of a 5% increase/decrease in RMB against HK$, the effect on the profit or loss and other comprehensive income for the year is as follows:

	2025 *HK$'000*	2024 *HK$'000*
Decrease/increase in other comprehensive income	**9,230**	9,063
Increase/decrease in profit or loss	**1**	1

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows, carrying out fund raising activities and matching the maturity profiles of financial assets and liabilities.

The following table details the Group's contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities based on the earliest date on which the Group is required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

The table includes both interest and principal cash flows. To the extent that interests are at floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	2025							
	Weighted average interest rate	**Within 1 month or on demand** *HK$'000*	**1-3 months** *HK$'000*	**3 months– 1 year** *HK$'000*	**1-5 years** *HK$'000*	**Over 5 years** *HK$'000*	**Total undiscounted cash flows** *HK$'000*	**Carrying amount** *HK$'000*
Trade and other payables	**NA**	**29,694**	**–**	**–**	**–**	**–**	**29,694**	**29,694**
Borrowings	**6.15%**	**2,067**	**7,467**	**28,280**	**410,837**	**–**	**448,651**	**403,339**
Lease liabilities	**8.00%**	**219**	**438**	**658**	**–**	**–**	**1,315**	**1,293**
Deposits received for lease of properties	**NA**	**8,127**	**130**	**535**	**2,595**	**146**	**11,533**	**11,533**
		40,107	**8,035**	**29,473**	**413,432**	**146**	**491,193**	**445,859**

	2024							
	Weighted average interest rate	Within 1 month or on demand *HK$'000*	1-3 months *HK$'000*	3 months– 1 year *HK$'000*	1-5 years *HK$'000*	Over 5 years *HK$'000*	Total undiscounted cash flows *HK$'000*	Carrying amount *HK$'000*
Trade and other payables	N/A	26,042	–	–	–	–	26,042	26,042
Borrowings	7.52%	2,153	6,435	25,561	347,064	33,511	414,724	358,086
Lease liabilities	8%	219	438	1,973	1,315	–	3,945	3,730
Deposits received for lease of properties	N/A	6,457	13	1,155	2,415	359	10,399	10,399
		34,871	6,886	28,689	350,794	33,870	455,110	398,257

Credit risk and impairment provision

As at 31 December 2025 and 2024, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of respective financial assets as stated in the consolidated statement of financial position. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables from property investment business and property management services

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade receivables individually or based on provision matrix.

During the year ended 31 December 2025, allowance for expected credit losses of trade receivables amounted to approximately of HK$2,123,000 (2024: HK$1,588,000).

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk and impairment provision (continued)

Other receivables and cash and cash equivalents

The Group performs impairment assessment under ECL model upon application of HKFRS 9 on other receivables and cash and cash equivalents based on 12m ECL.

The credit risk on other receivables is limited because the counterparties have no historical default record and the Directors expect that the general economic conditions will not significantly changed for the 12 months after the reporting date. Based on the Group's internal credit rating, allowance for expected credit losses of other receivables amounted to approximately of HK$205,000 (2024: allowance for expected credit losses of approximately HK$290,000) during the year ended 31 December 2025.

The credit risk on cash and cash equivalents is limited because most of the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group is exposed to concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings. The Group's concentration of credit risk by geographical locations is in The People's Republic of China ("PRC") as all trade receivables are arisen in the PRC for both years.

Other than above, the Group does not have any other significant concentration of credit risk.

The tables below is the internal credit policy of the Group:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12-month ECL
Watch list	Debtor frequently repays after due dates but usually settle after due date	Lifetime ECL – not credit-impaired	12-month ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk and impairment provision (continued)

The tables below detail the credit risk exposures of the Group's financial assets which are subject to ECL assessment:

2025	*Notes*	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**ECL rate**	**Gross carrying amounts** *HK$'000*	**Allowance for ECL** *HK$'000*
Trade receivables	*19*	N/A	(Note)	Lifetime ECL (provision matrix)	29.69%	23,388	6,945
Other receivables	*19*	N/A	Low Risk	12 month ECL	42.77%	11,247	4,810
Cash and cash equivalents	*20*	BBB- to A+	N/A	12 month ECL	–	22,300	–

2024	*Notes*	**External credit rating**	**Internal credit rating**	**12-month or lifetime ECL**	**ECL rate**	**Gross carrying amounts** *HK$'000*	**Allowance for ECL** *HK$'000*
Trade receivables	*19*	N/A	(Note)	Lifetime ECL (provision matrix)	31.47%	15,322	4,822
Other receivables	*19*	N/A	Low Risk	12 month ECL	59.98%	7,677	4,605
Cash and cash equivalents	*20*	BBB- to A+	N/A	12 month ECL	–	9,721	–

Note:

For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix, grouped by past due status.

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers in relation to its property investment operation because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate borrowings and lease liabilities. The Group is also exposed to cash-flow interest rate risk in relation to variable-rate bank balances, variable-rate bank borrowings. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and benchmark interest rate published by the PRC government arising from the Group's RMB denominated borrowings. The Group aim at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and floating rates and ensure they are within reasonable range.

The Group currently does not use any interest rate swaps to hedge its exposure to interest rate risk. However, management of the Group will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below, which includes interest rate exposure on variable interest-bearing liabilities and deposits, has been determined based on the exposure to interest rates for all non-derivative instruments at the end of the reporting date. For non-bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 100 basis points increase or decrease is used, which represents management's assessment of the possible change in interest rates.

If interest rates have been 100 basis points higher/lower and all other variables held constant, the Group's loss for the year ended 31 December 2025 would increase/decrease by approximately HK$1,566,000 (2024: loss for the year would increase/decrease by approximately HK$1,701,000).

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Fair values measurement

(i) Financial instruments carried at fair value

Financial instruments measured at fair value at the end of each reporting period are valued across the three levels of the fair value hierarchy defined in HKFRS 7 Financial Instruments: Disclosures, with the fair value of each financial instrument recognised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments

- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data

- Level 3 (lowest level): fair values measured using valuation techniques in which no significant input is based on observable market data

At 31 December 2025 and 2024, there were no financial instruments carried at any level of the fair value hierarchy.

(ii) Fair value of financial instruments carried at other than fair value

The Directors consider that the carrying amounts of financial assets and financial liabilities not measured at fair value recognised in the consolidated financial statements approximate their fair values.

Fair value estimates are made at a specific point in time and based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for equity shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may raise new debts, adjust the amount of dividends paid to equity holders, return capital to equity holders, issue new shares or sell assets to reduce debts.

Management of the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as total net borrowings divided by total equity.

Management considers the gearing ratio at the end of reporting periods as follows:

	2025	2024
	HK$'000	*HK$'000*
Total borrowings, net of cash and cash equivalents	**381,039**	348,365
Equity attributable to owners of the Company	**543,608**	601,496
Total net borrowings to equity attributable to owners of the Company ratio	**0.70**	0.58

The increase in the gearing ratio was mainly attributable to the loss for the year of approximately HK$96.2 million.

6. SEGMENT INFORMATION

The accounting policies for the operating segments are the same as the Group's accounting policies in the preparation of the Group's consolidated financial statements.

The Group's operating segments are identified based on the components of the Group that are regularly reviewed by the chief operating decision maker for the purpose of allocating resources to segments and assessing their performance. Specifically, segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions, which is the same information reported to the chief operating decision maker.

The Group's operating segments are as follows:

– Property Development Business Segment, which engages in development of property projects in the PRC;

– Property Investment Business Segment, which engages in leasing of investment properties in the PRC; and

– Property Management Business Segment, which engages in provision of property management and other related services in the PRC.

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments.

