STAR GROUP ASIA LIMITED
星星集團亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)
STOCK CODE: 1560

INTERIM REPORT
2026

CONTENTS

CORPORATE INFORMATION

REGISTERED OFFICE

Windward 3, Regatta Office Park,
PO Box 1350, Grand Cayman KY1-1108,
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 603, 6/F, Tower 1, Admiralty Centre
18 Harcourt Road, Admiralty, Hong Kong

COMPANY WEBSITE

www.stargroupasia.com

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Chan Man Fai Joe（陳文輝）
Ms. Cheung Wai Shuen（張慧璇）
Mr. Lee Lap Yan（李立人）

NON-EXECUTIVE DIRECTOR

Mr. Tsui Wing Tak（徐穎德）

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Ka Tin（梁家鈿）
Mr. Mong Cheuk Wai（蒙焯威）
Dr. Wong Wai Kong（黃偉桄）*(Resigned on 30 June 2026)*
Mr. Hong Sze Lung（康仕龍）*(Appointed on 26 August 2026)*

COMPANY SECRETARY

Ms. Cheung Wai Shuen (FCG HKFCG)

AUDIT COMMITTEE

Dr. Wong Wai Kong *(Chairman) (Resigned on 30 June 2026)*
Mr. Hong Sze Lung *(Chairman) (Appointed on 26 August 2026)*
Mr. Leung Ka Tin
Mr. Mong Cheuk Wai

NOMINATION COMMITTEE

Mr. Chan Man Fai Joe *(Chairman)*
Mr. Leung Ka Tin
Dr. Wong Wai Kong *(Resigned on 30 June 2026)*
Mr. Hong Sze Lung *(Appointed on 26 August 2026)*

REMUNERATION COMMITTEE

Mr. Mong Cheuk Wai *(Chairman)*
Mr. Chan Man Fai Joe
Dr. Wong Wai Kong *(Resigned on 30 June 2026)*
Mr. Hong Sze Lung *(Appointed on 26 August 2026)*

RISK CONTROL COMMITTEE

Mr. Tsui Wing Tak *(Chairman)*
Mr. Chan Man Fai Joe
Ms. Cheung Wai Shuen
Mr. Lee Lap Yan
Mr. Leung Ka Tin

EXECUTIVE COMMITTEE

Mr. Chan Man Fai Joe *(Chairman)*
Ms. Cheung Wai Shuen
Mr. Lee Lap Yan

AUTHORISED REPRESENTATIVES

Mr. Chan Man Fai Joe
Ms. Cheung Wai Shuen

PRINCIPAL BANKERS

Shanghai Commercial Bank Limited
North Point Branch
G/F, 486 King's Road, North Point, Hong Kong

Fubon Bank
Fubon Bank Building
38 Des Voeux Road Central, Hong Kong

The Hongkong and Shanghai Banking Corporation Limited
1 Queen's Road Central, Hong Kong

China Citic Bank International Limited
3/F, The Chinese Bank Building
61-65 Des Voeux Road Central, Hong Kong

AUDITOR

BDO Limited
Certified Public Accountants
(Registered Public Interest Entity Auditors)

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park, PO Box 1350
Grand Cayman KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is primarily involved in property development, property investment for sale, rental, or capital appreciation, as well as the provision of property management and security services. Its activities also encompass cleaning and fitting-out works, financial services, fund investment and management, and a wine business that includes the operation of a wine cellar and trading of fine wines. These diverse lifestyle businesses operate under the brand name of "Metropolitan".

The revenue of the Group for the six months ended 30 June 2026 was approximately HK$67.1 million, mainly including revenue from sales of completed projects, property investment and wine business of approximately HK$32.0 million, HK$20.0 million and HK$6.6 million, respectively, (for the six months ended 30 June 2025: approximately HK$129.3 million, mainly including revenue from sales of completed projects, property investment and wine business of approximately HK$87.4 million, HK$21.1 million and HK$9.8 million, respectively), which represented a decrease of approximately HK$62.2 million as compared with the corresponding period of last year. The decrease in revenue was mainly due to the drop in the property sales of completed projects since most of the residential units of "After The Rain" had been sold in prior years. The loss attributable to owners of the Company for the six months ended 30 June 2026 was approximately HK$50.1 million (for the six months ended 30 June 2025: approximately HK$19.9 million). The increase in loss was mainly due to (i) a return to the gross loss from sale of property units amounting to approximately HK$37.9 million for the six months ended 30 June 2026 as compared to gross profit of approximately HK$12.8 million for the six months ended 30 June 2025; and (ii) a loss on change in fair value of investment properties of approximately HK$30.2 million recorded for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil, which was partially off set by (iii) a gain on modification of bank borrowings of approximately HK$42.4 million recorded during the period (for the six months ended 30 June 2025: Nil). The basic loss per share for the period was approximately HK7.80 cents as compared to loss per share of approximately HK3.10 cents for the corresponding period of last year. An overview of the individual business segments of the Group is set out below.

PROPERTY DEVELOPMENT

Revenue recognised in this business segment for the six months ended 30 June 2026 was approximately HK$32.0 million (for the six months ended 30 June 2025: HK$87.4 million). As at 30 June 2026, the Group had three completed projects, namely, (a) The Rainbow; (b) The Cloud; and (c) After the Rain; and two projects pending for development, namely, (d) Kwun Tong Site Project; and (e) Big Triangle Project (held by an associate of the Group). A general summary and update of current property development projects of the Group during the interim period and as at 30 June 2026 are listed below:

Hong Kong Projects:

(a) The Rainbow: During the six months ended 30 June 2026, the sales of completed units and the temporary rental income from properties held for sale recognised amounted to approximately HK$Nil and HK$5.0 million, respectively (for the six months ended 30 June 2025: approximately HK$1.1 million and HK$4.6 million respectively).

(b) The Cloud: The Group redeveloped the building in light of the new initiatives of the revitalization of industrial building announced in the Policy Address by the Chief Executive in the fourth quarter of 2018. The Cloud has completed in 2022 and revenue recognition has taken place since the second quarter of 2022. All property units of The Cloud has been sold and completed.

(c) After The Rain: The Group developed a luxury and stylish condominium residential complex targeting at young residents pursuing high quality and design driven lifestyle. The Project provides 335 residential units, 5 ground floor shops and 65 parking spaces. The pre-sale consent was granted in February 2023. The occupation permit and certificate of compliance was granted in April 2023 and October 2023 respectively. The completion and revenue recognition has taken place since the second half of 2023. During the six months ended 30 June 2026, revenue of approximately HK$31.9 million was recognised from completion and delivery of 2 ground floor shops and 7 carpark spaces of the project (for the six months ended 30 June 2025: revenue of approximately HK$77.6 million was recognised from completion and delivery of 5 residential units and 31 carpark spaces of the project).

(d) Kwun Tong Site Project: The Group continues to advance the Kwun Tong Site (area of around 12,600 sq.ft) redevelopment to optimise the site's premium location and Victoria Harbour vistas; in the fourth quarter of 2025 the Town Planning consent was granted to change the land use right to commercial hotel and planning approval was obtained for a total of 988 rooms, and the Education Bureau has provided formal endorsement for the proposed "hostel in the city" scheme. The approved land-use change and regulatory support are expected to reduce project risk, enhance marketability and asset value, and deliver stable recurring revenue streams to the Group.

Korea, Seoul Project:

(e) Big Triangle project: The site is located in Seongsu area of Seoul, South Korea and the project will be redeveloped into a high end prestigious office and retail complex by an associate set up by the Group and two independent third parties in 2022. The Group acquired the project as investment in an associate in 2022. The acquisition of land and design works of the project were completed in first quarter of 2023. The project's demolition work was completed in second quarter of 2023 and construction work is expected to complete in 2027.

PROPERTY INVESTMENT

The Group is engaged in property investment aimed at sale, rental, or capital appreciation. A portion of the rental activities is conducted through the provision of serviced apartments, co-working spaces, and storage under the brand of "Metropolitan."

Revenue recognised in this business segment for the six months ended 30 June 2026 totalled approximately HK$20.0 million (compared to approximately HK$21.1 million for the six months ended 30 June 2025), reflecting a slight decrease of approximately HK$1.1 million from the corresponding period last year. Below is a breakdown of the revenue generated from property investment activities, including serviced apartments, storage, and workshops:

METROPOLITAN APARTMENT

Metropolitan Apartment is principally engaged in the operation of serviced apartments in Hong Kong, offering fully furnished suites with flexible monthly renewal terms. The target clientele includes short-term overseas employees, local residents, and college students. Revenue recognised from this segment for the six months ended 30 June 2026 amounted to approximately HK$1.7 million, consistent with the revenue of approximately HK$1.7 million for the six months ended 30 June 2025. Although there is no significant change between the two periods, the Group intends to place greater emphasis on this segment in the future, given the anticipated substantial demand for student hostels in Hong Kong in the coming years.

