ART GROUP HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 565)



2026 ANNUAL REPORT

CONTENT

Corporate Information	2
Chairman's Statement	3
Management Discussion and Analysis	7
Directors	17
Directors' Report	19
Corporate Governance Report	28
Independent Auditor's Report	46
Consolidated Statement of Profit or Loss and Other Comprehensive Income	53
Consolidated Statement of Financial Position	55
Consolidated Statement of Changes in Equity	57
Consolidated Statement of Cash Flows	59
Notes to the Consolidated Financial Statements	61
Financial Summary	163
Schedule of Leased Investment Properties	164



CORPORATE INFORMATION

BOARD OF DIRECTORS
Mr. Su Peixin *(Chairman)*
Dr. Wong Ho Yin *(Chief Executive Officer)*
Mr. Yao Linying
Mr. Du Zhenluan
(appointed with effect from 28 January 2026)
Mr. Chen Jinyan
(resigned with effect from 23 January 2026)
Mr. Chong Hon Wang*
Ms. Chuang Yin Lam*
Ms. Wang Yuqin*

* *Independent Non-executive Director*

COMPANY SECRETARY
Ms. Yeow Mee Mooi

AUDITOR
Confucius International CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditors

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG
31/F., Chinachem Century Tower
178 Gloucester Road
Wan Chai, Hong Kong
Website: https://artgroup.etnet.com.hk

REGISTERED OFFICE
P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Vistra (Cayman) Limited
P.O. Box 31119
Grand Pavilion
Hibiscus Way
802 West Bay Road
Grand Cayman KY1-1205
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Investor Services Limited
17th Floor, Far East Finance Centre
16 Harcourt Road
Hong Kong

Union Registrars Limited
(with effect from 1 October 2026)
Suites 3301-04, 33/F.
Two Chinachem Exchange Square
338 King's Road
North Point, Hong Kong

PRINCIPAL BANKERS
Bank of Zhengzhou
Bank of China
Standard Chartered Bank

SHARE LISTING
The Stock Exchange of Hong Kong Limited
(Stock code: 565)

CHAIRMAN'S STATEMENT

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Art Group Holdings Limited (錦藝集團控股有限公司) (the "**Company**") and its subsidiaries (together, the "**Group**"), I would like to report that the Group recorded a total revenue of approximately HK$116,914,000 (2025: HK$140,350,000) and a profit for the year of approximately HK$16,457,000 (2025: HK$39,027,000).

BUSINESS REVIEW

Property Operating Segment

With a view to magnifying the Company's development potential and the shareholders' return, the Group places its business focus and resources in property operating aspect to become and asset-light and service-oriented property operator, explore more prospects and develop relevant markets in-depth. The Group is engaged in property operating business through holding all equity interests in Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司) ("**Zhongyuan Jinyi**"), Zhengzhou Jinfu Commercial Management Co., Ltd.* (鄭州金福商業管理有限公司) ("**Zhengzhou Jinfu**") and through three non-wholly-owned subsidiaries, Zhengzhou Zhengxu Commercial Operation Management Co., Ltd.* (鄭州正旭商業運營管理有限公司) ("**Zhengzhou Zhengxu**"), Zhengzhou Yichi Commercial Operation Management Co., Ltd.* (鄭州義尺商業運營管理有限公司) ("**Zhengzhou Yichi**") and Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (鄭州龍啟翔商業運營管理有限公司) ("**Zhengzhou Longqixiang**") in the People's Republic of China (the "**PRC**"). The principal activities of Zhongyuan Jinyi, Zhengzhou Jinfu, Zhengzhou Zhengxu, Zhengzhou Yichi and Zhengzhou Longqixiang are property operating business.

The Group leased the whole Zone C Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a number of landlords. The Zone C Shopping Mall is a 5-storey integrated commercial mall built over one level of basement commercial space with a gross floor area of approximately 80,118 square metres. The Zone C Shopping Mall is a shopping mall located adjacent to the Jiachao's Shopping Mall. The Group promoted and further rented out the Zone C Shopping Mall to various independent tenants under the respective tenancy agreements with a remaining term ranging from four to fourteen years (B1/F — expiring on 31 October 2040; 1/F — expiring on 31 December 2030; 2/F-5/F — expiring on 17 June 2036). As at 30 June 2026, approximately 138 tenants and approximately 65% of the lettable area of the Zone C Shopping Mall had been leased out as retail shops and restaurants and/or for entertainment and leisure use. The Zone C Shopping Mall offers a wide range of services and goods, including cinema, KTV, a photo shop, a bookshop, jewelries, beauty, electrical devices shops, car sales, international labels for fashion, fitness, lifestyle, casual wear/sport, kid's paradise, kid's learning and restaurants. Certain areas of the Zone C Shopping Mall are rented to tenants on short-term leases for use, including kiosks and booths of trendy and stylish items.

* *For identification purpose only*

CHAIRMAN'S STATEMENT

Also, the Group leased part of the Jiachao's Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from the original landlord with a rental period expiring in the mid of 2036. As a result of litigation involving the landlord and a number of original creditors, certain areas are unable to generate revenue. During the year ended 30 June 2026, the Group's actual leased area was 27,749.09 square metres. Such area was sub-let to the same management company for cohesive operation while the Group would receive a fixed rental income without incurring operating and maintenance costs.

In addition, on 27 August 2025, Zhengzhou Longqixiang, an indirect non-wholly-owned subsidiary of the Company, entered into a lease agreement as the lessee in respect of the leasing of four floors of the Longhu Shopping Centre in Longhu Town, Zhengzhou City, Henan Province, the PRC, from a landlord with a rental period expiring in mid 2035 and with a gross floor area of approximately 62,583 square metres. As at 30 June 2026, the Group promoted and further rented out the Longhu Shopping Centre to over 118 tenants and approximately 98% of the lettable area had been leased out for uses such as retail shops, restaurants and/or entertainment and leisure activities. The Longhu Shopping Centre offers a diverse range of services and goods, including KTV, a supermarket, a convenience store, jewelry and watches, beauty services, electrical device shops, international fashion labels, fitness facilities, lifestyle products, casual and sportswear, maternity and baby supplies, a kid's paradise, technical learning services, and restaurants. Certain areas within the Longhu Shopping Centre are also rented on short-term leases for kiosks and booths featuring trendy and stylish items.

The Group is engaged in property operating business through holding all equity interests in Zhengzhou Yingrui Property Service Co., Ltd.* (鄭州英睿物業服務有限公司) ("**Zhengzhou Yingrui**"), Zhengzhou Yinghao Property Service Co., Ltd.* (鄭州英浩物業服務有限公司) ("**Zhengzhou Yinghao**") and Zhengzhou Yinghan Property Service Co., Ltd.* (鄭州英瀚物業服務有限公司) ("**Zhengzhou Yinghan**") in the People's Republic of China (the "**PRC**"). The principal activities of Zhengzhou Yingrui, Zhengzhou Yinghao and Zhengzhou Yinghan are property operating business of industrial park. Zhengzhou Yingrui leased 42 properties with a rental period to expire in the first half of 2027 and with a gross floor area of approximately 130,873 square metres in an industrial park, namely the Zhiyun City, located in Xinmi City, Zhengzhou City, Henan Province, the PRC. The Group promoted and further rented out the Zhiyun City to approximately 74 tenants and approximately 72.54% of the lettable area had been leased out as production, processing and sales of men's and women's shoes, processing and sales of shoe accessories and wholesale of groceries as of 30 June 2026.

Zhengzhou Yinghao leased 9 units with a rental period to expire in the mid of 2027 and with a gross floor area of approximately 40,142 square metres in the Zhiyun City. As of 30 June 2026, the Group promoted and further rented out the area leased by Zhengzhou Yinghao to approximately 165 tenants and approximately 50.63% of the lettable area had been leased out as wholesale of snacks, stationery and toys. Zhengzhou Yinghan leased 7 units with a rental period to expire in the first half of 2039 and with a gross floor area of approximately 41,385 square metres in the Zhiyun City. As of 30 June 2026, the Group promoted and further rented out the area leased by Zhengzhou Yinghan to approximately 188 tenants and approximately 45.87% of the lettable area had been leased out as wholesale of snacks, stationery, toys and sugar and processing of shoe accessories. Leveraging its sophisticated operational experience and professional team, the Group effectively integrates resources from shopping malls and industrial park, attracts foot traffic through a diversified brand portfolio and achieves synergies among its properties, thereby contributing to positive revenue and profit margins for its property operating business.

CHAIRMAN'S STATEMENT

Investment

During the year, the Group acquired approximately 17.90% of the issued share capital of Edgeon Data Co., Ltd ("**Edgeon**"), a company incorporated in Korea with limited liability. Edgeon has entered into a real estate sale and purchase agreement and a business right sale and purchase agreement, pursuant to which Edgeon has agreed to acquire, among others, (i) the Land and the buildings situated thereon; and (ii) the project rights in developing, constructing and operating a data centre project thereon (the "**Project**") and intends to develop and position the Project as a hyperscale data centre with a contracted power capacity of 270,000 KVA (equivalent to approximately 200MW), targeting global cloud service providers, artificial intelligence (AI) enterprises, and large internet and technology companies as its core customers. The Project leverages Busan's strategic position as an international digital hub connecting Asia, Europe and the United States, and is expected to capture the growing demand for AI computing capacity, cloud services and high-density data processing in the region.

The acquisitions of the Land and the business right of the Project are expected to be completed by 31 December 2026. In September 2026, the Group recorded further acquisition and a deemed disposal of equity interests in Edgeon resulted from its issuance of new shares. The further acquisition could maintain the Group's equity interest in Edgeon, in particular taking into account the dilution of shareholding resulted from the share issuance, and thus the Group's share of its profit, which is in line with the Group's scheduled plan and development strategy. In respect of the share issuance, as Edgeon requires sufficient working capital to proceed with the Project, the share issuance is expected to improve the cashflows and/or the debt level of Edgeon, thereby supporting its business operation.

Discontinued Operations

Cargo Aircraft Charter Segment

During the year ended 30 June 2025, the Group set up a non-wholly owned Hong Kong subsidiary, Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited (瓊港澳航空發展投資有限公司), to operate and manage certain specified cargo aircraft charter businesses including but not limited to cargo arrangement from Hong Kong to Miami and other locations (the "**Cargo Aircraft Charter Business**"). The Group provided cargo aircraft chartering services from Hong Kong to Miami for the transportation of air cargoes. However, due to the ongoing US tariff policy uncertainties that have significantly impacted the global economy and air cargo markets, it is difficult for the Group to keep existing airline and expand new airline, which also induced litigations for the Group. As such, the Group decided to cease the Cargo Aircraft Charter Business.

STRATEGIES AND OUTLOOK

In spite of broader economic challenges and slower-than-expected economic recovery to the PRC economy, the Group adjusts its future operating plans to upgrade its property operating segment by offering tenancies to more popular brands and will continue to diversify the types of tenants to meet the needs and interests of customers from different ages and backgrounds. To achieve these aims, the Group organises large-scale marketing and promotion activities in the eastern and western festivals to raise the popularity of the shopping malls, participates in food exchange forums every year by food and beverage suppliers of the industrial park to improve their marketability and professionalism, provides small advertising spaces and spray-painted banners in the industrial park, pays close attention to business operations, helps key merchants in time and follows closely with market trends to make appropriate management decisions in a timely manner.

CHAIRMAN'S STATEMENT

Hence, the leased properties under the Group's management always generate a stable and constant stream of income and consistent cash flow to the Group, which ultimately benefits the Company and its shareholders as a whole. However, due to the pandemic since 2020, the return of funds has slowed down; the overall cash flow has had some impact on the Group's financial position. The Group's management assesses the performance of current leased properties regularly and will determine necessary arrangements in the best and long-term interests of the Company and its shareholders. Moreover, any possible investment opportunities of the property operating business will always be explored because of the enormous population and strong consuming power in the PRC under the effects of the Belt and Road Initiative and the Internal/External Circular Economy; as a result, a robust market potential is foreseeable.

In response to ongoing challenges, the Group has been focusing on maintaining sustainable financial results from its property operating business to obtain a more profitable outcome. The Board gives its input in determining the Group's strategy development and planning process, as well as the generation and preservation of the Group's long-term value. Consequently, the Board closely monitors and regularly reviews the results of the implementation of the strategies, with the goal of reviving the Group's performance, enhancing its competitiveness and improving its share value.

The Group continues with its prudent cost management policy to attain greater efficiency in operations and a reasonable financial position to pursue business development and new opportunities for strengthening its business momentum. The Group holds a moderate financial position, and its property operating business continues to contribute steady and constant cash flows. The Group maintains its long-standing commitment to a prudent and cautious financial management policy and is confident of increasing share value in the long term.

Looking forward, a steady business growth of the Group is expected in the future. We will adopt a vigilant approach in developing the existing projects and exploring new opportunities, including cooperation with business partners. We will continue to seek and invest resources in appropriate property operating projects with the objective of expanding our revenue sources, improving our profitability as well as diversifying our types of business to further develop the business of the Group and increase the shareholders' return.

ACKNOWLEDGEMENT

On behalf of the Board, I would like to present my heartfelt thanks to the tenants, customers, bankers, business partners and shareholders of the Company for their incessant support and trust and to each staff member of the Group for their diligent work. The achievement of the Group and its readiness to continue tackling the biggest challenges at an unprecedented pace and scale would not be possible without the contribution of each of the staff members and their dedication.

Su Peixin
Chairman

Hong Kong, 30 September 2026

* For identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATIONAL AND FINANCIAL REVIEW

During the year ended 30 June 2026, the Group was principally engaged in property operating business (2025: property operating business and cargo aircraft business). The Group recorded a total revenue of approximately HK$116,914,000 (2025: HK$140,350,000) and a profit of approximately HK$16,457,000 (2025: HK$39,027,000).

Property Operating Segment

To fully unleash the Group's development potential and enhance shareholders' return, the Group has placed its business focus and resources in property operating aspect with a view to transforming property portfolio, consolidating and exploring market prospects in-depth and expand its presence in relevant business.

The Group is engaged in property operating business through holding all equity interests in Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司) ("**Zhongyuan Jinyi**") and Zhengzhou Jinfu Commercial Management Co., Ltd.* (鄭州金福商業管理有限公司) ("**Zhengzhou Jinfu**") and through three non-wholly-owned subsidiaries, Zhengzhou Zhengxu Commercial Operation Management Co., Ltd.* (鄭州正旭商業運營管理有限公司) ("**Zhengzhou Zhengxu**"), Zhengzhou Yichi Commercial Operation Management Co., Ltd.* (鄭州義尺商業運營管理有限公司) ("**Zhengzhou Yichi**") and Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (鄭州龍啟翔商業運營管理有限公司) ("**Zhengzhou Longqixiang**") in the People's Republic of China (the "**PRC**"). The principal activities of Zhongyuan Jinyi, Zhengzhou Jinfu, Zhengzhou Zhengxu, Zhengzhou Yichi and Zhengzhou Longqixiang are property operating business of shopping mall.

The Group leased the whole Zone C Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from a number of landlords. The Zone C Shopping Mall is a 5-storey integrated commercial mall built over one level of basement commercial space with a gross floor area of approximately 80,118 square metres. The Zone C Shopping Mall is a shopping mall located adjacent to the Jiachao's Shopping Mall. The Group promoted and further rented out the Zone C Shopping Mall to various independent tenants under the respective tenancy agreements with a remaining term ranging from four to fourteen years (B1/F — expiring on 31 October 2040; 1/F — expiring on 31 December 2030; 2/F-5/F — expiring on 17 June 2036). As at 30 June 2026, approximately 138 tenants and approximately 65% of the lettable area of the Zone C Shopping Mall had been leased out as retail shops and restaurants and/or for entertainment and leisure use. The Zone C Shopping Mall offers a wide range of services and goods, including cinema, KTV, a photo shop, a bookshop, jewelries, beauty, electrical devices shops, car sales, international labels for fashion, fitness, lifestyle, casual wear/sport, kid's paradise, kid's learning and restaurants. Certain areas of the Zone C Shopping Mall are rented to tenants on short-term leases for use, including kiosks and booths of trendy and stylish items.

Also, the Group leased part of the Jiachao's Shopping Mall, situated in Zhengzhou City, Henan Province, the PRC, from the original landlord with a rental period expiring in the mid of 2036. As a result of litigation involving the landlord and a number of original creditors, certain areas are unable to generate revenue. During the year ended 30 June 2026, the Group's actual leased area was 27,749.09 square metres. Such area was sub-let to the same management company for cohesive operation while the Group would receive a fixed rental income without incurring operating and maintenance costs.

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MANAGEMENT DISCUSSION AND ANALYSIS

In addition, on 27 August 2025, Zhengzhou Longqixiang, an indirect non-wholly-owned subsidiary of the Company, entered into a lease agreement as the lessee in respect of the leasing of four floors of the Longhu Shopping Centre in Longhu Town, Zhengzhou City, Henan Province, the PRC, from a landlord with a rental period expiring in mid 2035 and with a gross floor area of approximately 62,583 square metres. As at 30 June 2026, the Group promoted and further rented out the Longhu Shopping Centre to over 118 tenants and approximately 98% of the lettable area had been leased out for uses such as retail shops, restaurants and/or entertainment and leisure activities. The Longhu Shopping Centre offers a diverse range of services and goods, including KTV, a supermarket, a convenience store, jewelry and watches, beauty services, electrical device shops, international fashion labels, fitness facilities, lifestyle products, casual and sportswear, maternity and baby supplies, a kid's paradise, technical learning services, and restaurants. Certain areas within the Longhu Shopping Centre are also rented on short-term leases for kiosks and booths featuring trendy and stylish items.

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Zhengzhou Yingrui leased 42 properties with a rental period expiring in the first half of 2027 and with a gross floor area of approximately 130,873 square metres in an industrial park, namely the Zhiyun City, located in Xinmi City, Zhengzhou City, Henan Province, the PRC. The Group promoted and further rented out the Zhiyun City to approximately 74 tenants and approximately 72.54% of the lettable area had been leased out as production, processing and sales of men's and women's shoes, processing and sales of shoe accessories and wholesale of groceries as at 30 June 2026.

Zhengzhou Yinghao leased 9 units with a rental period expiring in the mid of 2027 and with a gross floor area of approximately 40,142 square metres in the Zhiyun City. As of 30 June 2026, the Group promoted and further rented out the area leased by Zhengzhou Yinghao to approximately 165 tenants and approximately 50.63% of the lettable area had been leased out as wholesale of snacks, stationery and toys.

Zhengzhou Yinghan leased 7 units with a rental period expiring in the first half of 2039 and with a gross floor area of approximately 41,385 square metres in the Zhiyun City. As of 30 June 2026, the Group promoted and further rented out the area leased by Zhengzhou Yinghan to approximately 188 tenants and approximately 45.87% of the lettable area had been leased out as wholesale of snacks, stationery, toys and sugar and processing of shoe accessories.

Leveraging its sophisticated operational experience and professional team, the Group effectively integrates resources from shopping malls and industrial park, attracts foot traffic through a diversified brand portfolio and achieves synergies among its properties, in order to enhance shareholders' return.