For the year ended 31 December 2025

	Property Development Business *HK$'000*	Property Investment Business *HK$'000*	Property Management Business *HK$'000*	Total *HK$'000*
TOTAL REVENUE AND EXTERNAL SALES	–	34,994	24,716	59,710
RESULT				
Segment operating results	(4,238)	24,118	8,521	28,401
Fair value loss on investment properties	–	(90,110)	–	(90,110)
Gain on disposal of subsidiaries				2
Unallocated corporate income				307
Unallocated corporate expenses				(17,824)
Finance costs				(39,469)
Loss before tax				(118,693)
Income tax credit				22,485
Loss for the year				(96,208)

6. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

For the year ended 31 December 2024

	Property Development Business *HK$'000*	Property Investment Business *HK$'000*	Property Management Business *HK$'000*	Total *HK$'000*
TOTAL REVENUE AND EXTERNAL SALES	–	33,354	15,078	48,432
RESULT				
Segment operating results	(723)	13,768	1,130	14,175
Fair value loss on investment properties	–	(79,456)	–	(79,456)
Impairment loss on inventory of properties on reclassification	(29,513)	–	–	(29,513)
Gain on disposal of subsidiaries				83,124
Unallocated corporate income				447
Unallocated corporate expenses				(32,055)
Finance costs				(42,370)
Loss before tax				(85,648)
Income tax credit				19,863
Loss for the year				(65,785)

Segment operating results represents the profit earned (loss incurred) by each segment without allocation of finance costs, fair value change on investment properties, certain other operating income/expense and central administration costs including staff costs, directors' emoluments and other expenses. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

6. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segments:

	Property Development Business		Property Investment Business		Property Management Business		Consolidated	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Investment properties	**–**	–	**991,556**	1,036,596	**–**	–	**991,556**	1,036,596
Property, plant and equipment	**–**	–	**–**	21	**191**	244	**191**	265
Other assets	**735**	6,822	**16,373**	13,516	**9,122**	4,071	**26,230**	24,409
Segment assets	**735**	6,822	**1,007,929**	1,050,133	**9,313**	4,315	**1,017,977**	1,061,270
Unallocated corporate assets							**21,519**	7,829
Consolidated assets							**1,039,496**	1,069,099
LIABILITIES								
Segment liabilities	**3,295**	3,280	**242,726**	259,798	**11,985**	9,142	**258,006**	272,220
Unallocated corporate liabilities							**237,881**	195,382
Consolidated liabilities							**495,887**	467,602

	Property Development Business		Property Investment Business		Property Management Business		Total	
	2025	2024	**2025**	2024	**2025**	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
OTHER INFORMATION								
Additions to property, plant and equipment	**–**	–	**–**	–	**9**	15	**9**	15
Depreciation and amortisation	**–**	26	**22**	6	**72**	71	**94**	103
Impairment loss on property, plant and equipment	**–**	3,663	**–**	–	**–**	–	**–**	3,663
Impairment loss on right-of-use assets	**–**	11,636	**–**	–	**–**	–	**–**	11,636
Impairment loss on inventory of properties	**–**	29,513	**–**	–	**–**	–	**–**	29,513
Loss on write-off of property, plant and equipment	**–**	45	**–**	8	**–**	1	**–**	54

For the purposes of monitoring segment performance and allocating resources between segments:

- all assets, other than cash and cash equivalents which are used for corporate financing and other financial assets, are allocated to operating segments. Assets used jointly by segments are allocated on the basis of the revenues earned by individual segments; and

- all liabilities, other than other financial liabilities, are allocated to operating segments. Liabilities for which segments are jointly liable are allocated in proportion to segment assets.

6. SEGMENT INFORMATION (continued)

Geographical information

The Group operates in two principal geographical areas – Hong Kong and the PRC.

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

	Revenue from external customers		Non-current assets	
	2025	2024	**2025**	2024
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**–**	–	**1,220**	3,659
The PRC	**59,710**	48,432	**991,747**	1,036,884
	59,710	48,432	**992,967**	1,040,543

Information of major customers

The Group has no customer (2024: Nil) which contributed more than 10% of the revenue of the Group during the year.

7. REVENUE AND OTHER OPERATING INCOME

An analysis of revenue and other operating income is as follows:

	2025 *HK$'000*	2024 *HK$'000*
(a) Revenue from contracts with customers		
Sales of properties	–	–
Property management income	24,716	15,078
	24,716	15,078
Rental income from property investment business	34,994	33,354
Total revenue	59,710	48,432
Timing of revenue recognition:		
Recognised at a point in time	–	–
Recognised over time	24,716	15,078
	24,716	15,078
(b) Other operating income		
Interest income	47	61
Gain on deregistration of a subsidiary *(Note 30)*	–	378
Sundry income	2,916	1,037
Total other operating income	2,963	1,476

7. REVENUE AND OTHER OPERATING INCOME (continued)

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

	2025 HK$'000	2024 HK$'000
Segment revenue		
Sales of properties (a)	–	–
Provision of property management services (b)	**24,716**	15,078
Revenue from contracts with customers	**24,716**	15,078
Rental income from property investment business	**34,994**	33,354
Total revenue	**59,710**	48,432

Performance obligation for contracts with customers

a) Property development – sales of properties

Sales of properties of the Group includes car parks which were self-developed by the Group in prior years.

Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, the Group concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant car parks to customers. Revenue from sales of properties is therefore recognised at a point in time when the completed car parks is transferred to customers, being at the point that the customer obtains control of the completed car parks and the Group has present right to payment and collection of the consideration is probable.

The Group receives a fixed amount of the contract value as deposits from customers when they sign the sale and purchase agreement. Such deposits would be recognised to sales of properties when the contract value has been fully paid.

b) Property management services

Revenue from provision of property management services is recognised over time because the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs.

8. FINANCE COSTS

	2025	2024
	HK$'000	*HK$'000*
Interest expense on bank loans and other borrowings	**39,276**	42,188
Interest expense on lease liabilities	**193**	182
	39,469	42,370

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

Directors' and chief executive remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follow:

(a) Directors' emoluments and retirement benefits

For the year ended 31 December 2025

Name of Director	**Fees**	**Salaries and allowances**	**Retirement benefit scheme contributions**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
EXECUTIVE DIRECTORS				
Mr. Li Chao Bo *(Chairman and Chief Executive Officer)*	**300**	**3,600**	**18**	**3,918**
Mr. Ji Jiaming	**–**	**–**	**–**	**–**
NON-EXECUTIVE DIRECTOR				
Mr. Zhang Guiqing	**–**	**–**	**–**	**–**
INDEPENDENT NON-EXECUTIVE DIRECTORS				
Mr. Ng Chi Ho, Dennis	**120**	**–**	**–**	**120**
Mr. Kwok Kin Wa	**120**	**–**	**–**	**120**
Ms. Kwong Mei Wan, Cally	**120**	**–**	**–**	**120**
	660	**3,600**	**18**	**4,278**

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' emoluments and retirement benefits (continued)

For the year ended 31 December 2024

Name of Director	Fees	Salaries and allowances	Retirement benefit scheme contributions	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
EXECUTIVE DIRECTORS				
Mr. Li Chao Bo *(Chairman and Chief Executive Officer)*	300	3,600	18	3,918
Mr. Ji Jiaming	–	–	–	–
NON-EXECUTIVE DIRECTOR				
Mr. Zhang Guiqing	–	–	–	–
INDEPENDENT NON-EXECUTIVE DIRECTORS				
Mr. Ng Chi Ho, Dennis	120	–	–	120
Mr. Kwok Kin Wa	120	–	–	120
Ms. Kwong Mei Wan, Cally	120	–	–	120
	660	3,600	18	4,278

The executive, non-executive and independent non-executive directors' emoluments shown above were for their services as directors of the Company.

(b) Directors' termination benefits

During the year ended 31 December 2025, no termination benefits were paid to the directors (2024: Nil).

9. DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2025, no consideration was paid for making available the services of the directors of the Company (2024: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

During the year ended 31 December 2025, there was no loans, quasi-loans or other dealings entered into by the Company or subsidiaries undertaking of the Company, where applicable, in favour of directors (2024: Nil).

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements or contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: Nil).

(f) Five highest paid employees

The five highest paid individuals for the year ended 31 December 2025 included one (2024: one) director of the Company. The emoluments of the remaining four (2024: four) individuals are as follows:

	2025 ***HK$'000***	2024 *HK$'000*
Salaries and other benefits	**2,242**	2,623
Retirement benefit schemes contributions	**337**	352
	2,579	2,975

Their emoluments were within the following bands:

	2025	2024
Within HK$1,000,000	**4**	3
HK$1,000,001 to HK$1,500,000	**–**	1
	4	4

(g) During the year, no emoluments were paid by the Group to any of the directors of the Company or the five highest paid individuals of the Group (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office (2024: Nil).

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).

10. INCOME TAX CREDIT

	2025 **HK$'000**	2024 HK$'000
Current tax:		
Hong Kong Profits Tax	**–**	–
PRC Enterprise Income Tax ("EIT")	**42**	–
Current tax expenses for the year	**42**	–
Deferred tax credit for the year *(Note 27)*	**(22,527)**	(19,863)
	(22,485)	(19,863)

Under the two-tiered profits tax rates regime in Hong Kong, the first HK$2 million of profits of a qualifying group entity will be taxed at 8.25% (2024: 8.25%), and profits above HK$2 million will be taxed at 16.5% (2024: 16.5%). The profits of other group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5% (2024: 16.5%).

No provision for taxation in Hong Kong has been made as the Group's income neither arises in, nor is derived from Hong Kong.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years. LAT in the PRC is levied at the applicable tax rate on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

The income tax expense for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss as follows:

	2025 **HK$'000**	2024 HK$'000
Loss before tax	**(118,693)**	(85,648)
Tax at PRC EIT rate of 25% (2024: 25%)	**(29,673)**	(21,412)
Tax effect of expenses not deductible for tax purposes	**12,132**	21,345
Tax effect of income not taxable for tax purposes	**(9,766)**	(28,877)
Tax effect on tax losses not recognised	**2,452**	5,447
Utilisation of tax losses previously not recognised	**(1,265)**	(187)
Effect of different tax rates of subsidiaries operating in Hong Kong	**3,635**	3,821
Income tax credit for the year	**(22,485)**	(19,863)

11. LOSS FOR THE YEAR

	2025 HK$'000	2024 HK$'000
Loss for the year has been arrived at after charging (crediting):		
Staff costs, including directors' emoluments	**15,822**	14,668
Retirement benefits scheme contributions, including contributions for directors	**1,813**	1,618
Total staff costs	**17,635**	16,286
Auditor's remuneration	**550**	600
Allowance for expected credit losses on trade and other receivables, net of reversal	**2,328**	1,878
Depreciation of property, plant and equipment	**94**	103
Depreciation of right-of-use assets	**2,439**	2,856
Impairment loss on property, plant and equipment*	**–**	3,663
Impairment loss on right-of-use assets*	**–**	11,636
Impairment loss on inventory of properties*	**–**	29,513
Loss on write-off of property, plant and equipment*	**–**	54

	2025 HK$'000	2024 HK$'000
Gross rental income from investment properties	**(34,994)**	(33,354)
Less: direct operating expenses from investment properties that generated rental income during the year	**10,234**	8,436
	(24,760)	(24,918)

* These expenses for the year are included in "other operating expenses".

12. DIVIDENDS

The Directors of the Company do not recommend the payment of a dividend for the years ended 31 December 2025 and 2024.

13. LOSS PER SHARE

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

	2025	2024
	HK$'000	*HK$'000*
Loss		
Loss for the year for the purpose of calculating basic and diluted loss per share	**(96,208)**	(65,785)
Number of shares		
Number of ordinary shares for the purpose of calculating basic and diluted loss per share	**3,128,278,542**	3,128,278,542

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

The computation of diluted loss per share does not assume the exercise of the Company's options because the exercise price of those options was higher than the average market price for shares for both 2025 and 2024.

14. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery HK$'000	Furniture and equipment HK$'000	Motor Vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST					
At 1 January 2024	297	6,315	1,585	4,200	12,397
Additions	–	15	–	–	15
Derecognised on disposal of subsidiaries	–	(157)	–	–	(157)
Write-off	–	(2,097)	–	–	(2,097)
Exchange difference	–	(105)	(16)	(135)	(256)
At 31 December 2024 and 1 January 2025	297	3,971	1,569	4,065	9,902
Additions	–	9	–	–	9
Exchange difference	–	(278)	–	–	(278)
At 31 December 2025	**297**	**3,702**	**1,569**	**4,065**	**9,633**
Depreciation and impairment					
At 1 January 2024	297	5,931	1,585	495	8,308
Provided for the year	–	103	–	–	103
Impairment loss recognised in profit or loss	–	–	–	3,663	3,663
Derecognised on disposal of subsidiaries	–	(149)	–	–	(149)
Write-off	–	(2,043)	–	–	(2,043)
Exchange difference	–	(159)	(16)	(93)	(268)
At 31 December 2024 and 1 January 2025	297	3,683	1,569	4,065	9,614
Provided for the year	–	94	–	–	94
Exchange difference	–	(266)	–	–	(266)
At 31 December 2025	**297**	**3,511**	**1,569**	**4,065**	**9,442**
CARRYING AMOUNTS					
At 31 December 2025	**–**	**191**	**–**	**–**	**191**
At 31 December 2024	–	288	–	–	288

The above items of property, plant and equipment, other than construction in progress, after taking into account the residual value are depreciated on a straight-line basis at the following rates per annum:

Plant and machinery	8%-10%
Furniture and equipments	16%-20%
Motor vehicles	20%-30%

15. INVESTMENT PROPERTIES

	Investment properties in the PRC *HK$'000*
At fair value	
At 1 January 2024	1,051,648
Fair value change recognised in profit or loss	(79,456)
Transfer from inventory of properties *(Note 18)*	96,277
Exchange difference	(31,873)
At 31 December 2024 and 1 January 2025	**1,036,596**
Fair value change recognised in profit or loss	(90,110)
Exchange difference	45,070
At 31 December 2025	**991,556**

The Group's investment properties are held under medium term leases and are situated in the PRC.

All of the Group's property interests held under operating leases to earn rentals are measured using the fair value model and are classified and accounted for as investment properties.

Details of the pledged investment properties at 31 December 2025 and 2024 are set out in Note 31.

Fair value measurement of the Group's investment properties

The fair value of the Group's investment properties at 31 December 2025 has been arrived at on the basis of a valuation carried out on the respective dates by Peak Vision Appraisals Limited ("Peak Vision"), independent qualified professional valuers not connected to the Group, who have appropriate qualifications and recent experience in the valuation of similar properties in the relevant locations.

15. INVESTMENT PROPERTIES (continued)

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

The valuation of investment properties in Wuhan was determined by using direct comparison method for Zhongshui • Longyang Plaza car park, while the Future City Shopping Centre and Future Mansion car park were arrived at with the adoption of a combination of direct comparison method and investment method by Peak Vision. Direct comparison method assumes the properties and car parks are capable of being sold in its existing state with the benefit of immediate vacant possession and makes reference to comparable sales evidence as available in the relevant markets. Investment method takes into account the current rents passing and the reversionary income potential of the properties and car parks. In estimating the fair value of the properties and car parks, the highest and best use of the properties is their current use.