METROPOLITAN STORAGE AND WORKSHOP

Metropolitan Workshop is primarily engaged in providing 24-hour co-working spaces, which include private rooms, shared offices, dedicated desks, hot desks, and virtual offices, as well as multi-location memberships. Our flexible pricing plans and fully equipped workspaces are ideally suited for freelancers, entrepreneurs, smaller companies, and corporate clients. Metropolitan Storage specializes in offering and operating 24-hour storage services to the public in Hong Kong. Revenue recognised in this segment for the six months ended 30 June 2026 amounted to approximately HK$17.6 million (for the six months ended 30 June 2025: approximately HK$18.8 million). This reflects no significant change compared to the corresponding period last year, indicating a continued demand for such services in the Hong Kong market.

As at 30 June 2026, the total carrying value of the Group's portfolio of investment properties was amounted to approximately HK$398.6 million (31 December 2025: approximately HK$484.5 million), which comprised floors and units in industrial and commercial buildings and farmland located in Hong Kong of HK$353.3 million (31 December 2025: approximately HK$435.2 million), and right-of-use assets ("**ROU**") that meet the definition of investment properties of HK$45.3 million (31 December 2025: HK$49.3 million).

Among all of the investment properties, the total carrying value categorized under Property Investment segment, amounted to approximately HK$363.0 million (31 December 2025: HK$448.5 million), which comprised floors and units in industrial and commercial buildings and farmland located in Hong Kong of HK$322.8 million (31 December 2025: HK$404.7 million); and ROU that meet the definition of investment properties of HK$40.2 million (31 December 2025: HK$43.8 million). The remaining investment properties were categorized under Wine Business segment.

The Group will also evaluate potential opportunities for acquiring investment properties and assess whether any of its development properties possess appreciation potential that could facilitate their conversion into investment properties, thereby generating more stable rental income.

PROVISION OF PROPERTY MANAGEMENT SERVICES

The Group offers property management and security services for five completed projects – The Galaxy, The Star, The Rainbow, The Cloud, and After the Rain – as well as two commercial buildings in Sheung Wan and a residential building in Happy Valley. Revenue recognised from this segment for the six months ended 30 June 2026 was approximately HK$6.2 million, compared to around HK$6.9 million for the same period in 2025. This slight stabilization in revenue demonstrates the strength of our brand in the market. The Group is confident that by providing comprehensive, high-quality property management and security services will enhance our brand recognition further. As we expand our services to additional property owners and developers, we anticipate growth in this segment, positioning the Group for long-term stable income generation.

PROVISION OF FINANCE

The Group provides credit facilities to individual and corporate clients for its own commercial and industrial development projects. Revenue generated from this segment for the six months ended 30 June 2026 amounted to approximately HK$Nil (for the six months ended 30 June 2025: HK$1.0 million). In view of cost efficiency to maintain a small loan portfolios, the Group has disposed of the entire issued share capital and all debts owed to the group entities by Star Finance (H.K.) Limited, a wholly owned subsidiary, at a consideration of HK$14.6 million, to an independent third-party purchaser in August 2025.

CLEANING AND FITTING OUT WORKS

The Group provides cleaning and fitting-out works for property owners managed by the Group. Revenue generated from this business segment for the six months ended 30 June 2026 amounted to approximately HK$2.3 million (for the six months ended 30 June 2025: HK$3.0 million), slightly decrease in revenue. The Group anticipates that this segment will foster synergies with other business areas by enhancing work quality and operating at lower costs efficiently.

WINE BUSINESS

The Group has engaged in the sale of fine wine to local residents in Hong Kong, offering delivery services through Metropolitan Fine Wine, as well as leasing professional fine wine storage through Metropolitan Wine Cellar. For the six months ended 30 June 2026, revenue recognised in this business segment amounted to approximately HK$6.6 million, (for the six months ended 30 June 2025: approximately HK$9.8 million), representing a decrease of approximately HK$3.2 million year-over-year. This revenue drop in fine wine sales can be primarily driven by a convergence of macroeconomic headwinds, shifting discretionary spend patterns, and evolving global lifestyle choices.

The total carrying value of the Group's portfolio of investment properties categorized under Wine Business segment was amounted to approximately HK$35.6 million (31 December 2025: HK$36.0 million), which comprised a unit in an industrial building located in Hong Kong of HK$30.5 million (31 December 2025: HK$30.5 million); and ROU that meet the definition of investment properties of HK$5.1 million (31 December 2025: HK$5.5 million).

FUND INVESTMENT AND MANAGEMENT

The total carrying value of the Group's funds investment amounted to approximately HK$5.2 million (31 December 2025: approximately HK$5.2 million). In order to broaden the sources of finance and expand the market share of property development business, the Group plans to set up and manage a real estate fund for raising more funding in the future.

CAPITAL STRUCTURE

There were no movements in the Company's share capital during the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group as at 30 June 2026 was approximately HK$482.6 million (31 December 2025: approximately HK$536.1 million). As at 30 June 2026, the Group maintained bank balances and cash of approximately HK$13.1 million (31 December 2025: approximately HK$9.5 million). The Group's net current assets were approximately HK$125.8 million (31 December 2025: HK$84.9 million). The Group had current assets of approximately HK$1,333.3 million (31 December 2025: approximately HK$1,410.0 million). The decrease of current assets was mainly due to the sales of property units (which was classified as properties held for sale). The Group had current liabilities of approximately HK$1,207.5 million (31 December 2025: approximately HK$1,325.1 million). The decrease in current liabilities was mainly due to the repayment of borrowings using the proceeds generated from sales of property units during the interim period.

The Group generally finances its operations with internally generated cashflow, convertible bonds and borrowings from banks. As at 30 June 2026, the Group had convertible bonds issued by the Company with liability portion of approximately HK$58.6 million (31 December 2025: approximately HK$62.5 million); and outstanding borrowings of approximately HK$994.4 million (31 December 2025: approximately HK$1,123.0 million). The borrowings as at 30 June 2026 were secured by the Group's properties, pledged bank deposits and corporate guarantee.

The Group's gearing ratio (defined as the total interest-bearing borrowings divided by total equity and multiplied by 100%) and net debt-to-equity ratio (defined as the total borrowings net of cash and cash equivalents divided by total equity) decrease from approximately 209.5% as at 31 December 2025 to approximately 206.1% as at 30 June 2026 and decrease from approximately 207.7% as at 31 December 2025 to approximately 203.4% as at 30 June 2026, respectively. There were no significant changes during the six months ended 30 June 2026.

The Group's debt-to-assets ratio (total borrowings net of cash and cash equivalents divided by total assets) was approximately 56.0% and 54.3% as at 31 December 2025 and 30 June 2026, respectively.

The Group's capital commitment as at 30 June 2026 amounted to approximately HK$14.7 million (31 December 2025: approximately HK$14.9 million).

The Group has no significant contingent liabilities as at 30 June 2026. The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

The Group adopts a continuing monitoring approach towards financial management policy so that the financial resources are reviewed from time to time to ensure the Group's smooth operation and loan repayment obligations. Therefore, the management of the Group is of the opinion that the Group's financial structure and resources are healthy and sufficient for meeting its needs on operation, potential investment and to cope with market changes.

CONVERTIBLE BONDS

On 21 July 2020, the Company (as purchaser) and Metropolitan Lifestyle (BVI) Limited (as vendor) entered into the Acquisition Agreement to acquire the Sale Share and Sale Loan of Metropolitan Group (BVI) Limited (as defined in the circular of the Company dated 15 September 2020) at an aggregate consideration of HK$460,000,000, which will be satisfied by (i) part payment in cash; and (ii) allotment and issue of the convertible bonds (the "**VSA**"). Completion of the VSA has taken place on 22 October 2020 and the Convertible Bonds which bear a coupon rate of 3% per annum, in the principal amount of HK$418,000,000 have been issued to Metropolitan Lifestyle (BVI) Limited. For details, please refer to the announcements of the Company dated 21 July 2020, 30 September 2020 and the circular of the Company dated 14 September 2020.

There was no redemption or conversion of the convertible bonds during the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil).

FOREIGN EXCHANGE

The Group primarily conducts its business in Hong Kong, with cash flows, assets, and liabilities predominantly denominated in Hong Kong dollars. The main foreign exchange exposure arises from its property developments in South Korea, which are denominated in United States dollars and Korean Won. The Group's operations in South Korea involve commercial transactions, assets, liabilities, and net investments that are primarily in these currencies.

To mitigate currency risk related to its South Korean operations, the Group maintains an appropriate level of external borrowings in Korean Won, providing a natural hedge against fluctuations in this currency. The Group's exposure to the Korean Won primarily stems from the translation of current assets and liabilities of its subsidiaries in South Korea, where the functional currency is Korean Won, as well as from the Korean Won deposits set aside for future development costs that will be converted to Hong Kong dollars.