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MANAGEMENT DISCUSSION AND ANALYSIS

Investment

During the year, the Group acquired approximately 17.90% of the issued share capital of Edgeon Data Co., Ltd ("**Edgeon**"), a company incorporated in Korea with limited liability. Edgeon has entered into a real estate sale and purchase agreement and a business right sale and purchase agreement, pursuant to which Edgeon has agreed to acquire, among others, (i) the Land and the buildings situated thereon; and (ii) the project rights in developing, constructing and operating a data centre project thereon (the "**Project**") and intends to develop and position the Project as a hyperscale data centre with a contracted power capacity of 270,000 KVA (equivalent to approximately 200MW), targeting global cloud service providers, artificial intelligence (AI) enterprises, and large internet and technology companies as its core customers. The Project leverages Busan's strategic position as an international digital hub connecting Asia, Europe and the United States, and is expected to capture the growing demand for AI computing capacity, cloud services and high-density data processing in the region.

The acquisitions of the Land and the business right of the Project are expected to be completed by 31 December 2026. In September 2026, the Group recorded further acquisition and a deemed disposal of equity interests in Edgeon resulted from its issuance of new shares. The further acquisition could maintain the Group's equity interest in Edgeon, in particular taking into account the dilution of shareholding resulted from the share issuance, and thus the Group's share of its profit, which is in line with the Group's scheduled plan and development strategy. In respect of the share issuance, as Edgeon requires sufficient working capital to proceed with the Project, the share issuance is expected to improve the cashflows and/or the debt level of Edgeon, thereby supporting its business operation.

Discontinued operations

Cargo Aircraft Charter Segment

During the year ended 30 June 2025, the Group set up a non-wholly owned Hong Kong subsidiary, Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited (瓊港澳航空發展投資有限公司), to operate and manage certain specified cargo aircraft charter businesses including but not limited to cargo arrangement from Hong Kong to Miami and other locations (the "**Cargo Aircraft Charter Business**"). The Group provided cargo aircraft chartering services from Hong Kong to Miami for the transportation of air cargoes. However, due to the ongoing US tariff policy uncertainties that have significantly impacted the global economy and air cargo markets, it is difficult for the Group to keep existing airline and expand new airline, which also induced litigations for the Group. As such, the Group decided to cease the Cargo Aircraft Charter Business ("**Discontinued Operations**"). During the year ended 30 June 2026, the revenue and loss for the year from Discontinued Operations were Nil and approximately HK$27,000 (2025: HK$59,110,000 and HK$5,973,000) respectively.

Profit for the Year

The Group recorded a profit for the year ended 30 June 2026 of approximately HK$16,457,000 (2025: HK$39,027,000). The gross profit margin was approximately 53.8% for the year ended 30 June 2026 (2025: 63.8%). The profit margin was approximately 14.1% (2025: 48.0%). The decrease in profit and profit margin was mainly attributable to the decrease in net gains from several one-off transactions for termination of leases and derecognition of investment properties, amounting approximately HK$25,099,000. Compared to the six months ended 31 December 2025, the financial performance of the Group improved significantly in the second half of the year due to the change of property portfolio.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Income and Other Gain and Loss
Other income and other gain and loss for the year ended 30 June 2026 was approximately HK$71,311,000 (2025: HK$100,765,000), which comprised loss on derecognition of investment properties, gain on termination of lease, interest incomes and other kinds of incomes generated from property operating segment, such as car parking fees and other services provided to tenants. The decrease in other income and other gain and loss was mainly due to the decrease in net gains from several one-off transactions for termination of leases and derecognition of investment properties.

Loss on derecognition of investment properties was approximately HK$208,778,000 (2025: HK$628,370,000) and gain on termination of lease was approximately HK$272,847,000 (2025: HK$717,538,000). As described in note 18 to the consolidated financial statements, the portion of the lease contract entered into with the original landlord of the Zone C Shopping Mall on 26 April 2021 related to Level 1 (with an area of 15,318.48 square metres) was terminated by the new landlord, who signed a new lease agreement with a rental period to expire in December 2030 with Zhengzhou Yichi, a non-wholly-owned subsidiary of the Group. Simultaneously, derecognition of investment properties and termination of lease were therefore recorded during the year ended 30 June 2026.

Expenses
Administrative expenses amounted to approximately HK$25,462,000 (2025: HK$34,319,000), representing approximately 21.8% (2025: 42.2%) of revenue for the year ended 30 June 2026. Administrative expenses decreased during the year ended 30 June 2026 because of (i) lower operating expenses incurred for operating the rented premises of Jiachao's Shopping Mall during the year as a result of reduction in rental area in September 2024 and (ii) no further provision for litigation in respect of the court order requiring Zhongyuan Jinyi to make the rental payouts to the creditor.

Allowance for expected credit loss on rental deposits amounted to approximately HK$34,664,000 (reversal of allowance for expected credit loss in 2025: HK$12,352,000) for the year ended 30 June 2026, due to the seizure and title transfer of majority areas of the Jiachao's Shopping Mall and the Zone C Shopping Mall by a number of banks and financial institutions as a result of the exercise of their rights under pledges of the shopping malls created by their owners, which in turn increased the credit risk significantly.

The carrying value of the Group's investment properties, namely the Remaining Area of the Jiachao's Shopping Mall, the Zone C Shopping Mall, the Zhiyun City and the Longhu Shopping Centre, as of 30 June 2026 of approximately HK$694,483,000 (2025: HK$466,154,000) was stated at fair value based on an independent valuation as at that date, which produced a gain on fair value changes of investment properties of approximately HK$3,236,000 (2025: loss of HK$56,476,000). Increase in the carrying value and the gain on fair value changes of investment properties were due to additions of four floors of the Longhu Shopping Centre with a total rental area of approximately 62,583 square metres and the contractual lease term to June 2035. The Group promoted and further rented out the Longhu Shopping Centre to over 118 tenants and approximately 98% of the lettable area had been leased out. The strategic changes to the property portfolio have yielded significant positive outcomes.

Finance costs amounted to approximately HK$23,555,000 (2025: HK$25,147,000), representing approximately 20.1% (2025: 31.0%) of revenue for the year ended 30 June 2026. Decrease in finance costs was mainly due to lease termination with respect to certain areas of the Jiachao's Shopping Mall and the Zone C Shopping Mall involved in the litigation with several creditors of their landlords during the year ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Loan Receivables

On 28 April 2021, an indirect wholly-owned PRC subsidiary of the Company entered into a loan agreement with Fujian Qiancheng Lujingguan Engineering Co., Ltd.* (福建千城綠景觀工程有限公司), an independent third party, (the "**Borrower**"), pursuant to which, it agreed to lend to the Borrower a loan in the principal amount of RMB250 million for a term of 12 months from the drawdown date at an interest rate of 7.5% per annum. During the year ended 30 June 2022, the principal amount was revised to RMB210 million, as well as the interest rate of 4.785% per annum. The Group keeps focusing its resources on property operating business and has no intention to commence money lending business. The Borrower approached the Group and looked for a source of financing. The entering into of the aforesaid loan agreement was due to (i) the surplus cash position of the Group; (ii) the interest income to be received by the Group; and (iii) the credit and repayment ability of the Borrower and its guarantor. On 29 June 2022, the parties agreed to extend the repayment date of the loan to 27 April 2023 (the "**Renewed Loan**"). Before extending the Renewed Loan, the Company has performed certain works to assess the credit risk and repayment ability of the Borrower and the guarantors and such works included (i) obtaining and reviewing the latest management accounts of the Borrower then available; (ii) understanding the updated business, operation and forecast of the Borrower; (iii) obtaining and reviewing certain current business contracts of the Borrower and the guarantors; and (iv) conducting updated background and corporate searches of the Borrower and the guarantors.

During the year ended 30 June 2024, the Borrower settled RMB20 million and HK$15 million after the maturity date on 27 April 2023. Since then, the Group had not received further payments of the remaining principal amount of approximately RMB145.7 million. Pursuant to the civil mediation agreement of the Intermediate People's Court, Zhengzhou City, Henan Province, the PRC ((2024) Yu 01 Ming Chu No.1611*) ((2024) 豫01民初1611號《民事調解書》), the Borrower shall pay the Group the principal of RMB5 million and RMB10 million before 31 December 2025 and 30 June 2026, respectively. Then the Borrower shall pay RMB15 million each before 31 December 2026, 30 June 2027, 31 December 2027, 30 June 2028, 31 December 2028, 30 June 2029 and 31 December 2029, respectively. Before 30 June 2030, the Borrower shall pay to the Group the principal of RMB25,675,000, interest of approximately RMB39,625,000 and case handling fee of approximately RMB484,000. If the Borrower can repay the principal and the case handling fee in full and on time according to the above schedules; the interest of approximately RMB39,625,000 will be waived by the Group.

Since the Borrower failed to settle the first scheduled payment on time, i.e., to repay the principal of RMB5 million before 31 December 2025, the Group applied to the People's Court for compulsory execution in January 2026 in accordance with the following: (i) the principal and interest owed by the Borrower (the interest includes approximately RMB39,625,000 and that calculated based on the unpaid principal at an annual interest rate of 3.1% from 18 December 2024 (the next day of prosecution date) to the actual repayment date) and the case handling fee; (ii) the PRC subsidiary has the right to receive priority compensation for the proceeds from the discount, auction, or sale of one of the guarantors' 25% equity interest in Zhengzhou Jiachao within the scope of the Renewed Loan involved in the case; and (iii) the guarantors assume joint and several liability for the Renewed Loan involved in the case of the Borrower. The case entered the property investigation and control stage. After exhaustive investigation measures by the Court, including online asset searches and enquiries with relevant local courts, no executable assets of material value were identified. On 29 May 2026, the People's Court issued an execution ruling terminating the current execution procedure, confirming that the debtors had no property available for enforcement at that time.

* *For identification purpose only*

MANAGEMENT DISCUSSION AND ANALYSIS

The Renewed Loan had not been settled on its maturity date; hence, the Borrower was considered to be in default as of 27 April 2023, and the relevant loan receivable was transferred to stage 3 during the year ended 30 June 2023, where lifetime expected credit loss was recognised. Notwithstanding the People's Court's ruling, the Group has continued to maintain a full impairment on the loan receivable as a matter of financial prudence. The Group retains the legal right to enforce the full debt amount and to exercise its secured guarantees should any recoverable assets of the Borrower or the guarantors be identified in the future, and will continue to monitor the position.

Please also refer to the announcements of the Company dated 28 April 2021, 13 May 2021, 19 November 2021, 27 May 2022, 29 June 2022, 23 February 2023, 6 December 2023 and 10 December 2024, as well as the circular of the Company dated 12 August 2022 for details.

On 16 June 2026, (i) a wholly owned subsidiary of the Group (the "**Lender**"), entered into the Shareholder Loan Agreement (the "**Shareholder Loan Agreement**") with a company incorporated in Korea with limited liability which the Group held 17.9% equity interests (the "**Borrower 1**"), pursuant to which the Lender has agreed to provide a loan in favour of the Borrower 1 in the principal amount of US$8,986,000 (equivalent to approximately HK$70,405,000) (the "**Shareholder Loan**") for a term of five years after the date (the "**Advance Date**") on which the Shareholder Loan was made at an interest rate of 15% per annum; and (ii) a company incorporated in Hong Kong with limited liability has executed a deed of guarantee in favour of the Lender as security for the repayment obligations of the Borrower 1 under the Shareholder Loan Agreement. As at year end, approximately US$4,089,000 (equivalent to approximately HK$32,154,000) has been drawn down. Up to the date of this report, the principal amount of US$8,986,000 (equivalent to approximately HK$70,405,000) has been fully drawn down by the Borrower 1. An allowance for expected credit loss on this loan receivable of approximately HK$303,000 was recognised for the year ended 30 June 2026 (2025: Nil). Pursuant to the terms and conditions of the Shareholder Loan Agreement, Borrower 1 shall repay (i) the interest on the last business day of each calendar quarter following the Advance Date; and (ii) the principal amount of the Shareholder Loan together with all unpaid interest on the maturity date, being the date falling five years after the Advance Date. The Group will continue to monitor the implementation of the repayment schedule. The Group considers this investment to be an extension of its property operating business and a commencement of its data centre business.

Furthermore, another loan receivable with a remaining principal of HK$6,300,000 was repaid during the year. The remaining outstanding principal and interest were subsequently settled by way of an offset arrangement against the bonds held by guarantor. As at 30 June 2026, the principal and interest had been fully settled.

Dividend
The Board does not recommend the payment of a final dividend for the year ended 30 June 2026 (2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

FUTURE PLANS AND PROSPECTS

With a steadfast focus on achieving optimal outcomes for all stakeholders, the Group continues to broaden its income streams outside conventional property management. Through the targeted allocation of material resources, the Group is capturing new, high-growth business opportunities to insulate the Group from cyclical real estate fluctuations and ensure consistent, long-term asset appreciation.

The Group will continue to provide rental, management and operating services to a broader base of tenants across different types of properties and locations. Building on the properties already under lease and in operation, the Group persists in upgrading the tenant mix by introducing more popular brands and diversifying tenant types to meet the needs and interests of customers of different ages and backgrounds. To this end, the Group conducts large-scale marketing and promotion activities during eastern and western festivals to raise the popularity of the shopping malls; participates in food exchange forums each year through food and beverage suppliers of the industrial park to enhance their marketability and professionalism; provides small advertising spaces and spray-painted banners in the industrial park; pays close attention to merchants' operations; assists key merchants in a timely manner; and follows market trends so that appropriate management decisions can be made promptly, thereby generating a stable stream of income and consistent cash flow for the Group.

The world keeps changing due to geopolitical tensions, regulatory changes and movable interest rate environment, and the global economy in the coming year would still be highly variable and its pace of recovery from economic uncertainties continues to fluctuate. This poses a tremendous challenge to the Group. Nevertheless, the Group has been striving to use all its resources on hand flexibly to cope with the difficulties and remains committed to navigating the complex geopolitical and economic landscape effectively. Leveraging the Group's current strategic plan and established strengths, experience and foresight, the Group continues to seize opportunities to penetrate different areas of the property operating market, explore other new market potentials and increase profit margin.

The Group will continue to deploy its resources on the property operating business including but not limited to (i) apart from the current caliber management and competent employees of its subsidiaries, recruit more candidates with high-caliber and experience in property operating business; (ii) explore suitable properties to expand and change the Group's property management and operating portfolio; and (iii) keep implementing conservative and stringent cost control policies to maintain sufficient working capital and alleviate the financial pressure on the property operating business by imposing control over operating costs and capital expenditures and strengthening accounts receivable management.

According to the National Bureau of Statistics, the gross domestic product of the PRC in the first half of 2026 was approximately RMB69,570.4 billion, representing a year-on-year increase of approximately 4.7% at constant prices, within the official full-year growth target range of approximately 4.5% to 5%. The value added of the tertiary industry increased by approximately 5.2% year on year and contributed approximately 66.1% to economic growth. In the same period, the total retail sales of goods and services increased by approximately 2.7% year on year, of which retail sales of services increased by approximately 5.3%. The PRC government has continued to implement policies to expand domestic demand and promote consumption. Although the recovery in goods retail remains moderate, the relatively firmer growth in services consumption is expected to provide a more supportive backdrop for the Group's shopping malls and industrial park.

MANAGEMENT DISCUSSION AND ANALYSIS

During the year, the Group acquired approximately 17.90% of the issued share capital of Edgeon. Edgeon has entered into a real estate sale and purchase agreement and a business right sale and purchase agreement, pursuant to which Edgeon has agreed to acquire, among others, (i) the Land and the buildings situated thereon; and (ii) the project rights in the Project and intends to develop and position the Project as a hyperscale data centre with a contracted power capacity of 270,000 KVA (equivalent to approximately 200MW), targeting global cloud service providers, artificial intelligence (AI) enterprises, and large internet and technology companies as its core customers. The Project leverages Busan's strategic position as an international digital hub connecting Asia, Europe and the United States, and is expected to capture the growing demand for AI computing capacity, cloud services and high-density data processing in the region. This investment marks the Group's formal entry into the data centre business sector, representing a new growth driver for future development. In September 2026, the Group recorded further acquisition and a deemed disposal of equity interests in Edgeon resulted from its issuance of new shares. The further acquisition could maintain the Group's equity interest in Edgeon, in particular taking into account the dilution of shareholding resulted from the share issuance, and thus the Group's share of its profit, which is in line with the Group's scheduled plan and development strategy. In respect of the share issuance, as Edgeon requires sufficient working capital to proceed with the Project, the share issuance is expected to improve the cashflows and/or the debt level of Edgeon, thereby supporting its business operation.

Looking forward, the Group will continue to strengthen its property operating business by enhancing the value and economic returns of its existing leased properties, optimising its portfolio of operating properties, and diversifying its business when opportunities arise. The Group remains committed to pursuing diversified business development, with a view to broadening its income sources, diversifying risks and creating sustainable long-term value for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2026, the Group had net current liabilities and total assets less current liabilities of approximately HK$133,204,000 (2025: HK$103,396,000) and HK$583,072,000 (2025: HK$429,745,000), respectively. The Group had maintained its financial position by financing its operations with internally generated resources and issue of bonds. As at 30 June 2026, the Group had cash and bank deposits (excluding restricted bank balances of approximately HK$20,093,000) of approximately HK$52,889,000 (2025: HK$44,404,000). The current ratio of the Group was approximately 48.0% (2025: 41.1%).

Total equity of the Group as at 30 June 2026 was approximately HK$52,115,000 (total equity in 2025: HK$32,529,000). As at 30 June 2026, the Group had no banking facilities (2025: Nil). In addition, two bonds (2025: two bonds) and a borrowing amounted to approximately HK$7,895,000 and HK$40,000,000 respectively (2025: HK$10,005,000 and Nil) in aggregate, measured at amortised cost, were arranged with two (2025: one) independent third parties. The gross debt gearing ratio (i.e. bonds and borrowing divided by shareholders' fund) was approximately 91.9% (2025: 30.8%). The substantial shareholders have agreed to provide the Company with sufficient financial support to enable the Company to meet its obligations to third parties as and when they fall due and to continue as a going concern.

Though the return of funds has slowed down since 2020 as a result of the pandemic, the Group still has maintained and will continue to maintain a reasonable amount of working capital on hand in order to maintain its financial position, and sufficient resources are expected to be generated from its business operations and financial support from the substantial shareholders of the Company in meeting its short-term and long-term obligations.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCING

As at 30 June 2026, the Group had no banking facilities (2025: Nil). In addition, two bonds (2025: two bonds) and a borrowing denominated in Hong Kong dollars and amounted to approximately HK$7,895,000 and HK$40,000,000 respectively (2025: HK$10,005,000 and Nil) in aggregate, measured at amortised cost, were arranged with two (2025: one) independent third parties.

The Board believes that the existing financial resources will be sufficient to meet future expansion plans and, if necessary, the Group will be able to obtain additional financing with favourable term.

CAPITAL STRUCTURE

As at 30 June 2026, the share capital of the Company comprised ordinary shares only.

FOREIGN EXCHANGE RISK AND INTEREST RATE RISK

During the year ended 30 June 2026, the Group was not subject to any significant foreign exchange risk as most of its transactions were denominated in RMB and USD. Hence, no financial instrument for hedging was employed.

The Board monitors interest rate change exposure and may consider a hedging policy should the need arise.

CHARGE ON GROUP'S ASSETS

As at 30 June 2026, the Group did not pledge any assets to any banks or financial institutions (2025: Nil).

CAPITAL EXPENDITURE

During the year ended 30 June 2026, the Group invested approximately HK$190,000 (2025: HK$2,652,000) in property, plant and equipment, all was used for purchase of office equipment.