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

	Level 1 ***HK$'000***	**Level 2** ***HK$'000***	**Level 3** ***HK$'000***	**Fair value at 31 December 2025** ***HK$'000***
Investment properties in the PRC	**–**	**–**	**991,556**	**991,556**

	Level 1 *HK$'000*	Level 2 *HK$'000*	Level 3 *HK$'000*	Fair value at 31 December 2024 *HK$'000*
Investment properties in the PRC	–	–	1,036,596	1,036,596

There was no transfer into or out of Level 3 during the year.

15. INVESTMENT PROPERTIES (continued)

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

The following table gives information about how the fair values of the investment properties are determined (in particular, the valuation techniques and inputs used).

2025

Investment properties held by the Group	Valuation technique(s)	Significant unobservable inputs		Relation of unobservable inputs to fair value
Future City Shopping Centre in Wuhan	Combination of direct comparison method and investment method	(1)	Reversionary yield: 5.25%	An increase in the reversionary yield would result in a decrease in fair value.
		(2)	Estimated market comparable unit rate per square metre/ month RMB: 217 to 260	An increase in the market rental unit rate would result in an increase in fair value.
Future Mansion car park in Wuhan	Combination of direct comparison method and investment method	(1)	Reversionary yield: 3.25%	An increase in the reversionary yield would result in a decrease in fair value.
		(2)	Estimate market unit sales per car parking space RMB: 110,000 to 288,000	The increase in the market car parking space sales price would result in an increase in fair value.
Zhongshui • Longyang Plaza car park in Wuhan	Direct comparison method	(1)	Estimate market unit sales per car parking space RMB: 62,000 to 100,000	The increase in the market car parking space sales price would result in an increase in fair value.

2024

Investment properties held by the Group	Valuation technique(s)	Significant unobservable inputs		Relation of unobservable inputs to fair value
Future City Shopping Centre in Wuhan	Combination of direct comparison method and investment method	(1)	Reversionary yield: 5.01%	An increase in the reversionary yield would result in a decrease in fair value.
		(2)	Estimated market comparable unit rate per square metre/ month RMB: 210 to 263	An increase in the market rental unit rate would result in an increase in fair value.
Future Mansion car park in Wuhan	Combination of direct comparison method and investment method	(1)	Reversionary yield: 3.25%	An increase in the reversionary yield would result in a decrease in fair value.
		(2)	Estimate market unit sales per car parking space RMB: 138,000 to 298,000	The increase in the market car parking space sales price would result in an increase in fair value.
Zhongshui • Longyang Plaza car park in Wuhan	Direct comparison method	(1)	Estimate market unit sales per car parking space RMB: 80,000 to 110,000	The increase in the market car parking space sales price would result in an increase in fair value.

16. LEASES

(a) Right-of-use assets

	Leasehold land HK$'000 (Note a)	Leased properties HK$'000 (Note b)	Total HK$'000
COST			
At 1 January 2024	15,225	8,011	23,236
Addition	–	4,878	4,878
Write-off	–	(8,011)	(8,011)
Exchange difference	(485)	–	(485)
At 31 December 2024 and 2025	14,740	4,878	19,618
DEPRECIATION AND IMPAIRMENT			
At 1 January 2024	3,156	6,676	9,832
Provided for the year	302	2,554	2,856
Write-off	–	(8,011)	(8,011)
Impairment loss recognised in profit or loss	11,636	–	11,636
Exchange difference	(354)	–	(354)
At 31 December 2024	14,740	1,219	15,959
Provided for the year	–	2,439	2,439
At 31 December 2025	**14,740**	**3,658**	**18,398**
CARRYING AMOUNTS			
At 31 December 2025	**–**	**1,220**	**1,220**
At 31 December 2024	–	3,659	3,659

	2025 ***HK$'000***	2024 *HK$'000*
Total cash outflow for leases	**2,630**	2,750

Notes:

(a) The leasehold land with remaining lease term of 43 years.

(b) As at 31 December 2025, the leased properties include leased office premises in Hong Kong with remaining lease terms within 1 year. In addition, lease liabilities of approximately HK$1,293,000 are recognised with related right-of-use assets of approximately HK$1,220,000 for the year ended 31 December 2025 (2024: Lease liabilities of approximately HK$3,730,000 and related right-of-use assets of approximately HK$3,659,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

16. LEASES (continued)

(b) Lease liabilities

	2025	2024
	HK$'000	*HK$'000*
Lease liabilities payable:		
Within one year	**1,293**	2,437
Within a period of more than one year but not exceeding two years	**–**	1,293
Within a period of more than two years but not exceeding five years	**–**	–
	1,293	3,730
Less: Amount due for settlement within 12 months shown under current liabilities	**(1,293)**	(2,437)
Amount due for settlement after 12 months shown under non-current liabilities	**–**	1,293

The weighted average incremental borrowing rates applied to lease liabilities is 8% (2024: 8%).

No lease obligation that are denominated in currencies other than the functional currencies of the relevant group entities.

17. INVENTORIES

	2025	2024
	HK$'000	*HK$'000*
Consumables and spare parts	**18**	17

None of the inventories of the Group was carried at net realisable value at the end of the reporting period (2024: Nil).

18. INVENTORY OF PROPERTIES

	2025	2024
	HK$'000	*HK$'000*
At beginning of the year	**–**	128,022
Impairment loss *(Note a)*	**–**	(29,513)
Transfer to investment properties *(Note 15)*	**–**	(96,277)
Exchange difference	**–**	(2,232)
At end of the year	**–**	–

	2025	2024
	HK$'000	*HK$'000*
Properties held for sale	**–**	–

The inventory of properties are located in the PRC.

Note:

(a) The impairment loss on inventory of properties has been arrived at on the basis of a valuation carried out on the respective dates by Peak Vision, independent qualified professional valuer not connected to the Group. The valuation technique adopted by Peak Vision was comparison method for Zhongshui • Longyang Plaza car park. The Group recognised an impairment loss of approximately HK$nil for the year ended 31 December 2025 (2024: approximately HK$29,513,000), which was included in the other operating expense in the consolidated statement of profit or loss. At the end of the reporting period, the entire inventory of properties was transferred to investment properties upon the change in use over the property.

19. TRADE AND OTHER RECEIVABLES

	2025 *HK$'000*	2024 *HK$'000*
Trade receivables		
– contracts with customers *(Note a)*	**7,448**	2,561
– property investment business	**15,940**	12,761
Less: accumulated allowance for expected credit losses	**(6,945)**	(4,822)
	16,443	10,500
Other receivables		
– Prepayments and deposits *(Note b)*	**6,368**	5,246
– Others	**6,210**	7,677
Less: accumulated allowance for expected credit losses	**(4,810)**	(4,605)
	7,768	8,318
	24,211	18,818

Notes:

(a) As at 1 January 2024, trade receivables from contracts with customers amounted to approximately HK$8,932,000.

(b) Included in prepayments and deposits are an amount of approximately HK$3,978,000 (2024: approximately HK$3,809,000) for the repair and maintenance deposit deposited with the government and an amount of approximately HK$1,061,000 (2024: approximately HK$1,018,000) for utility deposits.

An aging analysis of trade receivables (net of accumulated allowance for expected credit losses) based on invoice dates at the end of the reporting periods is as follows:

	2025 *HK$'000*	2024 *HK$'000*
Within 90 days	**3,617**	2,536
91 to 180 days	**1,807**	1,251
Over 180 days	**11,019**	6,713
	16,443	10,500

19. TRADE AND OTHER RECEIVABLES (continued)

The Directors consider that the carrying amounts of trade and other receivables approximate their fair values.

The following table shows the amounts of receivable which are past due but not impaired as the balances have not been a significant change in credit quality and the amounts are still considered recoverable.