As at 30 June 2026, offshore borrowings were approximately Korean Won 2.7 billion, which is approximately HK$13.7 million (31 December 2025: approximately Korean Won 2.7 billion, which is approximately HK$14.7 million), as working capital loan for the operations in South Korea. The offshore borrowings are expected to be fully repaid in 2027. The interest rates of these borrowings was ranged from 4.6% to 7.0% per annum as at 30 June 2026 (31 December 2025: ranged from 4.6% to 6.4% per annum).

Apart from these, the Group does not have any significant foreign exchange exposure. Foreign currency funding and deposit exposure are monitored on a continuous basis. Exposure arising from the Group's investments in operating subsidiaries with net assets denominated in foreign currencies is reduced, where practical, by providing funding in the same currency. The management of the Group is of the opinion that the Group has not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates during the reporting period. Therefore, the Group does not engage in any hedging activities.

PLEDGE OF ASSETS

As at 30 June 2026, the Group's investment properties, properties held for sale and pledged bank deposit with carrying value of approximately HK$353.3 million, HK$1,288.4 million and HK$2.2 million respectively (31 December 2025: approximately HK$435.2 million, HK$1,357.0 million and Nil respectively) were pledged to secure the Group's credit facilities.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board and the management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the reporting period, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed elsewhere in this report, there was no significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the reporting period and the Group did not have other plans for material investments or capital assets as of 30 June 2026.

EMPLOYEES AND REMUNERATION POLICY

As at 30 June 2026, the Group employed 95 employees (31 December 2025: 117 employees) and appointed 7 Directors (31 December 2025: 7 Directors). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to individual performance, working experience, qualification and the current relevant industry practices. Apart from base salary and statutory provident fund scheme, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. Other forms of benefits such as education subsidy, medical scheme, on-the-job and external training to staff are also provided. The Group has not experienced any material dispute with its employees or disruption to its operations due to employee dispute and has not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel. The Group maintains a good relationship with its employees.

POSSIBLE RISKS AND UNCERTAINTIES

The Group has reviewed the possible risks and uncertainties which may affect its businesses, financial condition, operations and prospects, and considered that the major risks and uncertainties that may affect the Group included (i) market risk which refers to the economic and financial conditions that has direct impact on to the property market and purchasing power. Other retails business providers including provision of serviced apartments, workshops, storage and wine cellars may also be highly affected by the market sentiment when the economic outlook of Hong Kong was not positive; (ii) business risk like supply and price level of bank borrowings may have significant impact to the cost of our development project; (iii) industry risk which mainly refers to the continuous increase of construction costs; (iv) regulatory risk such as the changes of regulations may affect the completion time of our property development projects or the market sentiment, for example, property cooling measures imposed by the Government from time to time; (v) suppliers risk such as outsource of construction works to independent third parties while they may fail to provide satisfactory services adhering to our quality and safety standards as well as within the timeline required by the Group; (vi) other business risk like the revenue cycle is strongly depends on the sales of properties which may lead to significant fluctuation of profitability in different periods; (vii) fluctuations of fair value gain or loss incurred on financial assets and investment properties; (viii) credit risk from provision of finance which may incur bad debts during the downturn of economy; (ix) bank borrowing and interest rate risk which may limit or otherwise materially and adversely affect our business, results of operations and financial conditions; and (x) the operational expenses may also be affected by the economic situations.

The Board acknowledges its responsibility to monitor the risk management and internal control systems of the Group on an ongoing basis and reviewing their effectiveness from time to time. The Group has set up a risk control committee to coordinate, respond to and to tackle the abovementioned possible risks and uncertainties, and has serious scrutiny over the selection of quality customers and suppliers. The Risk Control Committee intends to manage rather than eliminate the risk of failure to achieve business objectives, and provide reasonable but not absolute assurance against material misstatement or loss. The risk control committee is also responsible for developing and reviewing strategies, policies and guidelines on risk control; which enable the Group to monitor and response to risk effectively and promptly. The Group has also engaged internal auditor to review the internal operation flow to ensure the compliance with relevant rules and regulations. Whenever possible, the Group also actively proposes solutions to lower the impact of the possible risks on the businesses of the Group.

PROSPECT

As we move through the first half of 2026, easing inflationary pressure and a moderation in interest rates, combined with the Government's relaxation of the investment immigration policy for residential purchases and the expanded admission quotas for non-local undergraduates at UGC-funded universities, are helping to restore buyer and investor confidence in the Hong Kong property market.

We expect residential demand to recover, particularly for well-located, mid-sized units attractive to owner-occupiers and long-term investors. The leasing market remained resilient throughout the first half of 2026. Increased inward mobility, supported by talent admission schemes and the ongoing promotion of the "Hostels in the City" Scheme, has sustained demand for rental housing and purpose-built student hostels. Renewal activity improved during the year, with selective rent adjustments implemented where market fundamentals permitted. For the Group, the Kwun Tong Wai Yip Street student accommodation portfolio will be a principal focus in 2026.

Retail and street-level shop performance is showing selective recovery, with neighbourhood-focused retail benefiting from steady local footfall and community spending. We remain focused on delivering the right tenant mix and targeted asset enhancements to capture this improving demand.

Operationally, we are pleased to report continued strong sales at "After The Rain," with all residential units sold during 2025, an outcome that validates our product positioning, pricing and sales execution. Our immediate priorities are to monetise the remaining retail shops, commercial units and carparks at both "After The Rain" and "The Rainbow." Subject to customary completion procedures and market timing, we expect these transactions to be finalised in the coming quarters. At the same time, we will sustain stable recurring income through proactive leasing, targeted refurbishments and tenant retention initiatives.

From a financial perspective, we will strengthen our balance sheet by proactively managing debt maturities, pursuing selective refinancing to secure more favorable terms, and maintaining robust liquidity. This disciplined approach will position the Group to capitalise on timely investment opportunities while preserving financial flexibility and controlling risk.

With a disciplined development pipeline, prudent capital management and active asset stewardship, the Group is well positioned to capture improving market sentiment in 2026, support recovery in sales and rental activity, and continue to deliver sustainable value for shareholders and stakeholders.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended 30 June 2026 (for the six months ended 30 June 2025: Nil). No final dividend was declared for the year ended 31 December 2025 (31 December 2024: Nil).

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

As at 30 June 2026, the interests and/or short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time (the "**SFO**")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"), to be notified to the Company and the Stock Exchange were as follows:

(A) LONG POSITIONS IN THE SHARES AND UNDERLYING SHARES AS AT 30 JUNE 2026:

Name of Directors/ chief executive	Number of Shares held (Beneficial owner/through a controlled corporation)	Interests in share options *(Note 2)*	Other derivative interests in listed corporation	Total	Approximately percentage of shareholding in the Company *(Note 4)*
Mr. Chan Man Fai Joe	440,710,800 *(Note 1)*	10,600,000	836,000,000 *(Note 3)*	1,287,310,800	200.67%
Ms. Cheung Wai Shuen	300,000	2,900,000	–	3,200,000	0.5%
Mr. Lee Lap Yan	–	6,700,000	–	6,700,000	1.04%
Mr. Tsui Wing Tak	–	600,000	–	600,000	0.09%
Dr. Wong Wai Kong	–	600,000	–	600,000	0.09%

Notes:

1. *Star Properties Holdings (BVI) Limited is the registered or beneficial owner of 432,140,800 ordinary shares. Star Properties Holdings (BVI) Limited is wholly-owned by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in the shares in which Star Properties Holdings (BVI) Limited is interested.*

2. *These represent the interests of share options granted to the Directors under the share option scheme adopted by the Company on 27 June 2016 to subscribe for shares.*

3. *Metropolitan Lifestyle (BVI) Limited is the interested in 836,000,000 shares by virtue of the convertible bonds issued by the Company on 22 October 2020. Metropolitan Lifestyle (BVI) Limited is indirectly held as to 100% by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in the shares in which Metropolitan Lifestyle (BVI) Limited is interested.*

4. *These percentages were compiled based on the total number of issued shares (i.e. 641,498,000 shares) at 30 June 2026.*

(B) LONG POSITIONS IN THE DEBENTURES AS AT 30 JUNE 2026:

Name of Director(s)/ chief executive	Amount of debentures Personal Interests	Family Interests	Corporation Interests	Total	Approximately percentage to the total amount of debentures in issued
Mr. Chan Man Fai Joe	–	–	HK$418,000,000 *(Note 1)*	HK$418,000,000	100%

Note:

1. *The convertible bonds issued on 22 October 2020 to Metropolitan Lifestyle (BVI) Limited, which is indirectly held as to 100% by Mr. Chan Man Fai Joe.*

Save as disclosed above, as at 30 June 2026, none of the Directors or chief executive of the Company had or was deemed to have any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he/she was deemed or taken to have under such provisions of the SFO); or were required to be recorded in the register of the Company pursuant to Section 352 of the SFO; or were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 30 June 2026, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long Positions in the Shares and underlying Shares