As at 30 June 2026, the Group had no capital commitments in property, plant and equipment (2025: Nil).

STAFF POLICY

The Group had 164 employees altogether in the PRC and Hong Kong as at 30 June 2026. For the year ended 30 June 2026, the total staff cost of the Group amounted to approximately HK$21,055,000 (for the year ended 30 June 2025: approximately HK$19,650,000), including pension and housing fund. The Group offers comprehensive and competitive remuneration, retirement schemes and benefit package to its employees. A discretionary bonus is offered to the Group's staff depending on their performance. The Group is required to make contribution to a social insurance scheme in the PRC. Moreover, the Group and its employees in the PRC are required to make respective contribution to fund the endowment insurance, unemployment insurance, medical insurance, employees' compensation insurance and birth insurance at the rates specified in the relevant PRC laws and regulations. The Group has adopted a provident fund scheme as required under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for its employees in Hong Kong.

The Group also provides periodic internal training to its employees.

Three independent non-executive Directors are appointed by the Company for a term of one year commencing from 26 March, 25 July and 19 September each year respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

PENDING LITIGATION
Please refer to note 42 to the consolidated financial statements for details.

CONTINGENT LIABILITIES
Save as disclosed in note 26 and note 42 to the consolidated financial statements, the Group and the Company did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS HELD
Save as disclosed in this annual report, the Company did not hold any significant investments during the year ended 30 June 2026.

MATERIAL ACQUISITIONS AND DISPOSALS
The Company has no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 30 June 2026.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS
The Company did not have any existing plan for acquiring other material investments or capital assets as of the date of this report.

DIRECTORS

EXECUTIVE DIRECTORS

Mr. Su Peixin (蘇培欣), aged 36, was appointed as an Executive Director and the Chairman of the Company in August 2024 and November 2024, respectively and is responsible for the Group's operation. Mr. Su has over 15 years of experience in the property development industry. Mr. Su worked for Fujian Quanzhuo Nanan City Xinyi Property Development Co., Ltd.* (福建泉州南安市鑫溢房地產開發有限公司) and served as the project vice-president and supervisor from May 2010 to December 2014, a director and the sales director from December 2014 to December 2018 and a director and the operation director from December 2018 to June 2021. Before joining the Company, Mr. Su worked for Hebei Hong Pu Real Estate Co., Ltd.* (河北鴻樸置業有限公司) as the chief executive officer from August 2021.

Dr. Wong Ho Yin (黃浩賢), aged 41, was appointed as an Executive Director and the Chief Executive Officer of the Company in November 2024 and is responsible for administration and finance of the Group. Dr. Wong is a certified financial consultant and has over 14 years of investment and capital market experience. Dr. Wong has acted as an IPO consultant and pre-IPO strategic investor for numerous listed companies and specializes in mergers and acquisitions during the years. From June 2017 to September 2021, he acted as investment director in China Fund Limited. From 28 November 2023 to 19 April 2024, he was an executive director in KNT Holdings Limited, a company listed on the Stock Exchange (stock code: 1025).

Mr. Yao Linying (姚霖穎), aged 40, was appointed as an Executive Director of the Company in June 2024 and is responsible for screening, reviewing, research and analysis of the Company's external investment projects, and post-investment management and follow-ups. Mr. Yao has over 11 years of experience in investments area. Mr. Yao graduated from Coventry University in the United Kingdom with a master's degree in business administration in global financial services in November 2012.

Mr. Du Zhenluan (杜振鑾), aged 53, was appointed as an executive Director with effect from 28 January 2026. He obtained his bachelor's degree in accounting from the Xi'an University of Technology in July 1999. From July 1999 to May 2002, he served as a software development engineer at Fujian Boshi E-Government Technology Co., Ltd.* (福建博思電子政務科技有限公司) (formerly known as Fujian Huaxing Accounting & Computer Co., Ltd.* (福建華興財會電腦有限責任公司), Fujian Huaxing Technology Co., Ltd.* (福建華興科技有限責任公司)). From May 2002 to December 2015, he held several positions at Fuzhou Huaguan Knitting and Spinning Co., Ltd.* (福州華冠針紡織品有限公司), including accounting supervisor and finance manager. He also served as the chief financial officer at Zhengzhou Jiachao Property Services Co., Ltd.* (鄭州佳潮物業服務有限公司), and Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司), a wholly-owned subsidiary of the Company, from January 2016 to March 2021, and from April 2021 to January 2022, respectively. Since February 2022, Mr. Du has served as the chief financial officer at Zhengzhou Jinfu Commercial Management Co., Ltd.* (鄭州金福商業管理有限公司), a wholly-owned subsidiary of the Company.

* *For identification purpose only*

DIRECTORS

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chong Hon Wang (莊瀚宏), aged 52, was appointed as an Independent Non-executive Director in July 2024. Mr. Chong currently is a Certified ESG Planner certified by the International Chamber of Sustainable Development as well as a Chartered Tax Adviser from The Taxation Institute of Hong Kong. Mr. Chong also holds the Certified Public Accountant (Practising) Certificate issued by the Accounting and Financial Reporting Council. Mr. Chong obtained a Bachelor's degree of Arts in Accountancy from the Hong Kong Polytechnic University in 1996, followed by his study as an External Student with a Master's degree of Science in Financial Management from the University of London in 1998. Mr. Chong was also granted a Bachelor's degree of Laws from Tsinghua University in China in 2005. Mr. Chong has over 28 years of experience in auditing and accounting services.

Ms. Chuang Yin Lam (莊賢琳), aged 36, was appointed as an Independent Non-executive Director in March 2025. Ms. Chuang has over 10 years of experience in corporate advisory and business development. She joined Computershare Hong Kong Investor Services Limited ("**Computershare**") in 2014. As at the date of this report, she is taking up a dual role in Georgeson LLC, associated company of Computershare, as Senior Manager and Personal Assistant to Global Chief Operating Officer, Georgeson. Ms. Chuang was independent non-executive director of Differ Group Auto Limited (Stock code: 6878), a company whose shares are listed on the Main Board of the Stock Exchange from 15 May 2023 to 19 March 2025.

Ms. Wang Yuqin (王玉琴), aged 71, was appointed as an Independent Non-executive Director in September 2021. Ms. Wang had over 25 years of experience in accounting before her retirement in May 2006. Ms. Wang obtained a graduation certificate in Accounting from Henan Finance and Economics Academy* (河南財經學院) (now known as Henan University of Economics and Law* (河南財經政法大學)). Ms. Wang was the finance manager of Henan Songyue Group Zhengzhou Yufeng Textile Co., Ltd.* (河南嵩岳集團鄭州豫豐紡織有限公司) ("**Yufeng**") from 1982 to 1996 and the financial controller of Yufeng from 1996 to 2006.

* *For identification purpose only*

DIRECTORS' REPORT

The Directors present the annual report and the audited consolidated financial statements of the Group for the year ended 30 June 2026.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The activities of its principal subsidiaries as at 30 June 2026 are set out in note 39 to the consolidated financial statements.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including a description of the principal risks and uncertainties facing by the Group and an indication of likely future development in the Group's business, can be found in the Chairman's Statement and Management Discussion and Analysis set out on pages 3 to 16 of this annual report. This discussion forms part of this Directors' report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 June 2026 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 53 to 54.

The Directors do not recommend the payment of a final dividend for the year ended 30 June 2026 (2025: Nil).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 163 of the annual report.

INVESTMENT PROPERTIES

Details of movements during the year ended 30 June 2026 in investment properties of the Group are set out in note 18 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group during the year ended 30 June 2026 are set out in note 16 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements during the year in the share capital of the Company are set out in note 34 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

Details of movements in reserves and changes in equity of the Company during the year ended 30 June 2026 are set out in note 38 to the consolidated financial statements.

DIRECTORS' REPORT

DIRECTORS

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

Executive directors (each an "Executive Director"):
Mr. Su Peixin
Dr. Wong Ho Yin
Mr. Yao Linying
Mr. Du Zhenluan (appointed with effect from 28 January 2026)
Mr. Chen Jinyan (resigned with effect from 23 January 2026)

Independent Non-executive Directors (each an "Independent Non-executive Director"):
Mr. Chong Hon Wang
Ms. Chuang Yin Lam
Ms. Wang Yuqin

In accordance with Articles 86 and 87 of the Articles of Association of the Company, Dr. Wong Ho Yin and Ms. Chuang Yin Lam will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Mr. Su Peixin has entered into a service agreement with the Company for a fixed term of one year commencing from 21 August 2025 and expiring on 20 August 2026 (both days inclusive), and subject to mutual agreement, his appointment will continue thereafter. Dr. Wong Ho Yin has entered into a service agreement with the Company for a fixed term of one year commencing from 5 November 2025 and expiring on 4 November 2026 (both days inclusive), and subject to mutual agreement, his appointment will continue thereafter. Mr. Yao Linying has entered into a service agreement with the Company for a fixed term of one year commencing from 24 June 2025 and expiring on 23 June 2026 (both days inclusive), and subject to mutual agreement, his appointment will continue thereafter. Mr. Du Zhenluan has entered into a service agreement with the Company for a fixed term of one year commencing from 28 January 2026 and expiring on 27 January 2027 (both days inclusive), and subject to mutual agreement, his appointment will continue thereafter.

Mr. Su Peixin's service agreement, Dr. Wong Ho Yin's service agreement and Mr. Yao Linying's service agreement can be terminated by either party by giving one month's prior written notice. Mr. Du Zhenluan service agreement can be terminated by either party by giving three months' prior written notice.

Each of the Independent Non-executive Directors entered into service agreements with the Company for a term of one year. Either the Company or Mr. Chong Hon Wang and Ms. Chuang Yin Lam, the Independent Non-executive Directors, may terminate the appointment by giving the other a prior notice of one month in writing before its expiration. Either the Company or Ms. Wang Yuqin, the Independent Non-executive Director, may terminate the appointment by giving the other a prior notice of two months in writing before its expiration.

Other than as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service agreement with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 30 June 2026, none of the Directors, chief executives or their associates had any interest or short positions in any shares or underlying shares of the Company or any of its associated corporations.

ARRANGEMENT TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share options" below, at no time during the year was the Company, its holding company, or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance, to which the Company, its holding company or any of its subsidiaries 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 ended 30 June 2026.

MANAGEMENT CONTRACTS

No contracts, other than a contract of service with any director or any person engaged in the full-time employment of the Company, 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 ended 30 June 2026.

RELATED PARTY TRANSACTIONS

Details of the related party transactions are set out in note 36 to the consolidated financial statements. Those related party transactions constituted exempt connected transactions under the Listing Rules. The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules during the year ended 30 June 2026.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The remuneration committee makes recommendations to the Board on the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular monitoring by the remuneration committee to ensure that the levels of their remuneration and compensation are appropriate.

The remuneration payable to the senior management (excluding Directors) of the Company for the year ended 30 June 2026 is set out in the following table by band:

Bands	Number of Individuals
Nil to HK$1,000,000	1
HK$1,000,001 to HK$1,500,000	1

Further details of the Directors' emoluments and the top five highest paid employees required to be disclosed under Appendix D2 of the Listing Rules are set out in Note 13 to the consolidated financial statements.

SUBSTANTIAL SHAREHOLDERS

As at 30 June 2026, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed in the section headed "Directors' interests in shares and underlying shares" above, the following shareholders had notified the Company of relevant interests in the issued share capital of the Company.

DIRECTORS' REPORT

Long positions – Ordinary shares of HK$0.01 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
SPR Trust Limited	Trustee of a trust	541,280,000	20.13%

Other than disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2026.

SHARE OPTIONS

At the annual general meeting ("**AGM**") of the Company held on 22 November 2013, a share option scheme of the Company (the "**Share Option Scheme**") was adopted on 23 November 2013 upon expiry of the share option scheme adopted by the Company on 10 September 2003, and effective for a period for 10 years. At the AGM held on 23 November 2023, a new share option scheme of the Company (the "**New Share Option Scheme**") was adopted upon expiry of the Share Option Scheme, and effective for a period for 10 years. The Share Option Scheme expired on 22 November 2023. However, share options granted under the Share Option Scheme before its expiry date will remain valid, subject to the same terms and conditions.

Share Option Scheme

Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is (i) to encourage the eligible participants (as defined below) to optimise their performance and work for the benefit of the Group; and (ii) to attract and retain or otherwise maintain ongoing relationships with eligible participants whose contributions are or will be beneficial to the long-term growth of the Group.

Eligible participants of the Share Option Scheme

(i) Any employee (whether full time or part time) of the Company, any of its subsidiaries or any entity (the "**Invested Entity**") in which the Group holds any equity interest, including any Executive Director of the Company, any of such subsidiaries or any Invested Entity; (ii) any non-executive directors (including Independent Non-executive Directors) of the Company, any subsidiaries or any Invested Entity; (iii) any supplier of goods or services to any member of the Group or any Invested Entity; (iv) any customer of the Group or any Invested Entity; (v) any consultants, advisers, managers, officers who provide research, development, other technological support or services to the Group or any Invested Entity; and (vi) any shareholder or 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 are eligible to participate in the Share Option Scheme.

Maximum number of options available for grant

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall be subject to a maximum limit of 10% of the shares in issue on 22 November 2013, the date on which the Share Option Scheme is conditionally adopted and approved by the shareholders at the AGM, which is 104,060,258 shares.

As the Share Option Scheme expired on 22 November 2023, no further options could be offered or granted thereunder and thereafter. As at the date of this annual report, no share is available for issue under the Share Option Scheme.

DIRECTORS' REPORT

Maximum entitlement of each eligible participant
The total number of shares issued and which may fall to be issued upon exercise of any option which may be granted and any options or awards which may be granted under any other share option scheme and share award scheme of the Group (including both exercised or outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) to each grantee in any 12-month period up to and including the date of such grant shall not exceed 1% of the issued share capital of the Company for the time being.

Where any grant of options to a substantial shareholder or an Independent Non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding but excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue and having an aggregate value in excess of HK$5 million based on the official closing price of the shares at the date of each grant. Such grant of options must be approved by shareholders in a general meeting with the grantee, his associates and all connected (as defined in the Listing Rules) persons of the Company to abstain from voting in favour at such general meeting.

Vesting period
Generally, an option must be held by the grantee for at least 12 months before the option can be exercised. The Board (or the remuneration committee of the Company where it relates to grants of options to an employee participant who is a Director) may at its discretion grant a shorter vesting period to an employee participant.

The Board may determine and set any performance targets, which shall be stated in the offer to the grantee, to be attained before the exercise of an option granted to the grantee as the Board may think fit.

Exercise period
An option may be exercised at any time during a period to be determined and notified by the Directors to the grantee but in any event shall not be more than ten (10) years from the offer date of that option.

Time of acceptance and vesting of the option
An offer may be accepted within a period of up to 21 days from the date, which must be a business day, on which the offer is made and a consideration of HK$1.00 must be paid upon acceptance.

Basis of determining the subscription price for shares
The subscription price in respect of any option shall, subject to any adjustments in the Share Option Scheme not be less than the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant;

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

DIRECTORS' REPORT

Remaining life of the Share Option Scheme
The Share Option Scheme commenced on 23 November 2013 and expired on 22 November 2023. Options granted under the Share Option Scheme may be exercised at any time from the grant date until the 10th anniversary of the grant date. As at 30 June 2026 and the date of this annual report, there were no (30 June 2025: 26,850,000) outstanding options granted under the Share Option Scheme.

New Share Option Scheme
Purpose of the New Share Option Scheme
The purposes of the New Share Option Scheme are (i) to enable the Company to grant share options to the eligible participants (as defined below) as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interest of the grantees with those of the shareholders to promote the long-term financial and business performance of the Company.

Eligible participants of the New Share Option Scheme
(i) Any Directors and employees of the Group (including persons who are granted options under the New Share Option Scheme as an inducement to enter into employment contracts with any member of the Group); and (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company are eligible to participate in the New Share Option Scheme.

Maximum number of options available for grant
The total number of shares which may be issued upon exercise of all options to be granted under the New Share Option Scheme shall be subject to a maximum limit of 10% of the shares in issue on 23 November 2023, the date on which the New Share Option Scheme is conditionally adopted and approved by the shareholders at the AGM, which is 268,880,516 shares.

The number of options available for grant under the New Share Option Scheme at the beginning and the end of the financial year ended 30 June 2026 was 268,880,516 shares, representing approximately 10% of the total number of shares in issue on 30 June 2026 and the date of this annual report. As at 30 June 2026 and the date of this annual report, no share options were granted under the New Share Option Scheme and there were no shares that may be issued in respect of options granted during the year ended 30 June 2026 and up to the date of this annual report.

As at the date of this annual report, 268,880,516 shares are available for issue under the New Share Option Scheme, representing approximately 10% of the total number of shares in issue.

Maximum entitlement of each eligible participant
The total number of shares issued and which may fall to be issued upon exercise of any option which may be granted and any options or awards which may be granted under any other share option scheme and share award scheme of the Group (including both exercised or outstanding options but excluding any options and awards lapsed in accordance with the terms of the scheme) to each grantee in any 12-month period up to and including the date of such grant shall not exceed 1% of the issued share capital of the Company for the time being.

DIRECTORS' REPORT

Where any grant of options to a substantial shareholder or an Independent Non-executive Director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding but excluding any options and awards lapsed in accordance with the terms of the scheme) to such person in the 12-month period up to and including the date of such grant representing in aggregate over 0.1% of the shares in issue. Such grant of options must be approved by shareholders in a general meeting with the grantee, his associates and all core connected persons of the Company to abstain from voting in favour at such general meeting.

Vesting period
Generally, an option must be held by the grantee for at least 12 months before the option can be exercised. The Board (or the remuneration committee of the Company where it relates to grants of options to an employee participant who is a Director) may at its discretion grant a shorter vesting period to an employee participant.

The Board may determine and set any performance targets, which shall be stated in the offer to the grantee, to be attained before the exercise of an option granted to the grantee as the Board may think fit.

Exercise period
An option may be exercised at any time during a period to be determined and notified by the Directors to the grantee but in any event shall not be more than ten (10) years from the offer date of that option.

Time of acceptance and vesting of the option
An offer may be accepted within a period of up to 21 days from the date, which must be a business day, on which the offer is made and a consideration of HK$1.00 must be paid upon acceptance.

Basis of determining the subscription price for shares
The subscription price in respect of any option shall, subject to any adjustments in the New Share Option Scheme not be less than the highest of:

(i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant;

(ii) the average closing price of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of grant; and

(iii) the nominal value of a share.

Remaining life of the New Share Option Scheme
The New Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the New Share Option Scheme is adopted, i.e. 23 November 2023. Options granted under the New Share Option Scheme (if any) may be exercised at any time from the grant date until the 10th anniversary of the grant date.

The following table disclosed movements in the Company's share options during the year:

Grantee	Date of grant	Exercise period	Exercise price *HK$*	Outstanding as at 1.7.2025	Granted during the year	Exercised during the year	Lapsed/ cancelled during the year	Forfeited during the year	Outstanding as at 30.6.2026
Employees	15.1.2018	15.1.2018 to 14.1.2028	0.430	26,850,000	–	–	–	**(26,850,000)**	–
Granted Total				26,850,000	–	–	–	**(26,850,000)**	–

DIRECTORS' REPORT

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). The Company considers that all of the independent non-executive Directors are independent.