An aging analysis of trade receivables past due but not impaired is as follows:

	2025	2024
	HK$'000	HK$'000
Overdue by:		
1-30 days	359	323
31-60 days	308	269
61-180 days	2,096	1,484
Over 180 days	11,019	6,713
	13,782	8,789

The movement in the allowance for expected credit losses on trade receivables is as follows:

	2025	2024
	HK$'000	HK$'000
At beginning of the year	4,822	6,453
Allowances for expected credit losses	2,123	1,588
Derecognised on disposal of subsidiaries	–	(3,219)
At end of the year	6,945	4,822

The movement in the allowance for expected credit losses on other receivables is as follows:

	2025	2024
	HK$'000	HK$'000
At beginning of the year	4,605	4,315
Allowances for expected credit losses	205	290
At end of the year	4,810	4,605

Details of impairment assessment of trade and other receivables for the years ended 31 December 2025 and 2024 are set out in Note 5.

20. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's short-term cash commitments, which carry interest at market rates ranged from 0.001% to 0.875% (2024: 0.10% to 0.25%) per annum.

Details of impairment assessment of cash and cash equivalents are set out in Note 5.

21. TRADE AND OTHER PAYABLES

The following is an aging analysis of the Group's trade payables based on the invoice dates at the end of the reporting periods:

	2025	2024
	HK$'000	*HK$'000*
Within 90 days	**1,191**	53
91 to 180 days	**152**	131
Over 180 days	**6,431**	6,003
Trade payables	**7,774**	6,187
Interest payables	**1,150**	1,150
Accrued expenses and other tax payables	**10,416**	6,736
Other payables	**10,354**	11,969
	29,694	26,042

Trade payables principally comprise amounts outstanding for dismantling costs of prior hotel business, construction materials and construction work of inventory of properties and investment properties.

The average credit period of trade payables is three to six months. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

The Directors consider that the carrying amounts of trade and other payables approximate their fair value.

22. CONTRACT LIABILITIES

The following is an analysis of the Group's contract liabilities:

	2025	2024
	HK$'000	*HK$'000*
Receipt in advance for provision of property management services	**1,837**	1,437

	2025	2024
	HK$'000	*HK$'000*
Movement in contract liabilities:		
Balance at 1 January	**1,437**	1,240
Revenue recognised during the year	**(1,486)**	(1,173)
Increase in contract liabilities as a result of receipt in advance of properties management fee	**1,817**	1,470
Derecognised on disposal of subsidiaries	**–**	(117)
Exchange difference	**69**	17
Balance at 31 December	**1,837**	1,437

The balances are mainly receipt in advance of properties management fee and normally recognised as revenue within 1-3 months from date of receipt.

23. DEPOSITS RECEIVED FOR LEASE OF PROPERTIES

The amounts which are expected to be realised within twelve months after the reporting date are classified under current liabilities as they are within the Group's normal operating cycle.

	2025	2024
	HK$'000	*HK$'000*
Deposits received for lease of investment properties	**11,533**	10,399
Less: amounts shown under current liabilities	**(8,791)**	(7,625)
Amounts shown under non-current liabilities	**2,742**	2,774

24. BORROWINGS

	2025 HK$'000	2024 HK$'000
Bank loans	**178,889**	179,787
Other loans	**224,450**	178,299
	403,339	358,086
Analysed as:		
Secured	**178,889**	179,787
Unsecured	**224,450**	178,299
	403,339	358,086
Carrying amounts represent repayable		
On demand or within one year	**13,333**	8,510
After one year, but not exceeding two years	**266,672**	191,065
After two years, but not exceeding five years	**123,334**	125,532
After five years	**–**	32,979
	403,339	358,086
Less: amounts due on demand or within one year shown under current liabilities	**(13,333)**	(8,510)
Amounts shown under non-current liabilities	**390,006**	349,576

Included in the borrowings are fixed rate borrowings as follows:

	2025 HK$'000	2024 HK$'000
Fixed rate borrowings repayable:		
– Within one year	**–**	–
– More than one year, but not exceeding two years	**224,450**	178,299
– More than two years, but not exceeding five years	**–**	–
– More than five years	**–**	–
	224,450	178,299

Bank loans and other loans carry interest at the prevailing market rates or fixed rates. Fixed rate borrowings carry interest at rates ranging from 6.30% to 8.00% (2024: 6.30% to 8.00%) per annum, while the variable rate borrowings carry interest at rates ranging from 5.00% to 5.50% (2024: 5.50% to 6.10%) per annum.

24. BORROWINGS (continued)

The Directors consider that the carrying amounts of borrowings approximate their fair value.

The Group's borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	2025	2024
	HK$'000	*HK$'000*
Currency – RMB	**178,889**	179,787

25. SHARE CAPITAL

	Number of ordinary shares	**Amount**
	HK$0.1 each	*HK$'000*
Authorised:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	5,000,000,000	500,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	3,128,278,542	312,828

26. SHARE OPTION SCHEME

The Company's share option scheme (the "2013 Scheme") was approved to be adopted on 18 June 2013 for the primary purpose of providing incentives to encourage its participants to perform their best in achieving the goals of the Company and enjoy its result. The participants are any director and eligible employee of the Group; any entity in which any member of the Group holds any equity interest (the "Invested Entity"); any supplier of goods or services and customers to any member of the Group or any Invested Entity; any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity; any adviser or consultant to any area of business or business development of any member of the Group or any Invested Entity; any shareholders of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity; and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group, as absolutely determined by the board of directors.

The maximum number of securities which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the 2013 Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time. The total number of shares which may be allotted and issued upon the exercise of all options to be granted under the 2013 Scheme of the Group must not in aggregate exceed 10% of the shares in issue on 18 June 2013. For the purpose of calculating the above, options lapsed in accordance with the 2013 Scheme shall not be counted.

The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders.

The period within which the shares must be taken up under an option of the 2013 Scheme shall not be later than 10 years from the date the option is granted. There is no minimum period for which an option must be held before it can be exercised. HK$1 is payable on acceptance of the options within 21 days from the date of grant. The subscription price is the highest of (i) the closing price of the shares quoted in the Stock exchange's daily quotations sheet for trade in one or more board lots of the shares on the date of the offer for the grant which must be a business day; (ii) the average closing price of the shares as quoted in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a share. The 2013 Scheme was valid for 10 years from 18 June 2013.

26. SHARE OPTION SCHEME (continued)

The 2013 Scheme expired on 17 June 2023 and all share options granted had been expired on 24 June 2025. On 5 June 2025, the Company adopted a new share option scheme (the "2025 Scheme") whereby the board of directors can grant options to any eligible participants for the subscription of the Company's shares in order to provide them with incentives and retain them for the ongoing operation and development of the Group. As at 31 December 2025, no share options have been granted under the 2025 Scheme.

The following table discloses details of the Company's share options held by consultants and the movements during the year ended 31 December 2025:

Category	Date of grant	Exercise price *HK$*	Exercisable period *DD/MM/YYYY*	At 1 January 2025	Granted during the year	Exercised during the year	Expired during the year	Lapsed during the year	Outstanding at 31 December 2025
Consultant	16/06/2015	0.88	16/06/2015 to 15/06/2025	5,000,000	–	–	–	(5,000,000)	–
Consultant	25/06/2015	0.91	25/06/2015 to 24/06/2025	20,445,948	–	–	–	(20,445,948)	–
				25,445,948	–	–	–	(25,445,948)	–

The following table discloses details of the Company's share options held by consultants and the movements during the year ended 31 December 2024:

Category	Date of grant	Exercise price *HK$*	Exercisable period *DD/MM/YYYY*	At 1 January 2024	Granted during the year	Exercised during the year	Expired during the year	Lapsed during the year	Outstanding at 31 December 2024
Consultant	16/06/2015	0.88	16/06/2015 to 15/06/2025	5,000,000	–	–	–	–	5,000,000
Consultant	25/06/2015	0.91	25/06/2015 to 24/06/2025	20,445,948	–	–	–	–	20,445,948
				25,445,948	–	–	–	–	25,445,948

26. SHARE OPTION SCHEME (continued)

The grant of share options to the participants is recognised as equity-settled share-based payments. The equity-settled share-based payments are measured at fair value (excluding the effect of non-market-based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually be vested and adjusted for the effect of non-market-based vesting conditions. The share options granted for the year ended 31 December 2015 were vested immediately upon the grant date.