Name of Shareholders	Capacity	Number of Shares	Interest in share option	Approximate percentage of shareholding in the Company *(Note 3)*
Star Properties Holdings (BVI) Limited	Beneficial owner *(Note 1)*	432,140,800	–	67.36%
Mr. Lam Kin Kok	Beneficial owner	39,645,200	–	6.18%
Metropolitan Lifestyle (BVI) Limited	Beneficial owner *(Note 2)*	836,000,000	–	130.32%

Notes:

1. *Star Properties Holdings (BVI) Limited is the registered or beneficial owner of 432,140,800 ordinary shares. Star Properties Holdings (BVI) Limited is wholly-owned by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in the shares in which Star Properties Holdings (BVI) Limited is interested.*

2. *Metropolitan Lifestyle (BVI) Limited is the interested in 836,000,000 shares by virtue of the convertible bonds issued by the Company on 22 October 2020. Metropolitan Lifestyle (BVI) Limited is indirectly held as to 100% by Mr. Chan Man Fai Joe. By virtue of the SFO, Mr. Chan Man Fai Joe is deemed to be interested in the shares in which Metropolitan Lifestyle (BVI) Limited is interested.*

3. *These percentages were compiled based on the total number of issued shares (i.e. 641,498,000 shares) as at 30 June 2026.*

4. *All the interests stated above represent long positions.*

As at 30 June 2026, so far as the Directors are aware, no person had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Company's share option scheme was conditionally adopted on 27 June 2016 (the "**Share Option Scheme**"). The purposes of the Share Option Scheme are to (1) recognise and acknowledge the contributions that eligible participants had made or may make to the Group; (2) provide the eligible participants with an opportunity to acquire proprietary interests in the Company with the view to motivate the eligible participants to optimise their performance and efficiency for the benefit of the Group and attract and retain or otherwise maintain ongoing business relationship with the eligible participants whose contributions are, will or expected to be beneficial to the Group.

Subject to the rules of the Share Option Scheme, the share options are exercisable in the following manners:

Date of Grant	Total number of share option granted	Exercisable period	Exercise price
25 Jan 2017 *(Note 2)*	26,107,200 *(Note 1)*	25 Jan 2018-12 Jul 2026	HK$0.98 *(Note 1)*
18 Oct 2018 *(Note 2)*	21,193,088	18 Oct 2018-17 Oct 2028	HK$0.75
23 Nov 2020 *(Note 2)*	32,950,000	23 Nov 2020-22 Nov 2030	HK$0.41
11 Dec 2020	10,000,000	26 Jan 2021-10 Dec 2030	HK$0.41
27 Jan 2021	27,250,000	27 Jan 2021-26 Jan 2031	HK$0.418
28 Jan 2026	32,500,000	29 Jan 2027-28 Jan 2036	HK$0.145

Notes:

1. *The number of outstanding share options and exercise price were adjusted as a result of the bonus issue of shares and open offer of shares of the Company on 19 May 2017 and 11 September 2017, respectively.*

2. *All of the granted share options were either exercised or lapsed or cancelled.*

During the six months ended 30 June 2026, no share options granted under the refreshed scheme mandate limit were lapsed; and no share options were cancelled or exercised.

DETAILS OF THE MOVEMENTS IN THE COMPANY'S SHARE OPTIONS DURING THE SIX MONTHS ENDED 30 JUNE 2026 (THE "PERIOD") ARE SET OUT BELOW:

Name or category	Outstanding as at 1 January 2026	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 30 June 2026	Approximate percentage of the issued shares of the Company
Executive Directors							
Mr. Chan Man Fai Joe	10,000,000	600,000	–	–	–	10,600,000	1.65%
Ms. Cheung Wai Shuen	2,300,000	600,000	–	–	–	2,900,000	0.45%
Mr. Lee Lap Yan	2,346,400	6,000,000	–	–	1,646,400	6,700,000	1.04%
Non Executive Director							
Mr. Yim Kwok Man	1,070,400	600,000	–	–	1,670,400	–	–
Mr. Tsui Wing Tak	–	600,000	–	–	–	600,000	0.09%
Independent Non Executive Directors							
Ms. Chan Wah Man Carman	1,070,400	600,000	–	–	1,670,400	–	–
Mr. Lee Chung Ming Eric	1,070,400	600,000	–	–	1,670,400	–	–
Dr. Wong Wai Kong	600,000	600,000	–	–	–	1,200,000	0.19%
Others							
Other Eligible Participants	5,900,000	22,300,000	–	–	50,000	28,150,000	4.54%
	24,357,600	32,500,000	–	–	6,707,600	50,150,000	

Note:

1. *These options represent personal interest held by the grantees as beneficial owners.*

DIRECTOR'S INTERESTS IN COMPETING BUSINESS

During the reporting period, Mr. Tsui Wing Tak ("**Mr. Tsui**"), a non-executive Director, held share interests and/or directorships in other companies which are principally engaged in property investment and development and provision of finance in Hong Kong and Mainland China. Mr. Tsui is therefore considered to have interests in businesses which compete or are likely to compete with the businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

As the businesses of the Company and the above entities are operated under separate management with no reliance (whether financial or business) on each other, the Group is able to operates its businesses independently of, and at arm's length from the competing entities.

Save as disclosed above, as at 30 June 2026, none of the Directors and their respective close associates have any interest in any businesses which are considered to compete or are likely to compete, either directly or indirectly, with the businesses of the Group other than those businesses to which the Directors and their close associates were appointed to represent the interests of the Company and/or the Group.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code as its own code of conduct regarding Directors' securities transactions. Memorandum was sent to the Directors twice a year to draw their attention to the Model Code. Having made specific enquiries of each of the Directors, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the reporting period and no incident of non-compliance by the Directors was noted by the Company throughout the reporting period.

DISCLOSURE UNDER RULES 13.18 AND 13.21 OF THE LISTING RULES

In accordance with the continuing obligations set out in rule 13.21 of Chapter 13 of the Listing Rules, the following are the details of the loan agreement with covenants relating to specific performance on the controlling shareholders of the Company pursuant to rule 13.18 thereof. There exists no reporting obligation by the Company under rules 13.17 and 13.19 of the Listing Rules accordingly.

- On 27 November 2020, the Company entered into a facility agreement with a bank for the general banking facilities of a revolving loan amount of HK$30,000,000. Pursuant to the terms of the facility agreement, Mr. Chan Man Fai Joe shall, directly or indirectly, maintain not less than 51% shareholding of the Company. As at the date of the loan agreement, Mr. Chan Man Fai Joe holds approximately 68.69% of the issued share capital of the Company.

- On 6 September 2022, Mark Wealthy Limited (an indirect wholly owned subsidiary of the Company), as the Borrower, entered into a facility agreement with a bank for revolving loan up to an aggregated amount of HK$40,000,000. Pursuant to the terms of the facility agreement, Mr. Chan Man Fai Joe shall, directly or indirectly, maintain not less than 60% shareholding of the Company. As at the date of the loan agreement, Mr. Chan Man Fai Joe holds approximately 68.69% of the issued share capital of the Company.

- On 9 November 2022, Autumn Creek (H.K.) Limited (an indirect wholly owned subsidiary of the Company) as the Borrower, entered into a facility agreement with a bank (the "**Bank**") for revolving loan up to an aggregated amount of HK$125,000,000. Pursuant to the terms of the facility agreement, Mr. Chan Man Fai Joe shall, directly or indirectly, maintain not less than 60% shareholding of the Company. As at the date of the loan agreement, Mr. Chan Man Fai Joe holds approximately 68.69% of the issued share capital of the Company.

As at 30 June 2026, the aggregate interest in the shares in the Company held by Mr. Chan Man Fai Joe, direct and indirect, is 440,710,800 shares, representing approximately 68.69% of the shares of the Company in issue.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company during the reporting period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 to the Listing Rules with the exception for code provision C.2.1, which requires the roles of chairman and chief executive officer be in different individuals, throughout the reporting period.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Chan Man Fai Joe currently holds both positions. Throughout the business history of the Company, Mr. Chan Man Fai Joe has been the key leadership figure of the Group who has been primarily involved in the formulation of business strategies and determination of the overall direction of the Group. He has also been chiefly responsible for the Group's operations as he directly supervises the senior management of the Group.

The Company has considered the issue of balance of power of authority on the Board and believes the structure of the Company, including strong independent elements in the Board, delegation of authorities to the management, supervision by the Board and Board committees, is sufficient to address the potential issue on power concentration. All Directors, who bring different experience and expertise to the Company, are properly briefed on issues arising at Board meetings and that adequate, complete and reliable information is received by the Directors. Furthermore, decisions of the Board are made by way of majority votes. The Board believes that this structure is conducive to a more precise and more promptly response to the fast changing business environment and a more efficient management and implementation of business process. The Board also considers that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies. The Board considers Mr. Chan Man Fai Joe the best candidate for both positions and the present arrangements are beneficial and in the interests of the Company and the shareholders of the Company as a whole.