CHANGE IN INFORMATION OF DIRECTOR

Pursuant to Rule 13.51B(1) of the Listing Rules, the change in information of Director are set out below:

(1) Mr. Chen Jinyan has resigned as an Executive Director with effect from 23 January 2026; and

(2) Mr. Du Zhenluan was appointed as an Executive Director with effect from 28 January 2026.

So far as the Directors are aware and save as disclosed in this annual report, there has been no other change of information of Directors since the publication of the interim report for the six months ended 31 December 2025 up to the date of this annual report pursuant to Rule 13.51B(1) of the Listing Rules.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 30 June 2026, the aggregate sales attributable to the Group's five largest customers accounted for 9% (2025: 53%) of the Group's total sales and the sales attributable to the Group's largest customer were approximately 3% (2025: 38%) of the Group's total sales. The aggregate purchases during the year attributable to the Group's five largest suppliers accounted for 47% (2025: 72%) of the Group's total purchases and the purchases attributable to the Group's largest supplier were approximately 14% (2025: 60%) of the Group's total purchases.

None of the Directors, their associates or any shareholders of the Company which, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had any interest in any of the five largest customers or suppliers of the Group.

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

During the year ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares). As of 30 June 2026, the Company did not hold any of treasury shares.

PRE-EMPTIVE RIGHTS

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

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles of Association of the Company, every Director shall be entitled to be indemnified by the Company out of the assets of the Company against all costs, charges, losses, damages and expenses which he/she may sustain or incur or about the execution and discharge of his/her duties or in relation thereto. The Company has arranged appropriate Directors' and Officers' liability insurance coverage for the Directors and officers of the Company during the year ended 30 June 2026.

DIRECTORS' REPORT

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Board, who are authorised by the shareholders in the annual general meeting, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted share option schemes as an incentive to the Directors and eligible employees, details of these schemes are set out in note 35 to the consolidated financial statements for the year ended 30 June 2026.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there was a sufficient prescribed public float of the issued shares of the Company under the Listing Rules throughout the year ended 30 June 2026.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 28 to 45 of this annual report.

SOCIAL RESPONSIBILITIES AND ENVIRONMENTAL POLICIES

Information on the work done and efforts made by the Company on environmental protection and other aspects for the sustainable growth and development of the business of the Group is set out in the Environmental, Social and Governance Report.

EVENT AFTER THE REPORTING PERIOD

Change of Hong Kong Branch Share Registrar and Transfer Office

With effect from 1 October 2026, the Hong Kong branch share registrar and transfer office of the Company has been changed Union Registrars Limited at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong.

Please also refer to note 43 to the consolidated financial statements for details of other events after the reporting period.

Save as disclosed above and in note 43 to the consolidated financial statements, the Directors are not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2026 and up to the date of this report.

AUDITOR

Elite Partners CPA Limited has resigned as the auditor of the Company with effect from 20 August 2024 and the Board has resolved to appoint Peng Sheng CPA Limited as the auditor of the Company with effect from 20 August 2024, which subsequently resigned as the auditor of the Company with effect from 16 September 2024. The Board has further resolved to appoint Confucius International CPA Limited as the auditor of the Company with effect from 16 September 2024.

The consolidated financial statements of the Group for the year ended 30 June 2026 were audited by Confucius International CPA Limited who will retire at the conclusion of the forthcoming 2026 AGM. The Audit Committee recommended the re-election of Confucius International CPA Limited as the external auditor of the Group for the year ending 30 June 2027. A resolution will be proposed at the forthcoming 2026 AGM to re-appoint Confucius International CPA Limited as auditor of the Company for the year ending 30 June 2027. Save as disclosed above, there was no change of auditor of the Company in the preceding three years.

On behalf of the Board

Su Peixin
CHAIRMAN

Hong Kong, 30 September 2026

CORPORATE GOVERNANCE REPORT

The Group adheres to the purpose of "serving the country by industry", establishes the values of "integrity, dedication, teamwork, and win-win" and always adheres to the business development direction of making the industry bigger and stronger. At present, the Group has successfully cultivated its property operating through its current resources and strengths, both human and financial. Moreover, the Group is committed to achieving the best corporate governance practices as a listed company. The corporate governance policy aims to improve the accountability and transparency of the Group by regulating the Group's corporate governance practices. During the year ended 30 June 2026, the Group applied the principles and met the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

To enable shareholders to evaluate this application, the Board has actively maintained robust oversight structures, including:

- Strategic alignment: establishing a clear corporate strategy that prioritises long-term sustainable growth over short-term financial gains.
- Independent governance: ensuring a strong independent element on the Board (with at least one-third of the members being independent non-executive Directors ("**INED**")) to critically challenge and review management performance.
- Open communication: implementing effective channels for stakeholder engagement, including clear procedures for general meetings and transparent shareholder communication channels.

The Board believes that this application provides a sound framework that balances risk management with corporate opportunities, thereby protecting and enhancing long-term shareholder value.

BOARD OF DIRECTORS ("DIRECTORS")

The Board reviewed the effectiveness of the policy annually in order to ensure the adherence of the Group's culture and satisfied with its implementation and effectiveness. During the year under review, the composition of the Board, with at least one-third of which are INED, was as follows:

Name of Directors	Gender	Ethnicity	Age Group	Date of first appointment as director	Approx. Tenure as director as at 30 June 2026 (Number of Years)	Date of last election/ re-election by the Shareholders	Numbers of Other Listed Companies Directorship
Executive Directors							
Mr. Su Peixin *(Chairman)*	Male	Chinese	36	21 August 2024	1.90	2 December 2024	Nil
Dr. Wong Ho Yin *(Chief Executive Officer)*	Male	Chinese	41	5 November 2024	1.60	19 December 2025	Nil
Mr. Yao Linying	Male	Chinese	40	24 June 2024	2.00	19 December 2025	Nil
Mr. Du Zhenluan *(appointed on 28 January 2026)*	Male	Chinese	53	28 January 2026	0.40	N/A	Nil
Mr. Chen Jinyan *(resigned on 23 January 2026)*	Male	Chinese	58	1 September 2003	22.80	19 December 2025	Nil
INED							
Mr. Chong Hon Wang	Male	Chinese	52	25 July 2024	1.90	2 December 2024	Nil
Ms. Chuang Yin Lam	Female	Chinese	36	26 March 2025	1.30	19 December 2025	Nil
Ms. Wang Yuqin	Female	Chinese	71	19 September 2021	4.80	19 December 2025	Nil

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS ("DIRECTORS") *(Continued)*

Pursuant to Rule 3.09D of the Listing Rules, Mr. Du Zhenluan obtained legal advice on 28 January 2026. Mr. Du Zhenluan had confirmed that he understood his obligations as the Directors.

Each executive Director (the "**Executive Director(s)**") has sufficient experience to hold the position so as to carry out his/her duties effectively and efficiently.

Each INED has confirmed his/her independence with the Company and the Company considers that each of the INEDs to be independent under Rule 3.13 of the Listing Rules. Each INED was appointed either for a term of one year or three years. The Board members have no financial, business or other material/relevant relationships with each other.

Under Code Provision B.2.2, every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

The Board has effectively overseen and monitored the activities of the Company and the decisions were made in the best interests of the Company and its shareholders taken as a whole. During the year ended 30 June 2026, fourteen Board meetings were held and the attendance of all Directors at the Board meetings was as follows:

Name of Directors	Board Meetings	Annual General Meeting ("AGM")	Extraordinary General Meetings
Executive Directors			
Mr. Su Peixin	13/14	1/1	1/1
Dr. Wong Ho Yin	14/14	1/1	1/1
Mr. Yao Linying	13/14	1/1	1/1
Mr. Du Zhenluan *(Note 1)*	7/7	N/A	N/A
Mr. Chen Jinyan *(Note 2)*	5/5	1/1	1/1
INED			
Mr. Chong Hon Wang	14/14	1/1	1/1
Ms. Chuang Yin Lam	14/14	1/1	1/1
Ms. Wang Yuqin	14/14	1/1	1/1

Notes:

(1) Mr. Du Zhenluan was appointed as an Executive Director with effect from 28 January 2026.

(2) Mr. Chen Jinyan resigned as an Executive Director with effect from 23 January 2026.

The Board convened the Board meetings in performance of its duties, to consider, approve and review, inter alia,

- the interim review fee for the period ended 31 December 2025 and the annual audit fee for the year ended 30 June 2026;
- the adequacy of resources, qualifications and experience of staff for the Company's accounting and financial reporting function, and their training programmes and budget;
- publication of interim and annual results announcements;
- declaration, recommendation and payment of interim, final and special dividends;
- the internal control review report of the Company;
- the change of the Directors;

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS ("DIRECTORS") *(Continued)*

- the entering into of a lease agreement dated 27 August 2025 between Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (鄭州龍啟翔商業運營管理有限公司), as lessee, and China Orient Asset Management Co., Ltd. Anhui Branch* (中國東方資產管理有限公司安徽省分公司), as lessor, in relation the lease of a property situated at Unit -105, Unit 101, Unit 201 and Unit 529 of Block 1, Longhu Shopping Centre, located at No. 150 Shuanghu Avenue, Longhu Town, Zhengzhou City, Henan Province, the PRC;

- the entering into of a lease agreement dated 27 April 2026 between Zhengzhou Yichi Commercial Operation Management Co., Ltd.* (鄭州義尺商業運營管理有限公司), as lessee, and China Orient Asset Management Co., Ltd. Hainan Branch* (中國東方資產管理股份有限公司海南省分公司), as lessor, in relation the lease of a property situated at Level 1 with a gross floor area of 15,318.48 m^2 (Building Ownership Certificate no. 1601236964) of the Zone C Shopping Mall; and

- the entering into of a share purchase agreement dated 16 June 2026 between Arts Award Corporation (International) Limited, as purchaser, and Divine Consulting Group Limited, as seller, in relation to the sale and purchase 17.90% equity interests in Edgeon Data Co., Ltd ("**Edgeon**"), and the provision of shareholder's loan in the amount of US$8,986,000 to Edgeon.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors' training is an ongoing process and its purpose is to improve Directors' knowledge of, and performance in, business operations and compliance matters. During the year ended 30 June 2026, the Directors received regular updates and presentations on changes and developments to the Group's business and to the legislative and regulatory environments in which the Group operates. All Directors should attend relevant training courses and can be claimed at the Company's expense. Moreover, all Directors are required to provide the Company with their respective training records and acknowledgment of training attended. During the year ended 30 June 2026, all Directors had participated in the trainings for continuous professional development in the following manner in compliance with code provision C.1.4 of the CG Code:

Director	Corporate Governance & Directors' Duties	Listing Rules and Regulatory Developments	Corporate Governance & ESG Matters	Risk Management & Internal Controls	Industry Developments, Business Trends & Strategies	Mode of Training Undertaken	Total Training Hours
Executive Directors							
Su Peixin	✓	✓	✓	✓	✓	I, E, R (2.5/1.5/6)	10
Wong Ho Yin	✓	✓	✓	✓	✓	I, E, R (2.5/1.5/6)	10
Yao Linying	✓	✓	✓	✓	✓	I, E, R (2.5/1.5/6)	10
Du Zhenluan (note 1)	✓	✓	✓	✓	✓	I, E, R (2.5/2.5/2)	7
Chen Jinyan (note 2)	✓	✓	✓	✓	✓	I, E, R (2.5/2.5/1)	6
Independent Non-executive Directors							
Chong Hon Wang	✓	✓	✓	✓	✓	I, E, R (2.5/1.5/6)	10
Chuang Yin Lam	✓	✓	✓	✓	✓	I, E, R (2.5/1.5/6)	10
Wang Yuqin	✓	✓	✓	✓	✓	I, E, R (2.5/1.5/6)	10

✓ denotes that the relevant training area was covered by the Director during the year

Modes of training: I = internal training: participation in internal briefings or seminars provided by the Company; E = external training: online participation in briefings, seminars or lectures, or through online training provided by industry experts or regulatory bodies; R = reading of regulatory and other professional materials

* *For identification purpose only*

CORPORATE GOVERNANCE REPORT

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS *(Continued)*

Notes:

(1) Mr. Du Zhenluan was appointed as an Executive Director with effect from 28 January 2026.

(2) Mr. Chen Jinyan resigned as an Executive Director with effect from 23 January 2026.

Save for Mr. Du Zhenluan, all Directors have completed the required continuous professional development for the year ended 30 June 2026 in compliance with Rules 3.09F and 3.09G of the Listing Rules.

Mr. Du Zhenluan is a first-time Director (appointed with effect from 28 January 2026). During the year ended 30 June 2026, he completed 7 hours of training. In accordance with Rule 3.09H of the Listing Rules, he is required to complete no less than 24 hours of continuous professional development within 18 months from his appointment date (i.e. by 27 July 2027). The Company will ensure that he fulfils this requirement by the end of the prescribed period.

INDEPENDENT VIEWS

The Group has mechanisms to ensure independent views and input are available to the Board and such mechanisms will be reviewed annually by the Board, encouraging all Directors including INEDs to express their views in an open manner during the Board and Board committees meetings; All INEDs are also members of the board committees, thereby promoting the incorporation of diverse and independent perspectives into the Company's decision-making process.

In addition, all Directors, including INEDs, are entitled to seek further information and documentation from the management on the matters to be discussed at the Board meetings. They can also seek assistance from the company secretary (the "**Company Secretary**") and, where necessary, independent advice from external professional advisers at the Company's expense.

The Board considered the said mechanisms have been operating effectively.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for the preparation of the financial statements for each financial year, including financial position of the Company and the Group and of the financial performance and cash flows of the Group for the year ended 30 June 2026. The Directors ensure that the financial statements for the year ended 30 June 2026 were prepared in accordance with statutory requirements and applicable accounting standards, which were prepared on a going concern basis. Save as disclosed in note 3 to the consolidated financial statements, there are no other material uncertainties relating to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. It is the responsibility of the auditor to form an independent opinion on these statements and to report their opinion to the Group.

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of chairman and chief executive officer are segregated in order to ensure a balance of power and authority in the management of the Board and the day-to-day management of the business. Mr. Su Peixin is the Chairman of the Company and Dr. Wong Ho Yin is the Chief Executive Officer of the Company. The duties of the Chairman include:

(a) to ensure all Directors are properly briefed on issues arising at Board meetings;

(b) to ensure all Directors receive adequate information, which must be complete and reliable, in a timely manner;

CORPORATE GOVERNANCE REPORT

DISTINCTIVE ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER *(Continued)*

(c) to provide leadership to the Board;

(d) to hold a meeting with the INEDs without the presence of other Directors annually;

(e) to ensure appropriate steps have been taken to provide effective communication with shareholders, such as release of website announcements, circulars, interim and annual reports and holding of annual and extraordinary general meetings etc.;

(f) to ensure that good corporate governance practices and procedures are established; and

(g) to conform to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or other applicable laws, rules and regulations.

The duties of the Chief Executive Officer include:

(a) to be responsible for the day-to-day management of the Group's business;

(b) to develop strategies and policies for the Board's approval;

(c) to be responsible for the performance of the Group and the implementation of the Board's strategies and policies;

(d) to maintain effective systems of internal control and risk management;

(e) to ensure that proper financial records and accounts are kept; and

(f) to ensure all applicable laws, rules and regulations and other relevant statements of best practice are complied with.

OPERATION OF THE BOARD

The Board comprises of INEDs who are independent of and not related to each other and any members of the senior management. INEDs are members of all related committees. Separation of the role of the Chairman and the Chief Executive Officer ensures that there is a balance of power and authority. The Nomination Policy sets a maximum tenure of nine consecutive years for INEDs to be eligible for nomination by the Board to stand for re-election by shareholders. INEDs receive fixed fee(s) for their role as members of the Board. In assessing suitability of the candidates, the nomination committee will review their profiles, including their qualification and time commitment, having regard to the Board's composition, the Directors' skills matrix, the list of selection criteria approved by the Board, the Nomination Policy and the Board Diversity Policy.

In view of the existing strategic needs of the Company, the composition of the Board brings about the necessary balance of skills and experience appropriate for the requirements of the business development of the Company. In terms of the following:

(a) Embedding robust sustainability and corporate social responsibility (CSR) into property operations strategies:

The Company aims to develop, operate, and maintain properties that are innovative, high-quality, and environmentally responsible. This commitment supports long-term sustainable performance and value creation across its portfolio.

CORPORATE GOVERNANCE REPORT

OPERATION OF THE BOARD *(Continued)*

(b) Implementing a robust risk management framework and internal controls:

The Company oversees the implementation of a comprehensive risk management framework and internal control systems to ensure its corporate governance structure aligns with applicable laws, regulations, industry best practices, and emerging global standards relevant to property operations.

(c) Leveraging technology to enhance operational efficiency:

The Company utilises advanced technologies to improve resource efficiency, streamline property management processes, and enhance productivity across its operations supporting smarter decision-making and long-term performance.

The skills matrix below set out the skills and experience of the Board:

	Board Skills and Experience					
Name of Directors	**Property operating business**	**Mainland China operating practices and experience**	**Global knowledge business including Hong Kong**	**Accounting/ Finance/ Legal and Compliance/ Risk Management and Internal Controls**	**ESG and Corporate Sustainability**	**Technology (e.g. Artificial intelligence)**
Executive Directors						
Mr. Su Peixin	✓	✓	✓	✓	✓	✓
Dr. Wong Ho Yin	✓	✓	✓	✓	✓	✓
Mr. Yao Linying	✓	✓	✓	✓	✓	✓
Mr. Du Zhenluan *(note 1)*	✓	✓	✓	✓	✓	✓
Mr. Chen Jinyan *(note 2)*	✓	✓	✓	✓	✓	✓
INED						
Mr. Chong Hon Wang	✓	✓	✓	✓	✓	✓
Ms. Chuang Yin Lam	✓	✓	✓	✓	✓	✓
Ms. Wang Yuqin	✓	✓		✓	✓	✓

Notes:

(1) Mr. Du Zhenluan was appointed as an Executive Director with effect from 28 January 2026.

(2) Mr. Chen Jinyan resigned as an Executive Director with effect from 23 January 2026.

The principal roles of the Board are to oversee the Company's operation, administration and finance, to design and set corporate policies and development strategies and to implement and monitor the Company's business plans, such as property operating market expansion and tenant growth with delighting shoppers, while the senior management is responsible for the execution of the Board's decisions in order to achieve the Company's goals and objectives. The Board has separate and independent access to the senior management for collecting information on operation.

The Company has arranged appropriate liability insurance to indemnify the Directors for their liabilities arising out of corporate activities. The insurance coverage will be reviewed regularly to ensure its effectiveness and sufficiency.

CORPORATE GOVERNANCE REPORT

BOARD COMMITTEES OF THE COMPANY

The Board had established the audit committee, remuneration committee and nomination committee and their authorities and duties that stated in specific written terms of reference had been discussed and approved in the Board meeting.

AUDIT COMMITTEE

With specific written terms of reference, the audit committee of the Company (the "**AC**") comprises three members, all being INEDs; namely, Mr. Chong Hon Wang, Ms. Chuang Yin Lam, Ms. Wang Yuqin, Mr. Chong Hon Wang, who is a Certified ESG Planner certified by the International Chamber of Sustainable Development as well as a Chartered Tax Adviser from The Taxation Institute of Hong Kong and also holds the Certified Public Accountant (Practicing) Certificate issued by the Accounting and Financial Reporting Council, is the chairman of the AC. The AC's terms of reference are posted on the websites of the Company and the Stock Exchange.