In accordance with the Shareholders' resolution passed on 18 June 2013, the 2013 Option Scheme mandate limit that could be granted at the time of adoption of the scheme was 180,872,286 shares.

On 3 June 2021, the 2013 Scheme mandate limit was refreshed to 312,827,854 shares (representing approximately 10% of the issued share capital of the Company as at 3 June 2021). As at 31 December 2025, no share options granted and remained outstanding under the 2013 Scheme (2024: 28,445,948 share options).

The fair value of the share options granted in the year measured as at 16 June 2015 and 25 June 2015 were approximately HK$14,190,000 and HK$5,001,000 respectively. The following significant assumptions were used to derive the fair value using the Black-Scholes model with Binomial Tree method:

1. an expected volatility was 26.3530% and 26.3745% respectively;

2. no annual dividend yield expected;

3. the estimated expected life of the options granted in range (10 years); and

4. the risk free rate was 1.8573% and 1.8433% respectively.

The Black-Scholes model with Binomial Tree method requires the inputs of highly subjective assumptions, including the volatility of share price. As changes in subjective input assumptions can materially affect the fair value of the options, in the directors' opinion, the existing model does not necessarily provide a reliable single measure of the fair value of the share options.

27. DEFERRED TAX LIABILITIES

The following are the Group's deferred tax liabilities recognised and movements thereon during the current and prior reporting periods:

	Revaluation on investment properties *HK$'000*	Revaluation gain arising from business combination *HK$'000*	Total *HK$'000*
At 1 January 2024	89,879	10,406	100,285
Credited to the consolidated statement of profit or loss for the year *(Note 10)*	(19,863)	–	(19,863)
Derecognition upon disposal of subsidiaries	–	(10,406)	(10,406)
Exchange difference	(2,446)	–	(2,446)
At 31 December 2024	67,570	–	67,570
Credited to the consolidated statement of profit or loss for the year *(Note 10)*	(22,527)	–	(22,527)
Exchange difference	2,753	–	2,753
At 31 December 2025	47,796	–	47,796

As at 31 December 2025, the Group has estimated unused tax losses of approximately HK$309,853,000 (2024: approximately HK$303,242,000) which were available for offset against future profits. No deferred tax asset has been recognised in respect of the estimated tax losses due to the unpredictability of future profits streams. Estimated unused tax losses arising in PRC of approximately HK$110,007,000 (2024: approximately HK$121,961,000) will expire over a period of 5 years for offsetting against future taxable profits. The remaining estimated unused tax losses arising in Hong Kong are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Pursuant to the PRC Enterprise Income Tax Law, depending on the nationality and domicile of the foreign investors, a 5% to 10% withholding tax is levied on the dividends declared to foreign investors. The requirement has become 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 the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rates range from 5% to 10%.

28. RETIREMENT BENEFITS SCHEME

When the Mandatory Provident Fund Schemes Ordinance ("MPFO") came into effect in Hong Kong on 1 December 2000, the Group established a mandatory provident fund scheme (the "MPF Scheme") for its employees in Hong Kong.

Prior to the introduction of the MPF Scheme, the Group had operated a defined contribution scheme registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") for its qualified employees in Hong Kong. The ORSO Scheme was discontinued in 2001 and the benefits of the employees were transferred to the MPF Scheme. The assets held under the ORSO Scheme, which were held separately from those of the Group, were also transferred directly to the MPF Scheme. For MPF Scheme, the Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by the employee.

The amounts charged to the consolidated statement of profit or loss represent contributions payable to the schemes by the Group at rates specified in the rules of the schemes less forfeiture, if any, arising from employees leaving the Group prior to completion of their qualifying service period.

The employees employed in the PRC subsidiaries are members of the state-managed retirement benefits MPF Schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

At the end of the reporting period, there was no significant amount of forfeited contributions available to reduce future contributions.

29. DISPOSAL OF SUBSIDIARIES

During the year ended 31 December 2025, the Group disposed of 100% equity interest in its subsidiaries, First Dynasty Limited ("First Dynasty") and China Environment Investment Limited ("China Environment"), at a total consideration of HK$2,000. The disposals were completed in March 2025.

	First Dynasty	**China Environment**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Net assets being disposed of	–	–	–
Less: consideration received	(2)	–	(2)
Gain on disposal	(2)	–	(2)
Cash consideration	2	–	2
Less: Cash and cash equivalents	–	–	–
Net cash inflow arising on the disposal	2	–	2

29. DISPOSAL OF SUBSIDIARIES (continued)

On 4 June 2024, the Group entered into an equity transfer agreement with an independent third party to dispose of 100% equity interest in Wuhan Chengji Commodity City Management Company Limited* ("Chengji") at a consideration of approximately HK$543,000. The disposal was completed in June 2024.

The net assets of Chengji at the date of disposal were as follows:

	Chengji *HK$'000*
Property, plant and equipment	1
Trade receivables	3,686
Other receivables	107
Amount due from a group company	9,050
Cash and cash equivalents	1,334
Trade payables	(12)
Other payables	(5,050)
Amount due to a group company	(182)
Contract liabilities	(63)
Deposit received for lease of properties	(1,044)
Borrowings	(2,980)
Income tax payables	(3,328)
Net assets being disposed of	1,519
Release of translation reserve	473
	1,992
Less: consideration receivables	(543)
Loss on disposal	1,449
Consideration receivables	543
Less: cash and cash equivalents	(1,334)
Net cash outflow arising on the disposal	(791)

29. DISPOSAL OF SUBSIDIARIES (continued)

On 10 December 2024, the Group entered into equity transfer agreements with an independent third party to dispose of 100% equity interest in Wuhan Zhong Nan Automobile Parts and Accessories Company Limited* ("Zhong Nan") and Wuhan Kaiyue Property Development Company Limited* ("Kaiyue") at a total consideration of approximately HK$218,000. The disposals were completed in December 2024.

The net liabilities of Zhong Nan and Kaiyue at the date of disposal were as follows:

	Zhong Nan *HK$'000*	**Kaiyue** *HK$'000*	**Total** *HK$'000*
Property, plant and equipment	7	–	7
Prepayment and other receivables	33,178	3,576	36,754
Cash and cash equivalents	676	–	676
Trade payables	–	(4,012)	(4,012)
Other payables	(19,790)	(45,559)	(65,349)
Contract liabilities	(54)	–	(54)
Borrowings	–	(2,366)	(2,366)
Income tax payable	(43,926)	(31,869)	(75,795)
Deferred tax liabilities	(10,406)	–	(10,406)
Net liabilities being disposed of	(40,315)	(80,230)	(120,545)
Release of translation reserve	31,289	4,901	36,190
	(9,026)	(75,329)	(84,355)
Less: consideration received	(109)	(109)	(218)
Gain on disposal	(9,135)	(75,438)	(84,573)
Cash consideration	109	109	218
Less: Cash and cash equivalents	(676)	–	(676)
Net cash (outflow) inflow arising on the disposals	(567)	109	(458)

29. DISPOSAL OF SUBSIDIARIES (continued)

During the year ended 31 December 2024, the Group disposed of 100% equity interest in China Water Real Property Limited ("Real Property") and China City Infrastructure (Hong Kong) Limited ("Infrastructure (Hong Kong)") at a total consideration of HK$17,000. The disposals were completed in November 2024 and September 2024 respectively.