CHANGES IN INFORMATION OF DIRECTORS

The Company is not aware of any change in Directors' information subsequent to the date of annual report for the year ended 31 December 2025 and up to the date of this report, as required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Company has an Audit Committee which was established in compliance with Rule 3.21 of the Listing Rules. The Audit Committee has adopted the terms of reference which are in line with the Corporate Governance Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group.

The Audit Committee comprises three independent non-executive Directors, namely, Mr. Hong Sze Lung, Mr. Leung Ka Tin and Mr. Mong Cheuk Wai, with Mr. Hong Sze Lung being the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited condensed consolidated interim results and the interim report of the Company for the six months ended 30 June 2026 and agreed to the accounting principles and practices adopted by the Company.

For and on behalf of the Board
Star Group Asia Limited
Chan Man Fai Joe
Chairman

Hong Kong, 31 August 2026

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2026

	NOTES	Six months ended 30.6.2026 HK$'000 (Unaudited)	30.6.2025 HK$'000 (Unaudited)
Revenue	*4*	**67,107**	129,328
Cost of sales and services		**(75,286)**	(82,390)
Gross (loss)/profit		**(8,179)**	46,938
Other income	*5*	**8,604**	9,077
Gain on change in fair value of financial assets at fair value through profit or loss	*13*	**–**	114
Gain on modification of bank borrowings	*16*	**42,431**	–
Loss on change in fair value of investment properties		**(30,173)**	–
Selling expenses		**(1,498)**	(4,854)
Administrative expenses		**(24,972)**	(30,753)
Finance costs	*6*	**(35,672)**	(40,080)
Share of results of an associate		**(727)**	(151)
Gain on disposal of a subsidiary		**–**	1,627
Loss before tax	*7*	**(50,186)**	(18,082)
Income tax credit	*8*	**156**	24
Loss for the period		**(50,030)**	(18,058)
Other comprehensive income for the period			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(3,461)**	5,306
Total comprehensive income for the period		**(53,491)**	(12,752)
Loss for the period attributable to:			
Owners of the Company		**(50,051)**	(19,867)
Non-controlling interests		**21**	1,809
		(50,030)	(18,058)
Total comprehensive income for the period attributable to:			
Owners of the Company		**(53,512)**	(14,561)
Non-controlling interests		**21**	1,809
		(53,491)	(12,752)
Loss per share			
– Basic (HK cents)	*10*	**(7.80)**	(3.10)
– Diluted (HK cents)	*10*	**(7.80)**	(3.10)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	NOTES	**30.6.2026 HK$'000 (Unaudited)**	31.12.2025 HK$'000 (Audited)
Non-current Assets			
Property, plant and equipment	*11*	**4,503**	1,028
Investment properties		**398,587**	484,506
Investment in an associate		**3,139**	4,747
Deferred tax assets		**1,786**	1,786
Deposits and other receivables	*14*	**3,790**	3,820
Amount due from an associate		**6,941**	7,080
Financial assets at fair value through profit or loss	*12*	**55,457**	76,962
		474,203	579,929
Current Assets			
Inventories		**5,543**	7,451
Properties held for sale		**1,288,704**	1,357,014
Trade and other receivables	*14*	**22,694**	34,960
Financial assets at fair value through profit or loss	*12*	**1,011**	1,011
Amounts due from related companies		**–**	3
Tax recoverable		**29**	29
Stakeholder's accounts		**82**	–
Pledged bank deposits		**2,191**	–
Bank balances and cash		**13,065**	9,545
		1,333,319	1,410,013
Current Liabilities			
Trade and other payables	*15*	**139,575**	128,847
Contract liabilities		**1,575**	1,587
Financial liabilities at fair value through profit or loss	*13*	**3,971**	5,357
Amount due to a director		**53,261**	53,679
Amounts due to related companies		**2**	2
Lease liabilities		**19,492**	17,829
Tax liabilities		**260**	260
Borrowings	*16*	**989,352**	1,117,566
		1,207,488	1,325,127
Net Current Assets		**125,831**	84,886
Total Assets less Current Liabilities		**600,034**	664,815

	NOTES	30.6.2026 HK$'000 (Unaudited)	31.12.2025 HK$'000 (Audited)
Non-current Liabilities			
Lease liabilities		**27,593**	30,211
Other payable		**–**	4,254
Borrowings	*16*	**5,068**	5,408
Convertible bonds – liability component	*17*	**58,616**	62,538
Deferred tax liabilities		**26,163**	26,319
		117,440	128,730
Net Assets		**482,594**	536,085
Capital and Reserves			
Share capital	*18*	**6,415**	6,415
Reserves		**493,141**	546,653
Equity attributable to owners of the Company		**499,556**	553,068
Non-controlling interests		**(16,962)**	(16,983)
Total Equity		**482,594**	536,085

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2026

	Attributable to owners of the Company										
	Share capital HK$'000	Share premium HK$'000	Share options reserve HK$'000	Translation reserve HK$'000	Shareholders contribution HK$'000	Convertible bonds – equity component HK$'000	Merger reserve HK$'000	Retained earnings/ (Accumulated losses) HK$'000	Sub-total HK$'000	Non-controlling interest HK$'000	Total HK$'000
At 1 January 2025 (Audited)	6,415	233,457	7,058	(12,127)	193,911	313,698	(150,227)	225,353	817,538	(16,069)	801,469
Loss for the period	–	–	–	–	–	–	–	(19,867)	(19,867)	1,809	(18,058)
Other comprehensive income for the period	–	–	–	5,306	–	–	–	–	5,306	–	5,306
Total comprehensive income for the period	–	–	–	5,306	–	–	–	(19,867)	(14,561)	1,809	(12,752)
At 30 June 2025 (Unaudited)	6,415	233,457	7,058	(6,821)	193,911	313,698	(150,227)	205,486	802,977	(14,260)	788,717
At 1 January 2026 (Audited)	**6,415**	**233,457**	**7,058**	**(8,426)**	**193,911**	**313,698**	**(150,227)**	**(42,818)**	**553,068**	**(16,983)**	**536,085**
Loss for the period	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(50,051)**	**(50,051)**	**21**	**(50,030)**
Other comprehensive income for the period	**-**	**-**	**-**	**(3,461)**	**-**	**-**	**-**	**-**	**(3,461)**	**-**	**(3,461)**
Total comprehensive income for the period	**-**	**-**	**-**	**(3,461)**	**-**	**-**	**-**	**(50,051)**	**(53,512)**	**21**	**(53,491)**
At 30 June 2026 (Unaudited)	**6,415**	**233,457**	**7,058**	**(11,887)**	**193,911**	**313,698**	**(150,227)**	**(92,869)**	**499,556**	**(16,962)**	**482,594**

	Six months ended	
	30.6.2026	30.6.2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	**48,586**	69,355
Cash flows from investing activities		
Purchase of investment properties	**(235)**	–
Purchase of property, plant and equipment	**(381)**	(864)
Investment in a financial asset at fair value through profit or loss	**–**	(21,841)
Proceeds from redemption of a financial asset at fair value through profit or loss	**17,450**	–
Proceeds from disposal of a subsidiary	**–**	1,100
Proceeds from disposal of investment properties	**61,700**	–
Release of a pledged bank deposit	**–**	10,000
Interest received from bank balances and pledged bank deposit	**1**	141
Net cash generated from/(used in) investing activities	**78,535**	(11,464)
Cash flows from financing activities		
Borrowings raised	**600**	71,624
Repayments of borrowings	**(85,805)**	(87,016)
Repayments of lease liabilities	**(12,248)**	(10,243)
Repayment of advances from a director	**(679)**	(17,606)
Interest paid	**(18,117)**	(32,461)
Repayment of interest on convertible bonds	**(7,352)**	–
Net cash used in financing activities	**(123,601)**	(75,702)
Net increase/(decrease) in cash and cash equivalents	**3,520**	(17,811)
Cash and cash equivalents at beginning of the period	**9,545**	28,855
Cash and cash equivalents at end of the period, represented by bank balances and cash	**13,065**	11,044
Analysis of cash and cash equivalents		
Bank balances and cash	**13,065**	11,044

1. BASIS OF PREPARATION

The interim condensed consolidated financial statements of Star Group Asia Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") for the six months ended 30 June 2026 have been prepared in accordance with Hong Kong Accounting Standard 34 Interim Financial Reporting issued by the Hong Kong Institute of Certified Public Accounts ("**HKICPA**") as well as with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**").

2. ACCOUNTING POLICIES

The interim condensed consolidated financial statements for the six months ended 30 June 2026 have been prepared on the historical cost basis except for investment properties and certain financial instruments, which are measured at fair values.

Other than changes in accounting policies resulting from application of amendments to HKFRS Accounting Standards, the accounting policies and methods of computation used in the interim condensed consolidated financial statements for the six months ended 30 June 2026 are the same as those followed in the preparation of the consolidated financial statements of the Group for the year ended 31 December 2025 ("**2025 annual financial statements**").

APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The HKICPA has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendment to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments

The Group has not applied any new or amended HKFRS Accounting Standards that are not yet effective for the current period.

The adoption of the amendments has no material impact on the Group's financial statements.

3. USE OF JUDGEMENTS AND ESTIMATES

In preparing these interim condensed consolidated financial statements, the significant judgements made by the management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to 2025 annual financial statements.

4. REVENUE AND SEGMENT INFORMATION

	Six months ended	
	30.06.2026	30.06.2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
Sales of properties	**31,972**	87,424
Provision of property management and security services	**6,211**	6,971
Provision of cleaning and fitting out works	**2,269**	3,005
Trading of fine wine	**2,635**	5,781
	43,087	103,181
Revenue from other sources		
Rental income from leasing of:		
– shops and farmland	**674**	593
– service apartments	**1,717**	1,673
– storage and workshop	**17,637**	18,811
– wine cellar	**3,992**	4,035
Interest income from provision of finance	**–**	1,035
	24,020	26,147
Total revenue	**67,107**	129,328

4. REVENUE AND SEGMENT INFORMATION (Continued)

(A) DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

Segments	Sales of properties Six months ended		Provision of property management services Six months ended		Wine business Six months ended		Cleaning and fitting out works Six months ended		Total Six months ended	
	30.6.2026 HK$'000 (Unaudited)	30.6.2025 HK$'000 (Unaudited)	**30.6.2026 HK$'000 (Unaudited)**	30.6.2025 HK$'000 (Unaudited)	**30.6.2026 HK$'000 (Unaudited)**	30.6.2025 HK$'000 (Unaudited)	**30.6.2026 HK$'000 (Unaudited)**	30.6.2025 HK$'000 (Unaudited)	**30.6.2026 HK$'000 (Unaudited)**	30.6.2025 HK$'000 (Unaudited)
Sales of properties	**31,972**	87,424	**–**	–	**–**	–	**–**	–	**31,972**	87,424
Provision of property management and security services	**–**	–	**6,211**	6,971	**–**	–	**–**	–	**6,211**	6,971
Provision of cleaning and fitting out works	**–**	–	**–**	–	**–**	–	**2,269**	3,005	**2,269**	3,005
Trading of fine wine	**–**	–	**–**	–	**2,635**	5,781	**–**	–	**2,635**	5,781
Total	**31,972**	87,424	**6,211**	6,971	**2,635**	5,781	**2,269**	3,005	**43,087**	103,181
Geographical market										
Hong Kong	**31,972**	87,424	**6,211**	6,971	**2,635**	5,781	**2,269**	3,005	**43,087**	103,181
Timing of revenue recognition										
A point in time	**31,972**	87,424	**–**	–	**2,635**	5,781	**–**	–	**34,607**	93,205
Over time	**–**	–	**6,211**	6,971	**–**	–	**2,269**	3,005	**8,480**	9,976
Total	**31,972**	87,424	**6,211**	6,971	**2,635**	5,781	**2,269**	3,005	**43,087**	103,181

4. REVENUE AND SEGMENT INFORMATION (Continued)

(B) SEGMENT INFORMATION

The Group's reportable and operating segments under HKFRS 8 Operating Segments are as follows:

1. Property development – sales of properties
2. Property investment – rental income from leasing of properties
3. Property management services – provision of property management and security services
4. Cleaning and fitting out works – provision of construction and fitting out works
5. Provision of finance – provision of financing services to property buyers
6. Wine business – sales of fine wine and rental income from leasing of wine cellars

4. REVENUE AND SEGMENT INFORMATION (Continued)

(B) SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's revenue and results by operating and reportable segments:

	Segment revenue		Segment results	
	Six months ended		Six months ended	
	30.6.2026	30.6.2025	**30.6.2026**	30.6.2025
	HK$'000	HK$'000	**HK$'000**	HK$'000
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Property development	**31,972**	87,424	**(16,379)**	(10,486)
Property investment	**20,028**	21,077	**(23,389)**	5,249
Provision of property management services	**6,211**	6,971	**1,008**	844
Cleaning and fitting out works	**2,269**	3,005	**395**	434
Provision of finance	**–**	1,035	**–**	(832)
Wine business	**6,627**	9,816	**2**	140
Media production Services	**–**	–	**–**	(138)
	67,107	129,328	**(38,363)**	(4,789)
Unallocated income			**746**	933
Unallocated expenses			**(10,204)**	(11,488)
Finance costs			**(2,365)**	(2,738)
Loss before tax			**(50,186)**	(18,082)

Segment results represent the profit earned or loss incurred by each segment without allocation of certain other income, administrative expenses and finance costs. This is the measure reported to the chief operating decision makers for the purposes of resource allocation and performance assessment.

4. REVENUE AND SEGMENT INFORMATION (Continued)

(B) SEGMENT INFORMATION (Continued)

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

	30.6.2026 HK$'000 (Unaudited)	31.12.2025 HK$'000 (Audited)
Segments assets		
Property development	**1,368,517**	1,398,952
Property investment	**376,593**	461,736
Provision of property management services	**3,669**	3,578
Cleaning and fitting out works	**2,445**	2,440
Provision of finance	**–**	43,972
Wine business	**50,202**	65,654
Total segment assets	**1,801,426**	1,976,332
Unallocated assets	**6,096**	13,610
Consolidated total assets	**1,807,522**	1,989,942
Segments liabilities		
Property development	**1,000,874**	1,023,082
Property investment	**286,238**	340,359
Provision of property management services	**758**	1,018
Cleaning and fitting out works	**4,327**	4,540
Provision of finance	**–**	40,418
Wine business	**22,413**	34,451
Total segment liabilities	**1,314,610**	1,443,868
Unallocated liabilities	**10,318**	9,989
Consolidated total liabilities	**1,324,928**	1,453,857

4. REVENUE AND SEGMENT INFORMATION (Continued)

(B) SEGMENT INFORMATION (Continued)

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

– all assets are allocated to operating segments other than certain financial assets at fair value through profit or loss, certain pledged bank deposit, bank balances and cash, and other corporate assets not attributable to the reportable segments; and

– all liabilities are allocated to operating segments other than certain borrowings, liability component of convertible bonds and other corporate liabilities not attributable to the reportable segments.

5. OTHER INCOME

	Six months ended	
	30.6.2026	30.6.2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest income earned on bank balances	**1**	141
Temporary rental income from properties held for sale	**7,268**	8,153
Others	**1,335**	783
	8,604	9,077

6. FINANCE COSTS

	Six months ended	
	30.6.2026	30.6.2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Interest on:		
Borrowings	**30,164**	34,305
Advance from a director	**1,578**	1,881
Interest on lease liabilities	**1,565**	1,479
Imputed interest on convertible bonds	**2,365**	2,415
Total borrowing costs	**35,672**	40,080

7. LOSS BEFORE TAX

	Six months ended	
	30.6.2026	30.6.2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss before tax has been arrived at after charging/(crediting):		
Directors' emoluments	**1,909**	1,968
Other staff costs		
– Salaries and other allowances	**11,122**	13,003
– Retirement benefit scheme contributions	**496**	557
Total staff costs	**13,527**	15,528
Auditors' remuneration	**22**	189
Cost of inventories recognised as an expense, including write down of properties held for sale	**70,351**	80,568
Depreciation of property, plant and equipment	**197**	291
Depreciation of right-of-use assets	**697**	753
Gain on disposal of a subsidiary	**–**	(1,627)
Gain on modification of bank borrowings	**(42,431)**	–
Impairment loss/(reversal of impairment loss) of trade and lease receivables	**1,247**	(78)

8. INCOME TAX CREDIT

	Six months ended	
	30.6.2026	30.6.2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Hong Kong Profits Tax – current tax	**156**	24

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

The group entities in South Korea are subject to Korean Corporate Income Tax which comprises national and local taxes (collectively "**Korean Corporate Income Tax**"). Korean Corporate Income Tax is charged at the progressive rate from 9% to 24% on the estimated assessable profit of eligible entities derived worldwide. No provision on Korean Corporate Income Tax has been provided as there is no estimated assessable profits in the six months ended 30 June 2026 and 2025.

9. DIVIDEND

During the current period, the directors of the Company do not recommend the payment of any final dividend for the year ended 31 December 2025.

The directors of the Company do not recommend the payment of any interim dividend for both the six months ended 30 June 2025 and 30 June 2026.