The principal role and function of the AC are:

(a) in relation to the Company's auditor, to recommend the Board on its appointment, re-appointment and removal, remuneration and terms of engagement of the auditor, its independence, effectiveness of audit process, as well as nature and scope of audit and reporting obligations before the audit commences;

(b) to monitor the integrity of financial statements of the Group and the annual reports and interim reports focusing particularly on any changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from the audit, going concern assumptions and qualifications, compliance with accounting standards and the Listing Rules;

(c) to review and make recommendations of the Group's financial control, internal control and risk management systems;

(d) to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and management's response to these findings;

(e) where an internal audit function exists, to review the internal audit programme, ensure coordination between the auditors, and ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

(f) to discuss with the management the system of internal control and ensure that the management has discharged its duty to have an effective internal control systems;

(g) to review the auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(h) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter; and

(i) to review the Group's financial and accounting policies and practices.

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE *(Continued)*

In addition, the AC has been delegated by the Board to be responsible for performing the corporate governance duties that are listed as follows:

(a) to develop and review the Company's policies and practice on corporate governance and make recommendations to the Board;

(b) to perform the Company's corporate governance functions;

(c) to review and monitor the training and continuous professional development of directors and senior management of the Company;

(d) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

(e) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors of the Company; and

(f) to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

During the year ended 30 June 2026, two AC meetings were held and the attendance of its members was as follows:

Name of Directors	**Attendance**
Mr. Chong Hon Wang	2/2
Ms. Chuang Yin Lam	2/2
Ms. Wang Yuqin	2/2

The following is a summary of the work performed by the AC during the year ended 30 June 2026 in discharging its responsibilities and its duties set out in the CG Code:

- reviewed the annual report and interim report, focusing particularly on any changes in accounting policies and practices, major judgmental areas, significant adjustments resulting from audit, the going concern assumptions, compliance with accounting standard and compliance with the Listing Rules and the Hong Kong Companies Ordinance;

- assessed the changing environment and risk management system, reviewed the internal control policies and procedures of the Group and auditor's findings and opinion on the Group's risk management and internal control systems and considered that the risk management and internal control systems are effective and adequate. There is no immediate need to set up internal audit function within the Group and will review and consider establish such department when it thinks necessary;

- reviewed the adequacy of the resources, qualifications and experience of staff for the Group's accounting and financial reporting function, and their training programmes and budget and was satisfied with the adequacy;

- reviewed auditor's significant audit matters;

CORPORATE GOVERNANCE REPORT

AUDIT COMMITTEE *(Continued)*

- considered and approved the annual audit fee and interim review fee; and

- reviewed and monitored the auditor's independence and engagement to perform non-audit services and the interim review for the period ended 31 December 2025 before the Board meeting.

The chairman of the AC reports the findings and recommendations of the AC to the Board after each meeting. The AC had discussed with the auditor regarding the annual audit for the year ended 30 June 2026 and the interim review for the period ended 31 December 2025 before the Board meeting.

The Group's audited consolidated financial statements for the year ended 30 June 2026 have been reviewed by the AC, which was of the opinion that the preparation of such financial statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures have been made.

The AC considered that the existing proposed terms in relation to the appointment of the Group's auditors are fair and reasonable.

REMUNERATION COMMITTEE

With specific written terms of reference, all members of the remuneration committee of the Company (the "**RC**") are INEDs; namely, Mr. Chong Hon Wang, Ms. Chuang Yin Lam and Ms. Wang Yuqin. Mr. Chong Hon Wang, who is a Certified ESG Planner certified by the International Chamber of Sustainable Development as well as a Chartered Tax Adviser from The Taxation Institute of Hong Kong and also holds the Certified Public Accountant (Practicing) Certificate issued by the Accounting and Financial Reporting Council, is the chairman of the RC. The RC's terms of reference are posted on the websites of the Company and the Stock Exchange.

The role and function of the RC include making recommendations to the Board on the Company's policy and structure for all remuneration of key executives of the Company, proposing their specific remuneration packages by considering factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the Company's performance and ensuring that no Director or any of his/her associate(s) is involved in deciding his/her own remuneration. The RC performs an advisory role to the Board, with the Board retaining the final authority to approve key executives' remuneration. The RC also review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

REMUNERATION COMMITTEE *(Continued)*

The chairman of the RC reports the findings and recommendations of the RC to the Board after the meeting. During the year ended 30 June 2026, there was one RC meeting and the attendance of its members was as follows:

Name of Directors	Attendance
Mr. Chong Hon Wang	1/1
Ms. Chuang Yin Lam	1/1
Ms. Wang Yuqin	1/1

The work performed by the RC during the year ended 30 June 2026 included the review of the remuneration policy for this financial year and the remuneration of the Executive Directors and the INEDs.

NOMINATION COMMITTEE

With specific written terms of reference, all members of the nomination committee of the Company (the "**NC**") are INEDs; namely, Mr. Chong Hon Wang, Ms. Chuang Yin Lam and Ms. Wang Yuqin. Mr. Chong Hon Wang, who is a Certified ESG Planner certified by the International Chamber of Sustainable Development as well as a Chartered Tax Adviser from The Taxation Institute of Hong Kong and also holds the Certified Public Accountant (Practicing) Certificate issued by the Accounting and Financial Reporting Council, is the chairman of the NC. The NC's terms of reference are posted on the websites of the Company and the Stock Exchange.

The role and function of the NC include:

(a) to review the structure, size and composition (including the skills, knowledge, diversity and experience) of the Board at least annually, assist the Board in maintaining a Board skills matrix, and make recommendations to the Board regarding any proposed changes so as to complement the Company's corporate strategy;

(b) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships with due regard for the benefits of diversity on the Board with reference to the Board Diversity Policy;

(c) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and the chief executive officer of the Company, taking into account the Company's corporate strategy and the mix of skills, knowledge, experience and diversity needed in the future, together with the Board, as appropriate;

(d) to assess the independence of INEDs in accordance with the provisions of the Listing Rules and other relevant laws, rules and regulations;

(e) to review the Board Diversity Policy, to develop and review measurable objectives for implementing the Board Diversity Policy and to monitor the progress on achieving these objectives;

(f) where the Board proposes a resolution to elect an individual as an INED at the general meeting, the NC should set out in the circular to shareholders and/or explanatory statement accompanying the notice of the relevant general meeting why they believe he/she should be elected and the reasons why they consider him/her to be independent;

(g) to support the Company's regular evaluation of the Board's performance; and

(h) to assess each Director's time commitment and contribution to the Board, as well as the Director's ability to discharge his or her responsibilities effectively.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE *(Continued)*

The chairman of the NC reports the findings and recommendations of the NC to the Board after the meeting. During the year ended 30 June 2026, there was one NC meeting and the attendance of its members was as follows:

Name of Directors	Attendance
Mr. Chong Hon Wang	1/1
Ms. Chuang Yin Lam	1/1
Ms. Wang Yuqin	1/1

The NC also considered the contribution of each Director to the effectiveness of the Board, reviewed the attendance and participation of the Directors at the Board and Board meetings.

During the year ended 30 June 2026, the NC reviewed the structure, size, and diversity of the Board and the Board Diversity Policy so as to ensure that the Board's composition complies with the Listing Rules and reflects an appropriate mix of skills, experience, and diversity that are relevant to the Company's strategy, governance, and business and contribute to the Board's effectiveness and efficiency.

As at 30 June 2026, there were 2 female Directors in the Board which brought the female representation more than one-fourth of the Board. The Board targets to maintain at least the current level of female representation, with the ultimate goal of achieving gender parity. In considering the Board's succession, the NC would help identify potential candidates for Directors, as and when appropriate. The Board will continue to take opportunities to increase the proportion of minority gender of members over time as and when suitable candidates are identified.

Nomination Policy

The NC recommends candidates for nomination to the Board, which approves the final choice of candidates. The NC is responsible to maintain the nomination policy of the Company (the "**Nomination Policy**") and review the same regularly. The objective of the Nomination Policy is to provide guidance for the Company to fulfill its duties and responsibilities as provided in its terms of reference. This Nomination Policy sets out, inter alia, the selection criteria and the evaluation procedures in nominating candidates to be appointed or re-appointed as Directors of the Company.

The NC shall consider any and all candidates recommended as nominees for Directors to the committee by any Directors or shareholders of the Company in accordance with its Articles of Association. The NC may also undertake its own search process for candidates and may retain the services of professional search firms or other third parties to assist in identifying and evaluating potential nominees. The NC shall endeavour to find individuals of high integrity who possess the qualifications, qualities, skills, experience and independence (in case of INEDs) to effectively represent the best interests of all shareholders. Candidates will be selected for their ability to exercise good judgment, and to provide practical insights and diverse perspectives.

The NC may use any process it deems appropriate for the purpose of evaluating candidates including personal interviews, background checks, written submission by the candidates and third party references. As far as practicable, nominees for each election or appointment of Directors shall be evaluated using a substantially similar process. The NC shall review the Nomination Policy from time to time.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE *(Continued)*

Directors' Time Commitment and Contribution to the Board

The Company requires Directors to disclose to the Company, at the time of appointment and in a timely manner upon any change, the number and nature of offices held in public companies or organisations and other significant external time commitments. The NC and the Board take such disclosures into account when assessing whether each Director is able to devote sufficient time to the affairs of the Company and discharge his or her responsibilities effectively.

The NC reviewed and assessed each Director's commitment and contribution to the Board during the year ended 30 June 2026, and each Director's ability to discharge his or her responsibilities. By taking into account the following:

- Directors' skills and experience which are summarised in the Board skills matrix set out above;
- Each Director's role and positions at the Company and its subsidiaries, as well as his or her external directorships or offices in other listed companies or organisations and/or other significant external commitments; and
- Each Directors' attendance record at the Board and committee meetings of the Company and its subsidiaries during the year ended 30 June 2026,

the NC was of the view that each Director gave sufficient time and attention to the affairs of the Company and undertook his or her responsibilities effectively and made effective contributions to the Board during the year ended 30 June 2026.

BOARD PERFORMANCE REVIEW

Pursuant to Code Provision B.1.4 of the CG Code (effective from 1 July 2025), an issuer should conduct a formal evaluation of the board's performance at least every two years. As the amended CG Code applies for the first time to the year ended 30 June 2026, the Board considers it appropriate to conduct the first review in the second year of the two-year cycle, so as to allow sufficient time to develop a proper evaluation framework. Accordingly, no board performance review was conducted during the year ended 30 June 2026. The Board plans to conduct its first formal board performance review during the financial year ending 30 June 2027, and the scope of evaluation on the Board and the Board Committees' effectiveness is set out below:

(a) Board Composition (roles and responsibilities of the Board and the Board Committees)

(b) Information provided to the Board (timeliness, quality and accuracy of the information)

(c) Board Procedures (agenda setting, frequency and attendance, and committees functioning)

(d) Board Accountability (financial reporting and risk appetite of the Group)

(e) Working with the chief executive officer and Top Management of the Group (role Segregation and incentive plan or KPI)

(f) Standards of Conduct (conflicts of Interest and confidentiality)

An evaluation questionnaire will be provided to each Director who completes the same individually. The chairman of the Nomination Committee will make arrangements for the completed questionnaires be collated for review or discussion at the meeting of the Nomination Committee. The Board will then review the feedback collectively and decide and agree on action plans, if any.

CORPORATE GOVERNANCE REPORT

COMPANY SECRETARY

The Company Secretary is Ms. Yeow Mee Mooi. The Company Secretary is an employee of the Company and has day-to-day knowledge of the Group's affairs. She reports to Chairman and Chief Executive Officer. The Board has access to the advice and service of the Company Secretary to ensure that the board procedures and all applicable laws, rules and regulations, are followed. She had taken not less than 15 hours of relevant professional training during the year ended 30 June 2026 as required under Rule 3.29 of the Listing Rules.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Group has adopted the Model Code set out in Appendix C3 of the Listing Rules as the code of conduct regarding directors' securities transactions. Specific enquiry had been made to all Directors and all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 30 June 2026.

The Company has also established written guidelines (the "**Employees Written Guidelines**") no less exacting than the Model Code for securities transactions by employees who are likely to be in possession of unpublished price-sensitive information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company during the year ended 30 June 2026.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The Board acknowledges its responsibility to establish, maintain, and review the sufficiency and effectiveness of the Group's risk management and internal control systems. Sound and effective systems of risk management and internal control are thereby designed and adopted to achieve the Group's strategic objectives and safeguard shareholders' investments and the Group's assets. Such systems are designed to manage rather than eliminate risk of failure to achieve strategic objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Policies and procedures form the basis and set forth the control standards required for functioning of the Group's business entities. These policies and procedures covered various aspects, including operations, finance and accounting, human resources, regulatory and compliance, delegation of authority, etc.

During the review process for the year ended 30 June 2026, the Group has identified a number of key risks that may impact the Group's strategic objectives in responding to the changes in the business and external environment. These risks are prioritized according to the likelihood of their occurrence and the significance of their impact on the business of the Group. The process used to identify, evaluate and manage significant risks are shown as follows:

(a) Risk Identification: to identify the Group's key risks in the areas of business and strategic, operational, and regulatory compliance.

(b) Risk Review: to design risk review questionnaire to understand and assess the risk level of key risks and whether the Group's existing procedures and controls are adequate.

(c) Risk Response: to propose and recommend mitigating controls for identified key risk and assist process owners or business units to implement relevant remedial measures.

(d) Risk Report: to report to the Board on the implementation of the remedial measures and to follow-up on the implementation status of these remedial measures.

CORPORATE GOVERNANCE REPORT

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS *(Continued)*

Procedures and Internal Controls for Handling and Dissemination of Discloseable Information

In handling and dissemination of inside information, the Group:

- requires the discloseable information, including inside information and other information required to prevent a false market in the Company's securities, to be reported to the Board and the Company Secretary;

- will conduct immediate dissemination once discloseable information is available and/or respective decision is made, except the inside information falling into the Safe Harbours of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**") that allow non-disclosure;

- complies with applicable laws, rules and Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission; and

- communicates with relevant persons about corporate information disclosure practices with respective training.

During the year ended 30 June 2026, the Board through the AC reviewed the effectiveness of the Group's risk management and internal control systems, covering financial, operational and compliance control and considerations on the adequacy of resources, staff qualifications and experience, training programs for staff and budget of the Group's accounting, internal audit and financial reporting functions, as well as those relating to the Group's ESG performance and reporting. There have been no significant changes during the year ended 30 June 2026 in (i) the Company's assessment of risks (including ESG risks) and (ii) the risk management and internal control systems. In addition, the Company engaged an external independent internal control consultant to conduct review on the risk management and internal control systems of the Group. The Board considers that the Company's risk management and internal control systems are effective and adequate for the purposes set out in Principle D2 of the CG Code.

INTERNAL AUDIT FUNCTION

The Company does not have an internal audit department. The Board has reviewed the need for an internal audit function and is of the view that in light of the size, nature and complexity of the business of the Group, as opposed to diverting resources to establish a separate internal audit department, it would be more cost effective to appoint external independent internal control consultant to conduct independent review of the risk management and internal control systems of the Group. Nevertheless, the Board will continue to review the need for establishment of an internal audit department at least annually.

WHISTLEBLOWING POLICY

The Company has adopted Whistleblowing Policy to allow and encourage all employees to raise concerns about improprieties in matters of financial reporting, criminal action, environmental protection, compliance and other malpractices at the earliest. Employees can raise concerns confidentially about any improprieties such as misconduct and malpractice in any matter related to the Group. All the concerns received will be handled confidentially in prompt and fair manner. The policy aims at protecting the whistle-blowers from unfair dismissal, victimisation and unwarranted disciplinary actions.

CORPORATE GOVERNANCE REPORT

ANTI-CORRUPTION POLICY

Anti-Corruption Policy is set up as a part of the employees' guideline. The employees should follow the anti-corruption policy as their daily working guideline. The Group maintains a high standard of integrity, openness and discipline in the business operations. Combined with Whistleblowing Policy, the Group's expectations and requirement of business ethics are adopted with all employees.

In addition, the Board reviewed the adequacy of the resources, qualifications and experience of staff for the Group's accounting and financial reporting function, and their training programmes and budget. The audit committee also reviewed and was satisfied with the adequacy of the staffing of the financial reporting functions.

AUDITOR'S SERVICES

(a) Audit service

The fee for annual audit quoted by Confucius International CPA Limited ("**CICPA**") had been reviewed by the Board and the AC. For the year ended 30 June 2026, the auditor's remuneration was HK$1,600,000.

(b) Non-audit service

The fee charged by CICPA of interim review for the period ended 31 December 2025 was HK$300,000. CICPA reviewed the interim financial statements and made a review conclusion.

BOARD DIVERSITY POLICY

The Board and the NC adopted and approved the Board Diversity Policy for the purpose of supporting the attainment of strategic objectives and sustainable and balanced development of the Company. A summary of the Board Diversity Policy, together with the measureable objectives set for implementing this policy, and the progress made towards achieving those objectives are disclosed as below.

Measurable Objectives

In designing the Board's composition, all Board appointments will be based on merits, and candidates of the Board membership will be considered against objective criteria, including but not limited to, gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, with due regard for the benefits of diversity on the Board. The Board believes that such merit-based appointments will be best enabled the Company to serve its shareholders. As at 30 June 2026, the Board comprised five male Directors and two female Directors which represent approximately 71% and 29%, respectively, of the total member of the Board, with different age, experience, background and diversity perspectives, which have been disclosed in biographical details of Directors of this annual report.

Monitoring and Reporting

The NC will report annually the composition of the Board in the Corporate Governance Report. The NC will also review the objectives of the Board Diversity Policy and closely monitor it in order to ensure the implementation of this policy. Furthermore, the NC will discuss any revisions that may be required and recommend any such revisions to the Board for consideration and approval.

As at 30 June 2026, the Board comprised seven Directors, three of whom were INEDs, thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of gender, age, experience, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

CORPORATE GOVERNANCE REPORT

WORKFORCE DIVERSITY POLICY

As at 30 June 2026, the Group actively embraces and reflects diversity across its operations. The Group is committed to fostering an inclusive and respectful working environment where individual differences are valued and all employees are treated with dignity. Its workforce comprises individuals from a wide range of backgrounds, including varied races, ethnicities, genders, beliefs, religions, ages, abilities, sexual orientations, and cultural identities. Recruitment, promotion, and other employment decisions are made irrespective of age or gender, with a strong emphasis on equal opportunities in hiring, training, development, remuneration, and career progression. Employees bring a rich mix of experiences, skills, and perspectives that enhance the Group's collaborative and inclusive culture. A formal diversity policy is forthcoming to articulate and reinforce these longstanding values and practices.

As at 30 June 2026, the Group had 164 employees, approximately 34% of whom were female. As at 30 June 2026, the senior executives of the Group comprised approximately 21% female members, including several heads of departments. The Board regularly assesses the Group's diversity profile of all levels of employees and considers the diversity policy to attract, retain and motivate employees from the widest possible pool of available talent. The Board considers that the gender ratio of the workforce of the Group, including the senior executives, is appropriate for the operations of the Group and will strive to maintain this ratio.

DIVIDEND POLICY

The Company has in place a dividend policy. Any declaration and payment of dividend shall be determined at the sole discretion of the Board with the long-term objective of maximising shareholder value of the Company.