	Real Property	Infrastructure (Hong Kong)	Total
	HK$'000	*HK$'000*	*HK$'000*
Cash and cash equivalents	14	3	17
Net assets being disposed of	14	3	17
Less: consideration received	(14)	(3)	(17)
Gain on disposal	–	–	–
Cash consideration	14	3	17
Less: Cash and cash equivalents	(14)	(3)	(17)
Net cash inflow arising on the disposal	–	–	–

On 16 September 2024, the Group partially disposed of 40% equity interest in China City Infrastructure (Green Energy) Limited to an independent third party at a consideration of HK$4,000.

	2024
	HK$'000
Amount due from group companies	**3**
Net asset being disposed of	**3**
Retained interest	**(2)**
40% of net assets being disposal of	**1**
Less: consideration received	**(4)**
Gain on disposal – Capital reserve	**3**

30. DEREGISTRATION OF SUBSIDIARIES

During the year ended 31 December 2025, the Group deregistered an indirect wholly owned subsidiary, Hong Kong Walter Hotel Management Group Limited ("Walter Hotel") and a wholly-owned subsidiary, Wah Yuen Foods International Limited ("Wah Yuen Foods Int") and its subsidiaries.

Net assets of the deregistered subsidiaries at its date of deregistration are as follows:

	Wah Yuen Foods Int	**Walter Hotel**	**Total**
	HK$'000	*HK$'000*	*HK$'000*
Current assets	–	–	–
Current liabilities	–	–	–
Net assets disposal of	–	–	–
Release of special reserve	(184)	–	(184)
	(184)	–	(184)

There was no net inflow/outflow of cash and cash equivalents in respect of the deregistration of subsidiaries during the year.

During the year ended 31 December 2024, an indirect wholly-owned subsidiary of the Company, Beijing Zhong Cheng Infrastructure Development Limited* was deregistered on 30 March 2024. Net liabilities of the deregistered subsidiary at the date of deregistration are as follows:

	HK$'000
Current liabilities and net liabilities derecognised of	108
Release of exchange translation reserve	270
Gain on deregistration	378

There was no net inflow/outflow of cash and cash equivalents in respect of the deregistration of a subsidiary during the year.

31. PLEDGED OF ASSETS

At the end of the reporting period, the following assets were pledged to secure general banking facilities granted to the Group:

	2025	2024
	HK$'000	*HK$'000*
Investment properties situated in the PRC	**420,416**	422,604

32. OPERATING LEASES

The Group as lessor

The Group leases out investment properties under operating leases. Property rental income earned during the year was approximately HK$34,994,000 (2024: approximately HK$33,354,000). The properties are expected to generate rental yield of 3.53% (2024: 3.22%) per annum on an ongoing basis. None of the leases includes variable lease payments.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2025 ***HK$'000***	2024 *HK$'000*
Within one year	**14,505**	22,641
In the second year	**10,839**	13,032
In the third year	**7,588**	9,647
In the fourth year	**4,009**	7,157
In the fifth year	**2,777**	4,047
After five years	**3,762**	3,516
	43,480	60,040

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Interest payables *HK$'000*	Borrowings *HK$'000*	Lease liabilities *HK$'000*	Total *HK$'000*
At 1 January 2024	6,750	344,264	1,420	352,434
Cash flows	(11,303)	(5,612)	(2,750)	(19,665)
Interest expenses	11,303	30,885	182	42,370
Non-cash movements				
Addition of lease	–	–	4,878	4,878
Derecognised on disposal of subsidiaries	(5,600)	(5,346)	–	(10,946)
Exchange differences	–	(6,105)	–	(6,105)
At 31 December 2024	1,150	358,086	3,730	362,966
Cash flows	(9,849)	7,933	(2,630)	(4,546)
Interest expenses	9,849	29,427	193	39,469
Non-cash movements				
Exchange differences	–	7,893	(73)	7,820
At 31 December 2025	1,150	403,339	1,220	405,709

34. CONNECTED AND RELATED PARTY TRANSACTIONS

(a) Compensation to key management personnel:

The directors of the Company considered that they are the only key management personnel of the Group and their remuneration has been set out in Note 9.

(b) Related party transactions:

Other than as disclosed elsewhere in the consolidated financial statements, the Group has no related party transactions entered into during the year.

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) General information of subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiary	Place of incorporation/ establishment/ operation	Paid-up capital/ registered capital	Percentage of issued capital/registered attributable to the Group		Proportion of voting power held		Principal activities
			2025	2024	**2025**	2024	
Directly held:							
China Water Property Investment Limited 中國水務地產投資有限公司	British Virgin Islands	USD10,000	**100%**	100%	**100%**	100%	Investment holdings
Green City Development Limited 綠色城市開發有限公司	British Virgin Islands	USD1	**100%**	100%	**100%**	100%	Investment holdings
Green Environmental Resources Limited 綠色環境資源有限公司	British Virgin Islands	USD1	**100%**	100%	**100%**	100%	Investment holdings
Top Rainbow Investment Limited	British Virgin Islands	USD50,000	**100%**	100%	**100%**	100%	Investment holdings
Indirectly held:							
China Water Property Corporate Finance Limited 中國水務地產企業財務有限公司	Hong Kong	HK$10,000	**100%**	100%	**100%**	100%	Investment holdings
First Supreme Limited	British Virgin Islands	USD1	**100%**	100%	**100%**	100%	Investment holdings
Hense Investments Limited 康士投資有限公司	British Virgin Islands	USD1	**100%**	100%	**100%**	100%	Investment holdings
Land Silver Limited	British Virgin Islands	USD1	**100%**	100%	**100%**	100%	Investment holdings
First Dynasty Limited *(Note (iii))*	British Virgin Islands	USD1	**–**	100%	**–**	100%	Investment holdings

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(a) General information of subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Paid-up capital/ registered capital	Percentage of issued capital/registered attributable to the Group 2025	2024	Proportion of voting power held 2025	2024	Principal activities
Hong Kong Walter Hotel Management Group Limited 香港沃爾特酒店管理集團有限公司 *(Note (iv))*	British Virgin Islands	USD1	**–**	100%	**–**	100%	Investment holdings
China Water Property Land Development Limited 中國水務地產開發有限公司	Hong Kong	HK$10,000	**100%**	100%	**100%**	100%	Investment holdings
China Water Property (Hong Kong) Group Limited 中國水務地產(香港)集團有限公司	British Virgin Islands	USD1	**100%**	100%	**100%**	100%	Investment holdings
Jiayi Digital Technology Limited (formerly known as China Water Property Development Limited) 嘉一數字科技有限公司(前稱：中國水務地產發展有限公司)	Hong Kong	HK$1	**100%**	100%	**100%**	100%	Investment holdings
Yingrun Digital Technology Limited (formerly known as Yingrun Ditigal Technology Limited) 盈潤數字科技有限公司(前稱：北部都會區投資有限公司)	Hong Kong	HK$10,000	**100%**	100%	**100%**	100%	Investment holding
Hubei Future City Commercial Management Group Limited* 湖北未來城商業管理集團有限公司 *(Note (i))*	PRC	RMB200,000,000	**100%**	100%	**100%**	100%	Property development
Wuhan Xingiaohui Commercial Property Management Company Limited* 武漢新潮薈商業管理有限公司 *(Note (ii))*	PRC	RMB10,000,000	**100%**	100%	**100%**	100%	Provision of management services
Wuhan Future City Technology Incubator Company Limited* 武漢未來城科技孵化器有限責任公司 *(Note (ii))*	PRC	RMB1,000,000	**100%**	100%	**100%**	100%	Provision of management service
Wuhan Future City Property Management Company Limited* 武漢未來城物業管理有限公司 *(Note (ii))*	PRC	RMB500,000	**100%**	100%	**100%**	100%	Provision of management services
China Infrastructure Investments Company Limited 中國基礎設施投資有限公司	Hong Kong	HK$1	**100%**	100%	**100%**	100%	Investment holdings