10. LOSS PER SHARE

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

	Six months ended	
	30.6.2026	30.6.2025
	HK$'000	HK$'000
	(Unaudited)	(Unaudited)
Loss		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	**(50,051)**	(19,867)
Effect of dilutive potential ordinary shares:		
– Interest on convertible bonds (net of tax) *(Note)*	**N/A**	N/A
Loss for the period attributable to owners of the Company for the purpose of diluted loss per share	**(50,051)**	(19,867)

	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	**641,498**	641,498
Effect of dilutive potential ordinary shares:		
– Outstanding share options issued by the Company *(Note)*	**N/A**	N/A
– Convertible bonds *(Note)*	**N/A**	N/A
Weighted average number of ordinary shares for the purpose of diluted loss per share	**641,498**	641,498

Note:

For the six months ended 30 June 2025 and 2026, no diluted loss per share was calculated as the potential dilutive ordinary shares arising from convertible bonds and share options have an anti-dilutive effect on the basic loss per share amount presented.

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group's additions of property, plant and equipment were HK$4,391,000 (for the six months ended 30 June 2025: HK$864,000). There was no disposal of property, plant and equipment during both periods.

12. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Notes	30.6.2026 HK$'000 (Unaudited)	31.12.2025 HK$'000 (Audited)
Unlisted investment fund	*(a)*	**3,635**	3,635
Unlisted participation note	*(b)*	**1,519**	1,519
Derivative financial instrument – redemption option	*(c)*	**1,011**	1,011
Unlisted investment in bond	*(d)*	**50,303**	54,381
Key management insurance contract	*(e)*	**–**	17,427
Total		**56,468**	77,973
Classified as:			
Financial assets at fair value through profit or loss:			
– Non-current		**55,457**	76,962
– Current		**1,011**	1,011
		56,468	77,973

Notes:

(a) The Group subscribed an unlisted private equity fund at cost of HK$5,000,000, representing 10% of the total fund size in previous years. The Group has recognised no fair value gain (for the six months ended 30 June 2025: gain HK$114,000) in respect of the changes in fair value in the profit or loss. The fair value of this unlisted fund investment was measured using valuation technique with significant unobservable inputs and hence was classified as level 3 of the fair value hierarchy.

(b) As at 30 June 2026, the unlisted participation note is at a fair value of HK$1,519,000 (31 December 2025: HK$1,519,000). No change in fair value has been recognised in the profit or loss (for the six months ended 30 June 2025: Nil). The fair value of this unlisted participation note was measured using valuation technique with significant unobservable inputs and hence was classified as level 3 of the fair value hierarchy.

(c) The balance represents the redemption derivative component in relation to the convertible bonds (note 17).

(d) On 31 July 2024, an associate of the Group issued profit participation bonds with an aggregate principal amount of KRW59,456,000,000 to its shareholders and an independent third-party investor. The Group subscribed for the profit participation bond with a principal amount of KRW9,926,585,000 (equivalent to HK$56,110,000). The bond is unsecured and interest-bearing at 4.6% per annum. The principal and interest of the bond are redeemable on 31 December 2027. Furthermore, after full redemption of the bonds and refund of investments made by the shareholders of the associate, the bondholders (including the Group) are entitled to participate in dividends declared by the associate according to ratio of the principal amount of the bonds subscribed by the bondholders and the investments made by the shareholders of the associate. No change in fair value has been recognised in the profit or loss (for the six months ended 30 June 2025: Nil). The fair value of this unlisted investment in bond is measured using valuation technique with significant unobservable inputs and hence was classified as level 3 of the fair value hierarchy.

*(e) During the current period, the Group has surrendered the key management life insurance policy which was mandatorily classified as financial assets at fair value through profit or loss. Under this life insurance policy (the "**Policy**"), the beneficiary and policy holder is Joe Chan, the Group's Director and the total insured sum is US$2,940,000 (equivalent to HK$22,933,000). The group has recognised a gain of HK$99,456 (for the six months ended 30 June 2025: Nil) in respect of the surrender.*

13. FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

	30.6.2026 HK$'000 (Unaudited)	31.12.2025 HK$'000 (Audited)
Derivative financial instruments – price protection	**3,971**	5,357

During the year ended 31 December 2024, pursuant to the pricing term of sale contracts with certain property buyers, those buyers shall be eligible for price protection if the average property price index from the month after the signing of the preliminary agreement for sale and purchase ("**PASP**") to December 2024 is lower than the original property price index at the month of signing of the PASP. The price protection clause in the contracts is accounted for as derivative financial liability. No change in fair value of the derivatives was recognised in profit and loss during the period (for the six months ended 30 June 2025: Nil).

The fair value of the derivative financial instruments is derived from an observable price index and hence was classified as level 2 of the fair value hierarchy.

14. TRADE AND OTHER RECEIVABLES

	Notes	**30.6.2026 HK$'000 (Unaudited)**	31.12.2025 HK$'000 (Audited)
Trade receivables from contracts with customers	*(a)*	**4,980**	5,077
Lease receivables	*(a)*	**6,423**	6,664
		11,403	11,741
Less: Allowance for credit losses		**(4,365)**	(3,123)
		7,038	8,618
Deposits and other receivables, and prepayments			
– Rental deposits and other receivables	*(b)*	**17,336**	28,431
– Prepayments		**2,110**	1,731
		19,446	30,162
Less: Allowance for credit losses		**–**	–
		19,446	30,162
Analysis as:			
– Non-current portion	*(b)*	**3,790**	3,820
– Current portion		**22,694**	34,960
		26,484	38,780

14. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) *Customers from trading of fine wine are granted with credit term of 7 days. No credit term is allowed for trade receivables from property management services, cleaning and fitting out works, media production services and lease receivables.*

The following is an aged analysis of trade and lease receivables, net of allowance for credit losses, presented based on invoice dates.

	30.6.2026	31.12.2025
	HK$'000	HK$'000
	(Unaudited)	(Audited)
0 – 30 days	**2,415**	3,045
31 – 90 days	**1,622**	2,023
91 – 180 days	**1,305**	1,067
181 – 365 days	**1,155**	744
Over 365 days	**541**	1,739
	7,038	8,618

All of the Group's trade receivables and lease receivables were past due at the end of both reporting periods. The Groups hold security deposits as collaterals over the lease receivables.

(b) *As at 30 June 2026, the balance included an other receivable with carrying amount of HK$3,790,000 (31 December 2025: HK$3,820,000) which is interest bearing at 0.003% per annum and repayable in November 2032.*

15. TRADE AND OTHER PAYABLES

	Notes	**30.6.2026 HK$'000 (Unaudited)**	31.12.2025 HK$'000 (Audited)
Trade payables	*(a)*	**657**	489
Retention payables	*(b)*	**12,763**	12,813
Other payables, deposits received and accruals			
– Rental and other deposits received		**13,160**	19,332
– Accrued construction costs		**33,440**	32,506
– Accrued bonus		**182**	317
– Accrued agency commission		**29,753**	29,618
– Accrued management fees		**1,285**	878
– Accrued legal and professional fees		**2,868**	3,356
– Interest payables		**15,499**	5,029
– Received in advance of rental income		**17,875**	18,756
– Others		**12,093**	10,007
		139,575	133,101
Less: non-current portion		**–**	(4,254)
		139,575	128,847

Notes:

(a) No credit terms are granted for all trade payables.

The following is an aged analysis of trade payables presented based on invoice dates.

	30.6.2026 HK$'000 (Unaudited)	*31.12.2025 HK$'000 (Audited)*
0 – 30 days	***125***	*28*
31 – 90 days	***48***	*1*
91 – 180 days	***–***	*–*
181 – 365 days	***–***	*–*
Over 365 days	***484***	*460*
	657	*489*

(b) As at 30 June 2026, retention payables of Nil and HK$12,763,000 (31 December 2025: Nil and HK$12,813,000) were aged within one year and more than one year respectively. All retention payables as at 30 June 2026 and 31 December 2025 were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period.

16. BORROWINGS

	30.6.2026 HK$'000 (Unaudited)	31.12.2025 HK$'000 (Audited)
Bank borrowings	**989,352**	1,112,663
Other borrowing	**5,068**	5,408
Bank overdraft	**–**	4,903
	994,420	1,122,974
Analysis as:		
– Current portion	**989,352**	1,117,566
– Non-current portion	**5,068**	5,408
	994,420	1,122,974
Scheduled payment terms of borrowings contain a repayment on demand clause (shown under current liabilities):		
– Within one year	**914,016**	1,011,322
– Between one to two years	**3,086**	19,004
– Between two to five years	**9,257**	6,236
– More than five years	**41,656**	46,011
	968,015	1,082,573
Scheduled payment terms of borrowings without demand clause:		
– Within one year	**21,337**	34,993
– Between one to two years	**5,068**	5,408
– Between two to five years	**–**	–
	26,405	40,401

16. BORROWINGS (Continued)

The exposure of the Group's borrowings and the contractual maturity dates (or reset dates) are as follows:

	30.6.2026	31.12.2025
	HK$'000	HK$'000
	(Unaudited)	(Audited)
Variable-rate borrowings:		
Within one year	**935,353**	1,046,315
Between one to two years	**3,086**	19,004
Between two to five years	**9,257**	6,236
More than five years	**41,656**	46,011
	989,352	1,117,566
Fixed-rate borrowings:		
Within one year	**–**	–
In more than one year but not more than two years	**5,068**	5,408
	5,068	5,408
	994,420	1,122,974

The Group's variable-rate borrowings carrying interest at Hong Kong Interbank Offered Rate ("HIBOR"), Hong Kong Prime Lending Rate and three-month certificate of deposit rate in South Korea.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	30.6.2026	31.12.2025
	(Unaudited)	(Audited)
Effective interest rates:		
– Fixed-rate borrowings	**4.6%**	4.6%
– Variable-rate borrowings	**3.75% to 7.03%**	3.75% to 6.39%

16. BORROWINGS (Continued)

Borrowings are secured by the following assets of the Group:

	30.6.2026 HK$'000 (Unaudited)	31.12.2025 HK$'000 (Audited)
Properties held for sale		
– Properties under development	**796,909**	794,946
– Completed properties	**491,508**	562,068
	1,288,417	1,357,014
Investment properties	**353,346**	435,168
Pledged bank deposits	**2,191**	–
	1,643,954	1,792,182

As at 30 June 2026 and 31 December 2025, a bank borrowing of the Group is also secured by certain properties located in South Korea owned by a company controlled by a director of the Company.