According to the dividend policy, in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, inter alia, the following factors:

(a) operating and financial results;

(b) cash flow situation;

(c) business conditions and strategies;

(d) future operations and earnings;

(e) taxation considerations;

(f) capital requirements and expenditure plans;

(g) interests of shareholders;

(h) any restrictions on payment of dividends; and

(i) any other factors that the Board may consider relevant.

Such declaration and payment of the dividend by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands, any applicable laws, rules and regulations and the Articles of Association of the Company.

CORPORATE GOVERNANCE REPORT

DIVIDEND POLICY *(Continued)*

Any declaration and payment of future dividends under the dividend policy are subject to the Board's determination that the same would be in the best interests of the Group and the shareholders of the Company as a whole. The Board will review the dividend policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the dividend policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

The Board is of the view that funds shall be retained at present to satisfy the requirements of the Group's business development and operations, and the Directors do not recommend the payment of any dividend for the year ended 30 June 2026.

The Board confirmed that dividends decisions made by the Board during the reporting period were made in accordance with the dividend policy of the Company.

The Board considers it prudent to retain funds for the Group's ongoing business development and working capital requirements. This decision is in the best interests of the Company and its shareholders.

To enhance returns to Shareholders, the Group will continue to focus on improving its operational performance and financial position, and to consider paying dividends as and when appropriate.

COMMUNICATION WITH SHAREHOLDERS

The Board uses the AGM to communicate with shareholders and encourages their participation. At the 2025 AGM held 19 December 2025, the Chairman proposed a separate resolution in respect of each substantially separate issue. The Chairman also arranged a member of the AC and the auditor to answer questions at the meeting. Moreover, the Company provides extensive information to its shareholders in its annual reports, interim reports, announcements and circulars that are published on the websites of the Company and the Stock Exchange. Shareholders may at any time send their enquiries and concerns to the Board addressing to the Company Secretary of the Company by fax or by post to the Company's head office and principal place of business in Hong Kong as follows:

Art Group Holdings Limited
31/F., Chinachem Century Tower
178 Gloucester Road, Wan Chai, Hong Kong
Fax: +852 2333 3560

In light of the above, the Company considered that its shareholders' communication policy implemented during the year ended 30 June 2026 is effective.

CORPORATE GOVERNANCE REPORT

RIGHTS OF SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING AND TO PUT FORWARD PROPOSALS

Pursuant to Article 58 of the Articles of Association of the Company, shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary deposited at the Company's head office and principal place of business in Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (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 Board shall be reimbursed to the requisitionist(s) by the Company.

Shareholders may put forward proposals for consideration at a general meeting of the Company according to Article 58 of the Articles of Association requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of Article 58 are set out above.

Shareholder engagement under Code Provision F.1.1 of the CG Code

During the year ended 30 June 2026, the Company conducted shareholder engagement through the AGM. The AGM was open to all Shareholders, including minority Shareholders, providing them with an opportunity to communicate directly with the Board.

Representatives of the Company attending the AGM included the Chairman, executive Directors, INEDs (including the chairmen of the AC, NC and RC), senior management and the Company Secretary. These representatives were available to address questions raised by the Shareholders and to exchange views on matters relating to the Group's governance, performance and strategic direction.

The Board encourages all Directors to attend general meetings, either in person or through electronic means, to facilitate constructive engagement with the Shareholders. Feedback and views received from the Shareholders during the meeting were considered by the Board in the course of its ongoing oversight and decision-making.

VOTING BY POLL

The Articles of Association of the Company set out the procedures, requirements and circumstances where voting by poll is required. Pursuant to Rule 13.39 of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll.

The poll results will be published on the websites of the Stock Exchange and of the Company as soon as possible after conclusion of the general meeting, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day following the general meeting.

CHANGES TO CONSTITUTIONAL DOCUMENTS

The Company has not made any amendments to its constitutional documents during the year ended 30 June 2026.

INDEPENDENT AUDITOR'S REPORT

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 ART GROUP HOLDINGS LIMITED
錦藝集團控股有限公司
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Art Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 53 to 162, which comprise the consolidated statement of financial position as at 30 June 2026, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2026, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS Accounting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

The accompanying consolidated financial statements for the year ended 30 June 2026 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 indicates that as at 30 June 2026, the Group had net current liabilities of approximately HK$133,204,000. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Management's arrangements to address the going concern issue are 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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, 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.

Key audit matter	How our audit addressed the key audit matter
Valuation of investment properties	
Refer to note 18 to the consolidated financial statements. We identified the valuation of the Group's investment properties as a key audit matter due to the significance of the balance to the consolidated financial statements as a whole, combined with significant judgments involved in determining the inputs used in the valuation. Management estimated the fair value of the Group's investment properties at approximately HK$694,483,000 (2025: HK$466,154,000) as at 30 June 2026. The amount represented 83% (2025: 77%) of the Group's total assets. Fair value gain of approximately HK$3,236,000 (2025: loss of HK$56,476,000) on investment properties was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2026. The investment properties are stated at fair value based on valuation performed by an independent professional valuer (the "**Valuer**") engaged by the Group. The fair value of the Group's investment properties were determined by adopting the valuation techniques with significant unobservable inputs, assumptions of market conditions and judgments.	Our major procedures in relation to the management's valuation of investment properties: • Evaluating the competence, capabilities and objectivity of the Valuer; • Obtaining and reviewing the valuation reports prepared by the Valuer; • Discussing the valuation with management and the Valuer and challenging the key estimates adopted and inputs and data used in the valuations; • Assessing the valuation methodologies used and considering the appropriateness of the key assumptions and parameters based on our knowledge of the PRC property industry; and • Checking the accuracy and relevance of the key inputs used in the valuations, including the monthly unit rent and yield.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit loss ("ECL") on trade and other receivables, loan receivables and rental deposits Refer to note 6, note 19, note 22 and note 23 to the consolidated financial statements. We identified the allowance for ECL on the Group's trade and other receivables, loan receivables and rental deposits as a key audit matter due to its significance to the consolidated financial statements, and the use of judgement by the management in evaluating the recoverability of trade and other receivables, loan receivables and rental deposits. The Group had trade and other receivables, loan receivables and rental deposits of approximately HK$17,874,000, HK$31,918,000 and HK$1,833,000 respectively (2025: HK$19,657,000, HK$8,026,000 and HK$51,505,000), including allowance for ECL/impairment loss of approximately HK$6,146,000, HK$199,078,000 and HK$137,353,000 respectively (2025: HK$10,880,000, HK$190,038,000 and HK$97,033,000). In determining the impairment for trade and other receivables, loan receivables and rental deposits, the management performed periodic assessments on the recoverability of trade and other receivables, loan receivables and rental deposits and the sufficiency of allowance for ECL based on information including credit profile of different debtors, aging of trade and other receivables, loan receivables and rental deposits, historical settlement records, subsequent settlement status, expected timing and amount of realisation of outstanding balances, and ongoing business relationships with the relevant debtors.	Our procedures in relation to the estimated allowance for ECL on trade and other receivables, loan receivables and rental deposits included: • obtaining an understanding of and assessing the design and implementation of management's key internal controls relating to credit control, debt collection and estimation of ECL; • checking the age profile of trade and other receivables, loan receivables and rental deposits as at 30 June 2026 to the underlying financial records; • inquiring of management for the status of each of the material trade and other receivables, loan receivables and rental deposits past due as at year end and corroborating explanations from management with supporting evidence, such as understanding ongoing business relationship with the debtors based on trade records, checking historical and subsequent settlement records of and other correspondence with the debtors; • obtaining and inspecting the valuation report of the allowance for ECL on trade and other receivables, loan receivables and rental deposits prepared by the external valuers, on which the management's assessment of the ECL was based, and evaluating, assessing and challenging the appropriateness of the ECL provision methodology and the key assumptions used to determine the ECL;

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Allowance for expected credit loss ("ECL") on trade and other receivables, loan receivables and rental deposits *(Continued)* Management also considered forward-looking information that may impact the debtors' ability to repay the outstanding balances in order to estimate the ECL for the impairment assessment under ECL model.	• assessing the external valuers' qualifications, experience and expertise in the allowance for ECL being valued and considering their objectivity; • checking the mathematical calculation and basis of allowance for ECL recognised under the ECL model; and • assessing the disclosures in the consolidated financial statements in respect of the allowance for ECL on trade and other receivables, loan receivables and rental deposits with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

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 HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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 of the Company.

- Conclude on the appropriateness of the Company's 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.

INDEPENDENT AUDITOR'S REPORT

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

Chan Lap Chi
Practicing Certificate Number: P04084

Hong Kong, 30 September 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

	NOTES	**2026 HK$'000**	2025 HK$'000
Continuing operations			
Revenue	*7*	**116,914**	81,240
Cost of sales		**(54,001)**	(29,396)
Gross profit		**62,913**	51,844
Other income and other gain and loss	*8*	**71,311**	100,765
Administrative expenses		**(25,462)**	(34,319)
Allowance for expected credit loss ("**ECL**") on loan receivables		**(303)**	–
(Allowance for ECL)/reversal of allowance for ECL on rental deposits		**(34,664)**	12,352
(Allowance for ECL)/reversal of allowance for ECL on trade and other receivables		**(100)**	861
Gain/(loss) on fair value changes of investment properties	*18*	**3,236**	(56,476)
Loss on fair value changes of financial assets at fair value through profit or loss ("**FVTPL**")		**(2,866)**	–
Gain on bargain purchase	*33*	**–**	10,576
Finance costs	*9*	**(23,555)**	(25,147)
Profit before taxation		**50,510**	60,456
Income tax expenses	*10*	**(34,026)**	(15,456)
Profit for the year from continuing operations	*12*	**16,484**	45,000
Discontinued operations			
Loss for the year from discontinued operations	*11*	**(27)**	(5,973)
Profit for the year		**16,457**	39,027
Other comprehensive income:			
Item that may be reclassified subsequently to profit or loss			
Exchange differences on translation from functional currency to presentation currency		**2,547**	1,327
Other comprehensive income for the year		**2,547**	1,327
Total comprehensive income for the year		**19,004**	40,354

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2026

	NOTES	2026 HK$'000	2025 HK$'000
Profit/(loss) for the year attributable to:			
Owners of the Company		**(17,763)**	41,892
Non-controlling interests		**34,220**	(2,865)
		16,457	39,027
Total comprehensive income/(expense) for the year attributable to:			
Owners of the Company		**(16,416)**	43,217
Non-controlling interests		**35,420**	(2,863)
		19,004	40,354
(Loss)/earnings per share	*15*		
From continuing and discontinued operations			
Basic *(HK cents)*		**(0.66)**	1.56
Diluted *(HK cents)*		**(0.66)**	1.55
From continuing operations			
Basic *(HK cents)*		**(0.66)**	1.67
Diluted *(HK cents)*		**(0.66)**	1.66

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	NOTES	**2026 HK$'000**	2025 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	*16*	**4,836**	5,298
Right-of-use assets	*17*	**3,846**	5,481
Investment properties	*18*	**694,483**	466,154
Rental deposits	*19*	**1,833**	51,505
Prepaid lease payments	*20*	**6,299**	4,703
Financial assets at fair value through profit or loss	*21*	**4,979**	–
		716,276	533,141
CURRENT ASSETS			
Trade and other receivables	*22*	**17,874**	19,657
Loan receivables	*23*	**31,918**	8,026
Restricted bank balances	*24*	**20,093**	–
Bank balances and cash	*25*	**52,889**	44,404
		122,774	72,087
CURRENT LIABILITIES			
Other payables	*26*	**82,646**	68,732
Contract liabilities	*27*	**17,160**	14,358
Lease liabilities	*28*	**93,990**	72,637
Borrowing	*29*	**40,000**	–
Amount due to a shareholder	*30*	**12,593**	9,751
Bonds	*31*	**7,895**	10,005
Tax liabilities		**1,694**	–
		255,978	175,483
NET CURRENT LIABILITIES		**(133,204)**	(103,396)
TOTAL ASSETS LESS CURRENT LIABILITIES		**583,072**	429,745

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2026

	NOTES	**2026 HK$'000**	2025 HK$'000
CAPITAL AND RESERVES			
Share capital	*34*	**26,888**	26,888
Reserves		**(8,025)**	8,391
Equity attributable to owners of the Company		**18,863**	35,279
Non-controlling interests		**33,252**	(2,750)
TOTAL EQUITY		**52,115**	32,529
NON-CURRENT LIABILITIES			
Lease liabilities	*28*	**475,484**	374,743
Deferred tax liabilities	*32*	**55,473**	22,473
		530,957	397,216
		583,072	429,745

The consolidated financial statements on pages 61 to 162 were approved and authorised for issue by the board of directors on 30 September 2026 and are signed on its behalf by:

Su Peixin
DIRECTOR

Du Zhenluan
DIRECTOR

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2026

	Attributable to owners of the Company									
	Share capital HK$'000	**Share premium** HK$'000 *(Note a)*	**Merger reserve** HK$'000	**Exchange reserve** HK$'000 *(Note b)*	**Share option reserve** HK$'000 *(Note c)*	**Statutory reserve** HK$'000 *(Note d)*	**Retained profits** HK$'000	**Sub-total** HK$'000	**Non-controlling interests** HK$'000	**Total** HK$'000
As at 1 July 2024	26,888	48,746	136	(93,505)	5,402	1,232	3,163	(7,938)	–	(7,938)
Profit/(loss) for the year	–	–	–	–	–	–	41,892	41,892	(2,865)	39,027
Other comprehensive income for the year – Exchange difference on translation from functional currency to presentation currency	–	–	–	1,325	–	–	–	1,325	2	1,327
Total comprehensive income/ (expense) for the year	–	–	–	1,325	–	–	41,892	43,217	(2,863)	40,354
Capital injection from non-controlling interests	–	–	–	–	–	–	–	–	113	113
Transfer to statutory reserve	–	–	–	–	–	272	(272)	–	–	–
As at 30 June 2025 and 1 July 2025	26,888	48,746	136	(92,180)	5,402	1,504	44,783	35,279	(2,750)	32,529
Profit/(loss) for the year	**–**	**–**	**–**	**–**	**–**	**–**	**(17,763)**	**(17,763)**	**34,220**	**16,457**
Other comprehensive income for the year – Exchange difference on translation from functional currency to presentation currency	**–**	**–**	**–**	**1,347**	**–**	**–**	**–**	**1,347**	**1,200**	**2,547**
Total comprehensive income/ (expense) for the year	**–**	**–**	**–**	**1,347**	**–**	**–**	**(17,763)**	**(16,416)**	**35,420**	**19,004**
Capital injection from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**582**	**582**
Transfer to statutory reserve	**–**	**–**	**–**	**–**	**–**	**3,172**	**(3,172)**	**–**	**–**	**–**
Forfeiture of share options	**–**	**–**	**–**	**–**	**(5,402)**	**–**	**5,402**	**–**	**–**	**–**
As at 30 June 2026	**26,888**	**48,746**	**136**	**(90,833)**	**–**	**4,676**	**29,250**	**18,863**	**33,252**	**52,115**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2026

NATURE AND PURPOSE OF RESERVES

(a) Share premium

Share premium represents premium arising from the issue of shares at a price in excess of their par value per share and is not attributable but may be applied in paying up unissued shares of the Company to be issued to the shareholders of the Company as fully paid bonus shares or in providing for the premiums payable on repurchases of shares.

(b) Exchange reserve

Exchange reserve represents exchange differences relating to the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. Hong Kong dollars) that are recognised directly in other comprehensive income and accumulated in the exchange reserve. Such exchange differences accumulated in the exchange reserve are reclassified to profit or loss on the disposal of the foreign operations.

(c) Share option reserve

Share option reserve comprises the fair value of share options granted which are yet to be exercised, the amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits when the related options expire, or be forfeited.

(d) Statutory reserve

Statutory reserve represents general reserve and enterprise expansion fund which are set up by subsidiaries established and operated in the People's Republic of China (the "**PRC**") by way of appropriation from the profit after taxation in accordance with the relevant laws and regulations in the PRC. The rate of appropriation of the general reserve and enterprise expansion fund is subject to the decision of the board of Directors of the PRC subsidiaries, but the minimum appropriation rate for the general reserve is 10% of the profit after taxation for each year, until when the accumulated balance reaches 50% of the total registered capital of the subsidiary. Pursuant to the relevant laws and regulations of the PRC, if approvals are obtained from the relevant government authorities, the general reserve can be used in setting off accumulated losses or to increase the capital, and the enterprise expansion fund can be used to increase the capital.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	NOTES	2026 HK$'000	2025 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		**50,483**	54,483
Adjustments for:			
(Gain)/loss on fair value changes of investment properties	*18*	**(3,236)**	56,476
Loss on fair value changes on financial assets at fair value through profit or loss		**2,866**	–
Depreciation of property, plant and equipment	*16*	**786**	723
Depreciation of right-of-use assets	*17*	**1,778**	1,463
Allowance for ECL on loan receivables		**303**	–
Allowance for ECL/(reversal of allowance for ECL) on rental deposits		**34,664**	(12,352)
(Reversal of allowance for ECL)/allowance for ECL on trade and other receivables		**(4,900)**	6,256
Loss on derecognition of investment properties	*8*	**208,778**	628,370
Gain on termination of leases	*8*	**(272,847)**	(717,538)
Gain on bargain purchase	*33*	**–**	(10,576)
Finance costs	*9*	**23,555**	25,147
Interest income		**(1,645)**	(3,685)
Operating cash flows before movements in working capital		**40,585**	28,767
Increase in rental deposits		**(1,500)**	(858)
Increase in prepaid lease payments		**(1,333)**	(4,652)
Decrease/(increase) in trade and other receivables		**7,478**	(7,836)
Increase in restricted bank balances		**(19,424)**	–
(Decrease)/increase in other payables		**(2,263)**	6,116
Increase in contract liabilities		**2,071**	597
Cash generated from operations		**25,614**	22,134
Income tax paid		**(1,446)**	(1,648)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**24,168**	20,486
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of financial assets at FVTPL		**(7,845)**	–
Purchases of property, plant and equipment	*16*	**(190)**	(2,652)
Net cash inflow on acquisition of a subsidiary	*33*	**–**	3,394
Interest received		**27**	55
Addition of loan receivables	*23*	**(32,154)**	–
Repayment of loan receivables	*23*	**6,300**	11,700
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES		**(33,862)**	12,497

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2026

	NOTES	2026 HK$'000	2025 HK$'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Advance from a shareholder		**5,982**	19,845
Repayment to a shareholder		**(3,140)**	(14,210)
Advance from a director		**9,302**	–
Repayment to a director		**(1,000)**	–
Capital injection from non-controlling interests		**582**	113
Repayments of lease liabilities		**(35,020)**	(35,280)
Proceeds from borrowing		**40,000**	–
Repayment of bonds	*31*	**(800)**	(800)
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES		**15,906**	(30,332)
NET INCREASE IN CASH AND CASH EQUIVALENTS		**6,212**	2,651
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**44,404**	40,239
Effect of foreign exchange rate changes		**2,273**	1,514
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash		**52,889**	44,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

1. GENERAL

Art Group Holdings Limited (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The addresses of the registered office and principal place of business of the Company are disclosed in the "Corporate Information" section of the annual report.