35. PARTICULARS OF PRINCIPAL SUBSIDIARIES (continued)

(a) General information of subsidiaries (continued)

Name of subsidiary	Place of incorporation/ establishment/ operation	Paid-up capital/ registered capital	Percentage of issued capital/registered attributable to the Group		Proportion of voting power held		Principal activities
			2025	2024	**2025**	2024	
China Environment Investment Limited 中國環境投資有限公司*(Note (iii))*	Hong Kong	HK$1	**–**	100%	**–**	100%	Investment holdings
Meissen Financial Leasing (Shanghai) Company Limited* 邁森融資租賃(上海)有限公司 *(Note (i))*	PRC	RMB219,666,229	**100%**	100%	**100%**	100%	Investment holdings
Shenzhen Huafeng Infrastructure Investments Company Limited* 深圳華峰基礎設施投資有限公司 *(Note (i))*	PRC	RMB20,000,000	**100%**	100%	**100%**	100%	Investment holdings
Shangrao Zhong Cheng Jian Tourism Development Limited* 上饒市中城建旅遊開發有限公司 *(Note (i))*	PRC	HK$24,000,000	**100%**	100%	**100%**	100%	Tourism Development

Notes:

(i) The subsidiary is wholly foreign owned enterprise established in the PRC.

(ii) The subsidiary is wholly domestic owned enterprise established in the PRC.

(iii) The subsidiary was disposed during the year ended 31 December 2025.

(iv) The subsidiary was deregistered during the year ended 31 December 2025.

(v) None of the subsidiaries had any debt securities outstanding during the year or at the end of the reporting period.

The above table lists the subsidiaries of the Group which, in the opinions of the directors, principally affected the results or assets of the Group. To give details of all the subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

* *for identification purpose only*

36. STATEMENT OF THE FINANCIAL POSITION OF THE COMPANY

	2025 HK$'000	2024 HK$'000
ASSETS		
Non-current asset		
Interests in subsidiaries	**132,088**	124,636
Current assets		
Prepayments and other receivables	**373**	373
Cash and cash equivalents	**795**	113
	1,168	486
TOTAL ASSETS	**133,256**	125,122
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**312,828**	312,828
Reserves *(Note)*	**(317,777)**	(301,893)
	(4,949)	10,935
LIABILITIES		
Non-current liability		
Borrowings	**128,202**	106,925
Current liability		
Other payables and accruals	**10,003**	7,262
TOTAL LIABILITIES	**138,205**	114,187
TOTAL EQUITY AND LIABILITIES	**133,256**	125,122
NET CURRENT LIABILITIES	**(8,835)**	(6,776)
TOTAL ASSETS LESS CURRENT LIABILITIES	**123,253**	117,860

The Company's statement of financial position was approved and authorised for issue by the board of directors on 31 March 2026 and are signed on its behalf by:

Li Chao Bo
DIRECTOR

Ji Jiaming
DIRECTOR

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

Note: Movement in the Company's reserves

	Share premium *HK$'000*	Contributed surplus *HK$'000*	Share options reserve *HK$'000*	Accumulated losses *HK$'000*	Total *HK$'000*
At 1 January 2024	1,741,104	71,463	6,183	(2,087,314)	(268,564)
Loss for the year	–	–	–	(33,329)	(33,329)
At 31 December 2024 and 1 January 2025	1,741,104	71,463	6,183	(2,120,643)	(301,893)
Loss for the year	–	–	–	(15,884)	(15,884)
Share option lapsed	–	–	(6,183)	6,183	–
At 31 December 2025	1,741,104	71,463	–	(2,130,344)	(317,777)

The contributed surplus represents the difference between the book values of the underlying net assets of the subsidiaries at the date on which they were acquired by the Company and the nominal amount of the Company's shares issued under the Group Reorganisation.

The Company's reserves available for distribution to its shareholders comprise share premium, contributed surplus, share options reserve and accumulated losses. At 31 December 2025, no reserves are available for distribution to its shareholders (2024: Nil). Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is available for distributions or paying dividends to shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distributions or payment of dividends, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends shall be payable out of retained earnings or other reserves, including the share premium account, of the Company.

37. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, on 10 February 2026, the Group entered into the conditional Sale and Purchase Agreement with Qianhai Jiesuan Company Limited* (the "Vendor") in relation to the acquisition of the Shenzhen Shi Zhilian Fei Chuang Technology Limited*, a company incorporated in the PRC with limited liability and owned as to 100% by the Vendor, by Shenzhen Huafeng Infrastructure Investments Company Limited*, a wholly owned subsidiary of the Group (the "Purchaser") for an aggregate consideration of HK$3,300,000, which will be satisfied by the issuance of the Convertible Bonds in the principal amount of HK$3,300,000 to the Vendor or its nominee. Further details were disclosed in the Company's announcements dated 10 February 2026 and 16 February 2026.

* for identification purpose only

RESULTS

	Year ended 31 December				
	2021	2022	2023	2024	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Continuing operations					
Revenue	64,331	65,593	51,780	48,432	**59,710**
Loss from operations	(82,194)	(14,928)	(63,609)	(43,278)	**(79,224)**
Finance costs	(95,859)	(75,436)	(45,200)	(42,370)	**(39,469)**
Loss before tax	(178,053)	(90,364)	(108,809)	(85,648)	**(118,693)**
Income tax credit (expenses)	19,124	(16,889)	(2,523)	19,863	**22,485**
Loss for the year before discontinued operation	(158,929)	(107,253)	(111,332)	(65,785)	**(96,208)**
Discontinued operation	(8,182)	(6,963)	–	–	**–**
Loss before non-controlling interests	(167,111)	(114,216)	(111,332)	(65,785)	**(96,208)**
Non-controlling interests	–	–	–	–	**–**
Loss for the year attributable to owners of the Company	(167,111)	(114,216)	(111,332)	(65,785)	**(96,208)**
Loss per share	*HK cents*	*HK cents*	*HK cents*	*HK cents*	***HK cents***
– Basic	(5.34)	(3.65)	(3.56)	(2.10)	**(3.08)**
– Diluted	(5.34)	(3.65)	(3.56)	(2.10)	**(3.08)**

ASSETS AND LIABILITIES

	Year ended 31 December				
	2021	2022	2023	2024	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	***HK$'000***
Total assets	2,678,160	1,402,305	1,229,839	1,069,099	**1,039,496**
Total liabilities	(1,663,046)	(609,841)	(573,440)	(467,602)	**(495,887)**
Non-controlling interests	–	–	–	(1)	**(1)**
Equity attributable to owners of the Company	1,015,114	792,464	656,399	601,496	**543,608**

PROPERTIES PARTICULARS

Property Projects of the Group at 31 December 2025 is set out below.

	Property Projects	Type	Lease Term	Site Area (Square Metres)	Gross Floor Area (Square Metres)	Stage of Completion	Interest attributable to the Group	Anticipated Completion
1.	Future City Situated on No. 147, Luo Shi Road South, Hongshan District, Wuhan City, Hubei Province, the PRC	Residential/ Commercial/ Hotel	Medium	19,191	145,273	Completed	100%	–
2.	Future Mansion Situated on No. 378, Wu Lo Road, Hongshan District, Wuhan City, Hubei Province, the PRC	Residential	Medium	5,852	42,149	Completed	100%	–
3.	Zhongshui • Longyang Plaza Situated on Land Lot No. 19C2 Located at Wuhan Economic and Technological Development Zone, Wuhan City, Hubei Province, the PRC	Commercial	Medium	30,625	135,173	Completed	100%	–