Certain credit facilities of the Group are subject to the fulfilment of covenants relating to financial ratios of respective subsidiaries, financial ratios and total tangible net worth of the Group and shareholding of the Company's director, Mr. Joe Chan in the Company of not less than 60%. If the Group breaches the covenants, the drawn down facilities will become repayable on demand.

As at 30 June 2026, the Group has breached certain financial ratios of the Group in relation to bank borrowings with aggregate carrying amount of HK$411,708,000 (31 December 2025: HK$411,708,000). These bank borrowings are classified as current liabilities and included in borrowings scheduled for repayment within one year above.

On 26 June 2026, the Group entered into a Settlement Deed with Shanghai Commercial Bank Limited ("**the Bank**") to restructure the repayment terms of its bank borrowings. Pursuant to the Settlement Deed, the Group agreed to surrender possession of the remaining properties held for sale at The Rainbow, and executed charges over several bank accounts held with the Bank as security. In accordance with HKFRS 9, the restructuring was accounted for as a non-substantial modification of financial liabilities, as the change in the net present value of contractual cash flows under the modified terms was less than 10% (discounted at the original effective interest rate). Consequently, a gain on modification of bank borrowings of HK$42,431,000 was recognized in profit or loss during the six months ended 30 June 2026 (six months ended 30 June 2025: Nil).

17. CONVERTIBLE BONDS

On 22 October 2020, the Company issued 3% convertible bonds with nominal value of HK$418,000,000. The convertible bonds are perpetual in term and have no maturity date with a principal amount denominated in HK$ of HK$418,000,000 as part of the consideration for the combination of Metropolitan Lifestyle (BVI) Limited and its subsidiaries. The bonds are convertible into ordinary shares of the Company at an initial conversion price of HK$0.5 per conversion share (subject to the adjustments in accordance with the terms of the convertible bonds) at any time during the period commencing from the date of issue of the convertible bonds up to the date which falls on the 10th anniversary of the date of issue of the convertible bonds to the extent all or part of the convertible bonds remain outstanding.

The coupon shall accrue on the outstanding principal amount of the convertible bonds and be payable annually subject to the Company's sole discretion to defer the coupon payment for a maximum period of 10 years from the date when the relevant coupon payment falls due by giving notice to the holders of the convertible bonds. In the opinion of directors, the Company has the right to defer the coupon payment for at least twelve months after the reporting period, hence the liability component of the convertible bonds is classified under non-current liabilities. The convertible bonds that contain liability, redemption option and conversion option components were classified separately into their respective items on initial recognition.

At the end of the reporting period, the fair value of the redemption option was determined by the difference between the fair value of equivalent convertible bonds with redemption option and without redemption option. The effective interest rate of the liability component on initial recognition and the subsequent recognition of interest expense on the convertible bonds was calculated using effective interest rate of 7.87% per annum. There was no redemption and conversion of the convertible bonds since its issuance.

The movements of the components of the convertible bonds during the period and prior year are set out below:

	Redemption derivative component HK$'000	Liability component HK$'000	Equity component HK$'000	Total HK$'000
As at 1 January 2025 (Audited)	1,952	(60,662)	(313,698)	(372,408)
Effective imputed interest expense recognised	–	(4,968)	–	(4,968)
Change in fair value	(941)	–	–	(941)
Interest repayment	–	3,092	–	3,092
As at 31 December 2025 (Audited) and 1 January 2026	1,011	(62,538)	(313,698)	(375,225)
Effective imputed interest expense recognised	–	(2,365)	–	(2,365)
Interest repayment	–	6,287	–	6,287
As at 30 June 2026 (Unaudited)	1,011	(58,616)	(313,698)	(371,303)

17. CONVERTIBLE BONDS (Continued)

The fair value measurement of the redemption option derivative component is a level 3 fair value measurement.

The major inputs for the valuation of the fair value of the redemption option derivative component of the convertible bonds as at 30 June 2026 and 31 December 2025 are as follows:

	30.6.2026 (Unaudited)	31.12.2025 (Audited)
Share price	**HK$0.120**	HK$0.121
Conversion price	**HK$0.5**	HK$0.5
Risk-free rate	**3.59%**	3.58%
Volatility	**62.42%**	54.93%

18. SHARE CAPITAL

	Number of shares	**Amount** HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2025, 31 December 2025 and 30 June 2026	1,000,000,000	10,000
Issued and fully paid:		
At 1 January 2025, 31 December 2025 and 30 June 2026	641,498,000	6,415

19. CAPITAL COMMITMENTS

	30.6.2026 HK$'000 (Unaudited)	31.12.2025 HK$'000 (Audited)
Capital expenditure in respect of the property development projects contracted for but not provided	**14,685**	14,863

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

A number of assets and liabilities included in the Group's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Group's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorised into different levels based on how observable the inputs used in the valuation technique utilised are (the '**fair value hierarchy**'):

- Level 1: Quoted prices in active markets for identical items (unadjusted);
- Level 2: Observable direct or indirect inputs other than Level 1 inputs;
- Level 3: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognised in the period they occur.

The Group's investment properties and financial assets and liabilities at fair value through profit or loss are measured at fair value at the end of each reporting period. During the six months ended 30 June 2026, there were no transfers between level 1 and 2, nor transfers into and out of level 3.

The valuation techniques as at 30 June 2026 are as follows:

Information about level 3 fair value measurements

The fair value of the unlisted investment in bond with profit participation feature is determined based on the present value of the projected repayment (including the principal, accrued interest as well as profit participation, if any) based on the terms of the bond agreement. The major inputs for the fair value of the bond at the end of the reporting period are as follows:

	30.6.2026 (Unaudited)	31.12.2025 (Audited)
Risk-free rate	**2.85%**	2.85%
Credit risk premium	**1.53%**	1.53%
Liquidity premium	**1.50%**	1.50%

20. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

The higher the rates above in isolation will result in lower fair value of the unlisted investment in bond.

The fair value of redemption option is measured based on assumptions set out in note 17.

The fair values of unlisted investment funds, unlisted participate note and key management insurance contract are measured based on net asset value of underlying investments in the fund, the note or the insurance contract determined by external counter parties.

There were no changes in valuation techniques during both periods.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the interim condensed consolidated financial statements approximate their fair values.

21. RELATED PARTY DISCLOSURES

(I) TRANSACTIONS

Other than disclosed elsewhere, the Group had the following transactions with related parties during the period:

Name of related parties	Nature of transactions	Six months ended **30.6.2026** **HK$'000** **(Unaudited)**	 30.6.2025 HK$'000 (Unaudited)
Mr. Joe Chan (director)	Finance costs *(Note (a))*	**1,578**	1,881
	Consideration for purchase of a subsidiary from the Group *(Note (c))*	**–**	(1,100)
Vogue Town Limited ("**Vogue Town**")	Rental expenses *(Note (b))*	**1,140**	1,183

Notes:

(a) *The loan from a director carried interest at 6.0% per annum for the six months ended 30 June 2026 (six months ended 30 June 2025: 7% per annum).*

(b) *The rental expenses or payments charged were based on office areas occupied by the Group and at a rent agreed by both parties.*

(c) *The consideration is determined at a price agreed by both parties.*

A director of the Company has significant influence over the above related company.

21. RELATED PARTY DISCLOSURES (Continued)

(II) COMPENSATION OF KEY MANAGEMENT PERSONNEL

The directors of the Company are identified as key management members of the Group. Their emoluments are disclosed in note 7.

22. SUBSEQUENT EVENT

On 24 July 2026, the Group entered into a preliminary sale and purchase agreement with an independent third-party purchaser to dispose of an investment property at a consideration of HK$32,877,900. Completion is expected to take place on 23 October 2026. Details of the disposal are set out in the Company's announcement dated 24 July 2026.