The consolidated financial statements are presented in Hong Kong dollars ("**HK$**") and the functional currency of the Group is Renminbi ("**RMB**"). The consolidated financial statements are presented in HK$ for the convenience of the shareholders because the Company's shares are listed in the Stock Exchange.

The Company is an investment holding company. Particulars of the principal activities of the Company's subsidiaries (collectively referred to as the "**Group**") are set out in note 39 to the consolidated financial statements.

The cargo aircraft business is classified as discontinued operations during the year ended 30 June 2025. Details of which are set out in note 11 to the consolidated financial statements.

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

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") for the first time, which are mandatorily effective for the annual periods beginning on 1 July 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

The application of these new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS ("HKFRSs") *(Continued)*

New and amendments to HKFRSs in issue but not yet effective

The following new and amendments to HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the respective dates they become 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]
HKFRS 20	Regulatory Assets and Regulatory Liabilities[4]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]

Notes:

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.
4 Effective for annual periods beginning on or after 1 January 2029.

Except for the new HKFRS mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs is unlikely to have a material impact on the Group's financial position and performance as well as disclosure in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets 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; provides disclosures on management-defined performance measures in the notes to the financial statements and improves 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* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) 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 consequential amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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 HKFRSs issued by the HKICPA, which collective term includes all applicable individual HKFRSs, HKASs and Interpretations 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 (the "**Listing Rules**") and by the disclosure requirements of the Hong Kong Companies Ordinance.

Going concern

The directors of the Company have given careful consideration to the going concern status of the Group in light of the fact that the Group had net current liabilities of approximately HK$133,204,000 as at 30 June 2026. This condition indicates the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

In order to improve the Group's liquidity and to support its ability to continue as a going concern, the directors of the Company have implemented the following measures:

Subsequent to the reporting date, the Group entered into a number of loan facilities and obtained maturity extensions with independent third parties to alleviate liquidity pressure and enhance financial flexibility. A portion of the proceeds was applied to continue supporting the Group's investment in, and shareholder loans to, Edgeon Data Co., Ltd. (details of which are set out in note 21 to the consolidated financial statements), with the remainder used to refinance and repay the existing borrowing. Further details of these facilities and extensions are set out in note 43 to the consolidated financial statements.

In September 2026, the Group entered into two supplemental agreements with an independent third party to extend the repayment of two unlisted and non-transferable bonds with an aggregate carrying amount of approximately HK$7,895,000 to 31 December 2029. All other terms of the bonds remain unchanged.

In addition, a shareholder and a director of the Company, who have advanced amounts due to them by the Group, have undertaken to provide adequate financial support to enable the Group to meet its liabilities and to settle its financial obligations to third parties as and when they fall due, and have agreed not to demand repayment of the amounts due to them during the twelve months from the date of this report, so as to enable the Group to continue as a going concern.

The directors of the Company will continue to take measures to improve the Group's working capital and cash flows, including close monitoring of general administrative expenses and operating costs. The directors believe that the Group will generate sufficient operating cash inflows to meet its operating cash outflows, including lease payments for the shopping malls, an industrial park and office premises occupied by the Group for its own use, over the next 12 months from the date of this report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Going concern *(Continued)*

The directors have also actively considered the sale or disposal of assets that carry liabilities and are expected to result in net cash outflows to the Group in the foreseeable future.

Having regard to the above measures, the directors of the Company have reviewed the cash flow projections of the Group prepared by the management covering a period of not less than 12 months from the date of this report. The directors are of the opinion that the Group has sufficient cash resources to satisfy its future working capital requirements and to meet its financial obligations as and when they fall due in the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis. Notwithstanding the foregoing, a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that would result if the Group were unable to continue as a going concern.

Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared on the historical cost basis except for certain investment properties that are measured at fair values at the end of each reporting period.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Fair value measurement

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 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 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as 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 results of the valuation technique equal the transaction price.

For financial instruments 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 results of the valuation technique equal 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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.

When the Group has less than a majority of the voting rights of an investee, it considers that it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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 and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component 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 intra-group transactions, balances, income and expenses have been eliminated on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Basis of consolidation *(Continued)*

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

Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

Where an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss and other comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and

- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

Investments in subsidiaries

Investments in subsidiaries are included in the Company's statement of financial position at cost less any identified impairment loss.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Revenue from contracts with customers *(Continued)*

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

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.

Details of the Group's performance obligations for revenue for contracts with customers resulting from application of HKFRS 15 *Revenue from Contracts with Customers* are set out in note 7 to the consolidated financial statements.

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 services transferred to the customer to date relative to the remaining services promised under the contract, that best depict the Group's performance in transferring control of services.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties also include leased properties which are being recognised as right-of-use assets and subleased by the Group under an operating lease.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognised upon disposal or when the investment properties are permanently withdrawn from use and no future economic benefits are expected from its disposals. A leased property which is recognised as a right-of-use asset upon application of HKFRS 16 is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. 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 profit or loss in the period in which the item is derecognised.

Property, plant and equipment

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. 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. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Property, plant and equipment *(Continued)*

When the Group makes payments for ownership interests of properties which includes both of 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. 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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted-average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

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 asset 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 ("**CGU**") to which the asset belongs.

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 CGU) for which the estimates of future cash flows have not been adjusted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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)*

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. 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 CGUs. 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 CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) 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 CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Lease

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application of HKFRS 16, 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.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or 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. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

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

Refundable rental deposits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Lease *(Continued)*

The Group as lessor *(Continued)*

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.

Sublease

When the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or an operating lease by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group as 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.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of leasehold properties that have a lease term of 12 months or less from the commencement date and do not contain a purchase option.

Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Lease *(Continued)*

The Group as lessee *(Continued)*

Right-of-use assets (Continued)

Except for those that are classified as investment properties and measured under fair value model, 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 (other than those that are classified as investment properties) as a separate line item on the consolidated statement of financial position.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Lease *(Continued)*

The Group as lessee *(Continued)*

Lease liabilities (Continued)

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 remeasurement. The Group determines the revised discount rate as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determinable, or the incremental borrowing rate at the date of remeasurement, if the interest rate implicit in the lease cannot be readily determinable.

- 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.

- a lease contract is modified and the lease modification is not accounted for as a separate lease.

The Group accounts for a lease modification as a separate lease if both:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that standalone price to reflect the circumstances of the particular contract.

For the lease modifications that are not accounted for as a separate lease, the Group, at the effective date of the lease modification: (a) allocates the consideration in the modified contract; (b) determines the lease term of the modified lease; and (c) remeasures the lease liability by discounting the revised lease payments using a revised discount rate.

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

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 exchange prevailing on the dates of the transactions. At the end of the 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Foreign currencies *(Continued)*

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for:

– exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

– exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive (expense)/income and reclassified from equity to profit or loss on repayment of the monetary items.

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

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefits scheme (the "**MPF Scheme**") under Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated statement of profit or loss and other comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. Under the MPF Scheme, the employer and its employees are each required to make contribution to the MPF Scheme at 5% of the employee's relevant income subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately.

The employees employed by the Group's subsidiaries in the PRC are members of state-managed retirement benefits scheme operated by the government of the PRC. The subsidiaries are required to contribute a specific percentage of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme operated by the government of the PRC is to make the specified contributions under the schemes.

Long service payments

The Group's net obligation in respect of long service payments to its employees upon termination of their employment or retirement when the employees fulfil certain circumstances under Hong Kong Employment Ordinance is the amount of future benefits that employees have earned in return for their service in the current and prior periods.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRSs requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Share-based payments

Equity-settled share-based payment transactions

Share options granted to employees

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve. For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before taxation because of income or expense that is 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 goodwill or from the initial recognition (other than in a business combination) of other 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Taxation *(Continued)*

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, 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 reverse 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 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 recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets 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 (or transfer of lease, if the investment properties are leased properties which are being recognised as right-of-use assets and subleased by the Group under an operating lease), unless the presumption is rebutted. The presumption is rebutted when the investment properties are depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties 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.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 *Income Taxes* requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition and over the lease terms of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption.

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 and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

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 settlement 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 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 directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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.

All other financial assets are subsequently measured at FVTPL, except that at the initial recognition of a financial asset, the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 *Business Combinations* applies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

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 fair value through other comprehensive income ("**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.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets

The Group performs impairment assessment under expected credit loss ("**ECL**") model on financial assets (including rental deposits, trade and other receivables, loan receivables, restricted bank balances and bank balances and cash) which are subject to impairment 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. Except for certain debtors which are assessed individually where there is evidence of significant increase in credit risk or credit impairment, the Group uses a practical expedient in estimating the ECL on trade receivables using a provision matrix. Debtors are grouped according to their industry, and relevant industry default rates are applied and adjusted for forward-looking information.

For all other instruments, the Group measures the allowance for ECL equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

For financial assets other than trade receivables, the Group calculates the ECL by three stages according to the changes in credit risk since initial recognition:

- Stage 1: The financial instruments without significant increases in credit risk after initial recognition are included in Stage 1 to calculate their impairment allowance at an amount equivalent to the ECL of the financial instruments for the next 12 months;

- Stage 2: Financial instruments that have had a significant increase in credit risk since initial recognition but have no objective evidence of impairment are included in Stage 2, with their impairment allowance measured at an amount equivalent to the ECL over the lifetime of the financial instruments;

- Stage 3: Financial assets with objective evidence of impairment at the financial reporting date are included in Stage 3, with their impairment allowance measured at the amount equivalent to the ECL over the lifetime of the financial instruments.

(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 instrument at the reporting date with the risk of a default occurring on the financial instrument 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. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, governmental bodies and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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 instrument's 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, the credit default swap prices for the debtor;

- 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (Continued)

(i) Significant increase in credit risk *(Continued)*

- 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 60 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

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 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:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) 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;

(d) it is becoming probable that the borrower will enter into bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Impairment of financial assets (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 two years 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.

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. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Lifetime ECL for trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward-looking macroeconomic information, except for certain debtors which are assessed individually where there is evidence of significant increase in credit risk or credit impairment.

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 ratings where available.

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

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 and other receivables, rental deposits and loan receivables where the corresponding adjustment is recognised through an allowance for ECL account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Financial instruments *(Continued)*

Financial assets *(Continued)*

Derecognition/modification 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. On derecognition, the difference between the carrying amount and the consideration received is recognised in profit or loss.

Financial liabilities and equity

Classification as debt or equity

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

Financial liabilities at amortised cost

Financial liabilities (including other payables, lease liabilities, borrowing, amount due to a shareholder and bonds) are subsequently measured at amortised cost, using the effective interest method.

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.

Offsetting a financial asset and a financial liability

A financial asset and a financial liability are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

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

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

(b) cash equivalents, which comprises 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Cash and cash equivalents *(Continued)*

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.

Bank balances for which use by the Group is subject to contractual restrictions are presented separately as restricted bank balances and are not included in cash and cash equivalents. Contractual restrictions affecting the use of these bank balances are disclosed in note 24 to the consolidated financial statements.

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 the 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 (when the effect of the time value of money is material). When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities

A contingent liability is a present obligation arising from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Where the Group is jointly and severally liable for an obligation, the part of the obligation that is expected to be met by other parties is treated as a contingent liability and it is not recognised in the consolidated financial statements.

The Group assesses continually to determine whether an outflow of resources embodying economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the consolidated financial statements in the reporting period in which the change in probability occurs, except in the extremely rare circumstances where no reliable estimate can be made.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

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

Related parties

(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 party and the other entity is an associate of the third party;

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

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

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

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

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3 to the consolidated financial statements, 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 obtainable 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 ongoing 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 judgments in applying accounting policies

The following are the critical judgments, 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 considerations

The assessment of the going concern assumption involves making a judgement by the directors of the Company about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the ability to continue as a going concern. Details of the conditions which may cast significant doubt on the going concern assumption and the management's arrangements to address the going concern issue are set out in note 3 to the consolidated financial statements.

Measurement of ECL

A number of significant judgments are also required in applying the accounting requirements for measuring ECL, such as:

– Determining criteria for significant increase in credit risk;

– Selecting appropriate models and assumptions for the measurement of ECL; and

– Establishing the relative probability weightings of forward-looking scenarios.

Significant increase in credit risk

ECL of different financial assets is measured by the Group on either a 12-month or lifetime basis depending on whether they are in Stage 1, 2 or 3 as defined in note 3 to the consolidated financial statements. A financial asset moves to Stage 2 when its credit risk has increased significantly since initial recognition, and it comes to Stage 3 when it is credit-impaired (but it is not purchased original credit-impaired). In assessing whether the credit risk of a financial asset has significantly increased, the Group takes into account qualitative and quantitative reasonable and supportable forward-looking information with significant judgments involved.

Models and assumptions used

The Group uses various models and assumptions in estimating ECL. Judgment is applied in identifying the appropriate model for each type of financial assets, as well as the assumptions used in these models. Please refer to note 6 to the consolidated financial statements for more details on ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Critical judgments in applying accounting policies *(Continued)*

Determination of lease commencement date and related accounting treatment for Longhu Shopping Centre

During the year, the Group entered into a lease agreement for the Longhu Shopping Centre. The lease was subject to shareholders' approval at an extraordinary general meeting. The directors of the Company determined that the lease commencement date for accounting purposes was 20 January 2026 (i.e. the date of shareholders' approval), as the agreement was not enforceable prior to that date. Rental payments made before the commencement date were recognised as expenses when incurred, as they related to a short-term occupancy arrangement prior to the enforceable long-term lease. The unpaid rental assumed by the Group was accounted for as initial direct costs and included in the initial measurement of the right-of-use asset (subsequently reclassified as investment property).

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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment assessment under ECL model for rental deposits, loan receivables and other receivables

The Group performs impairment assessment under ECL model for rental deposits, loan receivables and other receivables individually. The individual evaluation is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable and available without undue costs and effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The allowance for ECL is sensitive to changes in estimates. The information about the allowance for ECL on rental deposits, loan receivables and other receivables is disclosed in note 6 to the consolidated financial statements.

Impairment assessment under ECL model for trade receivables

The Group uses a practical expedient in estimating lifetime ECL on trade receivables which are not assessed individually using a provision matrix. Debtors are grouped according to their industry, and relevant industry default rates are applied and adjusted for forward-looking information. Certain debtors are assessed individually where there is evidence of significant increase in credit risk or credit impairment. At every reporting date, the historical observed default rates and industry default rates are reassessed and changes in the forward-looking information are considered.

The allowance for ECL is sensitive to changes in estimates. The information about the allowance for ECL on trade receivables is disclosed in note 6 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

Key sources of estimation uncertainty *(Continued)*

Estimation of impairment of property, plant and equipment and right-of-use assets

The Group is required to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When the recoverable amount of an individual asset cannot be determined, the Group estimates the recoverable amount of the CGU to which the asset belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of CGU, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 30 June 2026, the carrying amounts of property, plant and equipment and right-of-use assets subject to impairment assessment were HK$4,836,000 and HK$3,846,000 (2025: HK$5,298,000 and HK$5,481,000) respectively. No impairment losses in respect of property, plant and equipment and right-of-use assets have been recognised (2025: Nil).

Estimation of fair value of investment properties

Investment properties, including the newly leased Longhu Shopping Centre which was recognised at fair value on the lease commencement date, were revalued at the end of each reporting period, using the term and reversion method on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest, the direct capitalisation method by assuming a stabilised economic income capitalised by a market yield rate and the direct comparison approach with reference to the sales transactions of the comparable properties by independent professional qualified valuers. These valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the valuation techniques and assumptions have been disclosed in note 18 to the consolidated financial statements.

Estimation of incremental borrowing rates for the leases

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

The weighted average IBRs applied to lease liabilities as at 30 June 2026 are from 2.49% to 6.70% (2025: 2.49% to 6.70%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or dispose of assets to reduce debt.

The Group's capital structure comprises debt and equity attributable to the owners of the Company. The debt component includes bank balances and cash, amount due to a director, lease liabilities, borrowing, amount due to a shareholder and bonds, as disclosed in note 25, note 26, note 28, note 29, note 30 and note 31 to the consolidated financial statements, respectively. The equity component consists of issued share capital and various reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with the capital. The Group will balance its overall capital structure through the payments of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The net debt to equity ratio at the end of the reporting period was as follows:

	2026	2025
	HK$'000	HK$'000
Lease liabilities	**569,474**	447,380
Borrowing	**40,000**	–
Amount due to a shareholder	**12,593**	9,751
Amount due to a director	**8,302**	–
Bonds	**7,895**	10,005
Debt	**638,264**	467,136
Less: Cash and cash equivalents	**(52,889)**	(44,404)
Net debt	**585,375**	422,732
Equity	**52,115**	32,529
Net debt to equity ratio	**11.23 times**	13.00 times

The high net debt to equity ratio is primarily attributable to the recognition of significant lease liabilities under HKFRS 16 in respect of the Group's long-term leases of shopping malls and industrial parks, which is inherent in the Group's asset-light property operating business model. The directors monitor the Group's cash flow position and rental income coverage of lease payments on an ongoing basis.

In addition to capital risk management, there is a concentration risk on location of net assets owned by the Group. The Group's assets are principally situated in the PRC and accordingly, they are subject to a concentration of assets realisation risk in the local municipalities and provinces, where they are located. The Group's ability to realise the majority of its assets is related to the economic conditions in the PRC as a whole and the local areas in which it operates. The management manages this exposure by maintaining a portfolio of assets in different locations with different risk profiles.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2026 HK$'000	2025 HK$'000
Financial assets		
At amortised cost:		
Rental deposits	**1,833**	51,505
Loan receivables	**31,918**	8,026
Trade and other receivables	**11,797**	14,089
Restricted bank balance	**20,093**	–
Bank balances and cash	**52,889**	44,404
	118,530	118,024
At FVTPL:		
Financial assets at FVTPL	**4,979**	–
	4,979	–
	123,509	118,024

	2026 HK$'000	2025 HK$'000
Financial liabilities		
At amortised cost:		
Other payables	**62,080**	43,568
Lease liabilities	**569,474**	447,380
Borrowing	**40,000**	–
Amount due to a shareholder	**12,593**	9,751
Bonds	**7,895**	10,005
	692,042	510,704

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, rental deposits, loan receivables, restricted bank balances, bank balances and cash, financial assets at FVTPL, other payables, lease liabilities, borrowings, amount due to a shareholder and bonds. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group's overall policies remain unchanged from prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk

(i) Currency risk

Certain financial instruments including loan receivables, bank balances and cash, amount due to a director, borrowing, amount due to a shareholder and bonds are denominated in HK$ or US$ which is a currency other than the functional currency of the relevant group entities (i.e. RMB).

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis
The group entities are mainly exposed to the fluctuation of HK$ and US$ against RMB.

The following table details the Group's sensitivity to a 5% (2025: 5%) increase and decrease in the exchange rates of HK$ and US$ against RMB. 5% (2025: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in relevant foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% (2025: 5%) change in foreign currency rates.

The sensitivity analysis includes certain financial instruments denominated in HK$ and US$, as appropriate. A positive or negative number below indicates an increase or a decrease in profit or loss where RMB strengthen 5% (2025: 5%) against the relevant currency. For a 5% (2025: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the profit or loss.

	HK$ Impact *(Note)*	
	2026	2025
	HK$'000	HK$'000
Profit or loss	**(1,820)**	(561)

Note: This is mainly attributable to the exposure outstanding on HK$ and US$ denominated financial instruments not subject to cash flow hedge at the end of the reporting period of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Market risk *(Continued)*

(ii) Interest rate risk

The Group is also exposed to fair value interest rate risk in relation to loan receivables, lease liabilities, borrowing and bonds, as set out in note 23, note 28, note 29 and note 31 to the consolidated financial statements, respectively.

The Group is also exposed to cash flow interest rate risk in relation to bank balances and restricted bank balances. The Group currently does not enter into any hedging instrument for cash flow interest rate risk. The directors considered that the overall interest rate risk is not significant as the fluctuation of the interest rates on bank balances and restricted bank balances is considered minimal. Accordingly, no sensitivity analysis is prepared and presented.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Credit risk and impairment assessment

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk exposures are primarily attributable to rental deposits, trade and other receivables, loan receivables, restricted bank balances and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except that the credit risks associated with certain loan receivables are mitigated because they are secured or guaranteed as set out in note 23 to the consolidated financial statements and the credit risks associated with most of the trade receivables are mitigated because the Group holds rental deposits from tenants as set out in note 26 to the consolidated financial statements. The Group's concentration of credit risk by geographical location is mainly in the PRC.

Maximum exposure to credit risk which will cause a financial loss to the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

Rental deposits

The management estimates the ECL of rental deposits based on historical observed default rates over the expected life of the landlords, adjusted for forward-looking information. The management performed impairment under ECL model on rental deposits. An allowance for ECL on rental deposits of HK$34,664,000 (2025: a reversal of allowance for ECL of HK$12,352,000) was recognised into profit or loss during the year ended 30 June 2026. The Group has a concentration of credit risk in respect of rental deposits, as substantially all of the rental deposits were due from a small number of landlords located in the PRC. The Group monitors the credit quality of these landlords on an ongoing basis by reviewing their financial information, the status of the related lease arrangements and any available external information. In the event of any significant deterioration in the creditworthiness of these landlords, the Group would reassess the expected credit losses and consider appropriate actions to mitigate the risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

***Credit risk and impairment assessment** (Continued)*

Trade receivables

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures over the customers to ensure that follow-up action is taken to recover overdue debts. The Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate allowances are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 on trade balances individually or based on provision matrix. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 30 June 2026 and 2025, the directors of the Company consider that the concentration of credit risk is limited due to the customer base being large and unrelated.

Other receivables

The Group performs impairment assessment on other receivables using ECL model under HKFRS 9, assessing them on an individual basis. This evaluation is grounded in the credit quality of the counterparties, with reference to their financial positions and the Group's historical default rates. Furthermore, it incorporates all reasonable and supportable forward-looking information that is available without undue cost or effort. At each reporting date, the Group reassesses the historical observed default rates and reviews any changes in the forward-looking information. A reversal of allowance for ECL on other receivables of HK$4,990,000 (2025: an allowance for ECL of HK$5,359,000) was recognised into profit or loss during the year ended 30 June 2026.

Loan receivables

The management estimates the ECL of loan receivables based on historical observed default rates over the expected life of the borrowers, the fair value of any collateral and the guarantee arrangements, adjusted for forward-looking information. The Group determines the allowance for ECL on loan receivables by individual assessment.

During the year ended 30 June 2026, an allowance for ECL of approximately HK$303,000 (2025: Nil) was recognised in profit or loss. Details of the loan receivables and the related impairment assessment are set out in note 23 to the consolidated financial statements. The Group has a concentration of credit risk in respect of loan receivables, as the net carrying amount of loan receivables as at 30 June 2026 was attributable to a single borrower (2025: two borrowers). The Group monitors the credit quality of the borrowers and the guarantors on an ongoing basis, including their financial positions, the status of the related collaterals and guarantees, and any available external information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Restricted bank balances and bank balances

The credit risk on restricted bank balances and bank balances is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts.	Lifetime ECL (not credit-impaired)	12m 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)
Written-off	There is evidence indicating that the debtor is severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off	Amount is written off

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

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

2026	*Notes*	**External credit rating**	**Internal credit rating**	**12m or lifetime ECL**	**Gross carrying amounts** HK$'000
Financial assets at amortised cost					
Trade receivables *(Note 1)*	*22*	**N/A**	**Low risk/ Doubtful**	**Lifetime ECL (not credit-impaired)**	**7,737**
		N/A	**Loss**	**Lifetime ECL (credit-impaired)**	**4,746**
Other receivables *(Note 2)*	*22*	**N/A**	**Low risk**	**12m ECL**	**4,868**
		N/A	**Loss**	**Lifetime ECL (credit-impaired)**	**362**
Restricted bank balances *(Note 3)*	*24*	**Aa3 or above**	**Low risk**	**12m ECL**	**20,093**
Bank balances *(Note 3)*	*25*	**Aa3 or above**	**Low risk**	**12m ECL**	**52,889**
Loan receivables *(Note 4)*	*23*	**N/A**	**Low risk**	**12m ECL**	**32,221**
		N/A	**Loss**	**Lifetime ECL (credit-impaired)**	**198,775**
Rental deposits *(Note 5)*	*19*	**N/A**	**Low risk**	**12m ECL**	**1,897**
		N/A	**Loss**	**Lifetime ECL (credit-impaired)**	**137,289**

2025	*Notes*	External credit rating	Internal credit rating	12m or lifetime ECL	Gross carrying amounts HK$'000
Financial assets at amortised cost					
Trade receivables *(Note 1)*	*22*	N/A	Low risk/ Doubtful	Lifetime ECL (not credit-impaired)	6,026
		N/A	Loss	Lifetime ECL (credit-impaired)	4,616
Other receivables *(Note 2)*	*22*	N/A	Low risk	12m ECL	8,748
		N/A	Loss	Lifetime ECL (credit-impaired)	5,359
Bank balances *(Note 3)*	*25*	Aa3 or above	Low risk	12m ECL	44,404
Loan receivables *(Note 4)*	*23*	N/A	Low risk	12m ECL	8,026
		N/A	Loss	Lifetime ECL (credit-impaired)	190,038
Rental deposits *(Note 5)*	*19*	N/A	Low risk	12m ECL	1,184
		N/A	Doubtful	Lifetime ECL (not credit-impaired)	50,340
		N/A	Loss	Lifetime ECL (credit-impaired)	97,014

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes:

(1) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the allowance for ECL at lifetime ECL.

As part of the Group's credit risk management, the Group uses debtors' ageing and corresponding rental deposit to assess the allowance for ECL on trade receivables from customers in relation to its business of property operating because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. Trade receivables with carrying amounts of HK$7,458,000 (2025: HK$7,395,000) are assessed individually within lifetime ECL (not credit-impaired) and lifetime ECL (credit-impaired), and trade receivables with carrying amounts of HK$5,025,000 (2025: HK$3,247,000) are assessed collectively with lifetime ECL (not credit-impaired).

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. During the year ended 30 June 2026, the Group provided HK$90,000 (2025: HK$680,000) allowance for ECL on trade receivables based on both a collective basis and individual assessment.

The movement in the allowance for ECL on trade receivables is as follows:

	Lifetime ECL (not credit-impaired)	**Lifetime ECL (credit-impaired)**	**Total**
	HK$'000	HK$'000	HK$'000
As at 1 July 2024	4,533	–	4,533
Transfer to lifetime ECL (credit-impaired)	(2,527)	2,527	–
Allowance for ECL (reversed)/ recognised for the year	(1,351)	2,031	680
Exchange realignment	30	58	88
As at 30 June 2025 and 1 July 2025	685	4,616	5,301
Allowance for ECL recognised for the year	90	–	90
Exchange realignment	33	130	163
As at 30 June 2026	**808**	**4,746**	**5,554**

(2) Included in other receivables are amounts representing refundable utility and deposits paid to suppliers. The Group's assessment of the allowance for ECL was conducted using different approaches. For refundable utility, the Group applied the 12m ECL model, having determined that there had been no significant increase in credit risk since initial recognition. This conclusion was supported by the consistently low historical default rate and forward-looking information. In contrast, for certain deposits paid to suppliers, including deposits related to the cargo charter business (which had been classified as discontinued operations), the Group identified a significant increase in credit risk in the prior year and assessed them on an individual basis as credit-impaired, measuring the allowance based on lifetime ECL. During the year ended 30 June 2026, the Group reversed approximately HK$4,990,000 of the allowance for ECL on other receivables on the individual assessment, mainly because of the settlement of the previously impaired deposits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: (Continued)

(3) The credit risk on restricted bank balances and bank balances are limited because the counterparties are with high credit ratings assigned by international credit rating agencies. Majority of bank balances are deposited in reputable large commercial banks with credit rating of Aa3 or above (2025: Aa3 or above) issued by Moody's.

(4) For loan receivables, the Group has applied the general approach in HKFRS 9 to measure the allowance for ECL at lifetime ECL. The Group determines the allowance for ECL on loan receivables by individual assessment.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the borrower and the fair value of the collateral and are adjusted for forward-looking information that is available without undue cost or effort. During the year ended 30 June 2026, the Group recognised an allowance for ECL of approximately HK$303,000 (2025: Nil) on loan receivables on the individual assessment. The allowance mainly related to a newly originated loan receivable which was classified as stage 1 and measured on a 12-month ECL basis, as the loan was newly granted, not overdue and there were no adverse indicators or events of default. The remaining loan receivable continued to be classified as stage 3 lifetime ECL (credit-impaired) and remained fully impaired. Further details of the individual loan receivables are set out in note 23 to the consolidated financial statements.

(5) For the year ended 30 June 2026, an allowance for ECL on rental deposits of approximately HK$34,664,000 (2025: a reversal of allowance for ECL of approximately HK$12,352,000) was recognised in profit or loss. The allowance for ECL was estimated based on the ECL assessment prepared by an independent valuer engaged by the Group.

Jiachao's Shopping Mall

In the prior year, as a result of the seizure and title transfer of certain areas of Jiachao's Shopping Mall by a number of banks and financial institutions exercising their rights under the pledges, the credit risk of the corresponding rental deposit increased significantly. The Group therefore determined that there was evidence of credit impairment and fully provided for ECL on this rental deposit. As disclosed in note 18(i), note 18(ii), note 37(ix) and note 37(x) to the consolidated financial statements, commencing from 1 October 2024, rental payments for Jiachao's Shopping Mall could be offset against the related rental deposit. As the deposit had been fully provided for ECL, the Group reversed the allowance corresponding to the amount effectively settled through this offset mechanism. For the year ended 30 June 2026, a reversal of allowance for ECL on rental deposits of approximately HK$8,695,000 (2025: HK$12,367,000) was recognised in relation to these rental payments. As at 30 June 2026, the rental deposit relating to Jiachao's Shopping Mall continued to be classified as stage 3 lifetime ECL (credit-impaired) and remained fully provided for.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: (Continued)

(5) *(Continued)*

Zone C Shopping Mall

In the prior year, the Group was able to offset the rental deposit paid to the original landlord of Zone C Shopping Mall against unpaid rentals pursuant to the relevant supplemental lease agreement. Under the agreement, the Group had the right to convert the rental deposit into prepaid rent in the event that the properties were subject to judicial preservation, seizure, disposal or auction. Based on this arrangement, the Group considered the recoverability of the rental deposit to be relatively high and did not make a significant allowance for ECL as at 30 June 2025.

As disclosed in note 18 to the consolidated financial statements, the original landlord of Zone C Shopping Mall transferred ownership of certain areas of the mall to creditors due to debt issues. The lease arrangements relating to the basement level and Level 1 of Zone C Shopping Mall were subsequently terminated and replaced by new lease agreements with the new landlords. During the year ended 30 June 2026 and prior to 17 December 2025, rental payments of approximately HK$8,750,000 were offset against the rental deposit paid to the original landlord, as disclosed in note 37(v) to the consolidated financial statements. With effect from 17 December 2025, the original landlord of Zone C Shopping Mall lost ownership of all remaining properties in the mall and no longer had any rights to lease or dispose of the properties. As a result, the remaining rental deposit previously paid to the original landlord could no longer be applied to offset rental payments due to it, as the original landlord no longer owned any properties in Zone C Shopping Mall and had ceased to be the lessor under the relevant lease arrangements. In addition, the Group became aware that the original landlord was facing serious debt issues and was listed as a judgment debtor in multiple cases. In view of the above, the Group fully provided for ECL on the remaining rental deposit paid to the original landlord of Zone C Shopping Mall of approximately RMB38,967,000 (equivalent to approximately HK$43,297,000) during the year. As at 30 June 2026, the rental deposit relating to Zone C Shopping Mall was classified as stage 3 lifetime ECL (credit-impaired) and fully provided for.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

Credit risk and impairment assessment *(Continued)*

Notes: (Continued)

(5) *(Continued)*

Other rental deposits

Other rental deposits, including those relating to the basement level and Level 1 of Zone C Shopping Mall, Longhu Shopping Centre and the industrial park, were classified as stage 1 and measured on a 12-month ECL basis as at 30 June 2026. An allowance for ECL of approximately HK$62,000 (2025: HK$1,000) was recognised in respect of these rental deposits during the year ended 30 June 2026.

The movement in the allowance for ECL on rental deposits is as follows:

	12m ECL	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 July 2024	–	4	107,162	107,166
Allowance for ECL (reversed)/recognised for the year	1	14	(12,367)	(12,352)
Exchange realignment	–	–	2,219	2,219
As at 30 June 2025 and 1 July 2025	1	18	97,014	97,033
Transfer to lifetime ECL (credit impaired)	–	(19)	19	–
Transfer to other receivables – rental deposits (current)	(1)	–	–	(1)
Allowance for ECL recognised for the year	62	–	34,602	34,664
Exchange realignment	2	1	5,654	5,657
As at 30 June 2026	**64**	**–**	**137,289**	**137,353**

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(b) Financial risk management objectives and policies *(Continued)*

***Liquidity risk** (Continued)*

The following table details the Group's remaining contractual maturity for its financial liabilities based on agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent that interest flows are floating-rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

	Effective interest rate %	On demand or less than 1 month HK$'000	1–3 months HK$'000	3 months to 1 year HK$'000	1–3 years HK$'000	3–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 30.6.2026 HK$'000
2026									
Other payables	N/A	62,080	–	–	–	–	–	62,080	62,080
Lease liabilities	2.49%-6.70%	24,518	17,640	52,778	132,926	137,882	337,331	703,075	569,474
Borrowing	12.00%	40,395	–	–	–	–	–	40,395	40,000
Amount due to a shareholder	N/A	12,593	–	–	–	–	–	12,593	12,593
Bonds	8.00%	–	–	8,390	–	–	–	8,390	7,895
		139,586	17,640	61,168	132,926	137,882	337,331	826,533	692,042

	Effective interest rate %	On demand or less than 1 month HK$'000	1–3 months HK$'000	3 months to 1 year HK$'000	1–3 years HK$'000	3–5 years HK$'000	Over 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amounts at 30.6.2025 HK$'000
2025									
Other payables	N/A	43,568	–	–	–	–	–	43,568	43,568
Lease liabilities	2.49%-6.70%	18,623	12,871	42,669	97,563	93,606	309,844	575,176	447,380
Amount due to a shareholder	N/A	9,751	–	–	–	–	–	9,751	9,751
Bonds	8.00%	–	–	10,500	–	–	–	10,500	10,005
		71,942	12,871	53,169	97,563	93,606	309,844	638,995	510,704

The amounts included above for floating interest rate instruments for non-derivative financial liabilities are subject to change if changes in floating interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value measurements of financial instruments

The directors of the Company have assessed that the fair values of trade and other receivables, rental deposits, loan receivables, restricted bank balances, bank balances and cash, other payables, lease liabilities, amount due to a shareholder and bonds approximate to their carrying amounts largely due to the short-term maturities of these instruments or because they carry interest at rates close to current market rates.

The board of directors of the Company is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the board of directors analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the board of directors. Where necessary, the Group engages independent qualified professional valuers to assist in the fair value measurement of Level 3 financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments *(Continued)*

The fair values of the financial assets are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The Group's unlisted equity investment represents the Group's 17.90% equity interest in Edgeon Data Co., Ltd. The investee is a newly established company which is in the process of developing a hyperscale data centre project and has not yet commenced operations. Its assets mainly comprise deposits and prepayments related to the project, while its liabilities mainly comprise shareholder loans. As the investee has no operating history or reliable cash flow projections at this stage, the Group considers that the net asset value ("**NAV**") of the investee is an appropriate measure of the fair value of the investment. The NAV is derived from the financial information of the investee as at or near the reporting date, adjusted where necessary for subsequent events up to the reporting date. Details of the investment are set out in note 21 to the consolidated financial statements.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2026:

Financial assets	**Fair value as at 30 June 2026 HK$'000**	Fair value as at 30 June 2025 HK$'000	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Financial assets at FVTPL:				
Unlisted equity investment	**4,979**	–	NAV of the investee	The higher the NAV, the higher the fair value

A 10% increase/decrease in the NAV of the investee, holding all other variables constant, would increase/decrease the fair value of the unlisted equity investment by approximately HK$498,000 as at 30 June 2026.

Assets measured at fair value:

As at 30 June 2026

	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets at FVTPL	**–**	**–**	**4,979**	**4,979**
Total	**–**	**–**	**4,979**	**4,979**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

6. FINANCIAL INSTRUMENTS *(Continued)*

(c) Fair value measurements of financial instruments *(Continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	2026 **HK$'000**	2025 HK$'000
At 1 July	**–**	–
Addition	**7,845**	–
Fair value losses recognised in the consolidated statement of profit or loss	**(2,866)**	–
At 30 June	**4,979**	**–**

Of the total losses for the year included in profit or loss, HK$2,866,000 relates to the unlisted equity investment held at the end of the reporting period. Fair value losses on financial assets at FVTPL are included in "loss on fair value changes of financial assets at FVTPL" in the consolidated statement of profit or loss and other comprehensive income.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets (2025: Nil).

The Group did not have any financial liabilities measured at fair value as at 30 June 2026 and 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

7. REVENUE AND SEGMENT INFORMATION

Revenue represents (i) the lease payments received and receivable in the normal course of business, net of value-added tax for the year; (ii) property management and related services fee received and receivable; and (iii) coal trading revenue received and receivable.

	2026	2025
	HK$'000	HK$'000
Continuing operations		
Revenue from major business services:		
Revenue within the scope of HKFRS 16		
Rental income from leasing of properties	**47,727**	37,776
Revenue from contracts with customers within the scope of HKFRS 15		
Property management fee income	**61,966**	41,906
Property management – other related services	**1,922**	1,558
Coal trading revenue	**5,299**	–
	69,187	43,464
	116,914	81,240
Disaggregated by timing of revenue recognition:		
Over time:		
Property management fee income	**61,966**	41,906
Property management – other related services	**1,922**	1,558
	63,888	43,464
Point in time:		
Coal trading revenue	**5,299**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Performance obligations for revenue from contracts with customers

Property management fee

Property management fee is recognised over the service period. The Group receives monthly property management fee payments from customers one to three months in advance under the contracts. Advance consideration allocated to the properties management services is recognised as a contract liability and is released over the period of services.

Coal trading revenue

Coal trading revenue is recognised at a point in time when control of the coal is transferred to the customer, which is generally when the physical coal is transferred into the customer's possession. The Group receives advance payments from customers under the contracts. Advance consideration allocated to coal of which control has not yet been transferred is recognised as a contract liability and is released to revenue when control of the coal is transferred to the customer.

Segment information

Information reported to the board of directors, being the chief operating decision makers (the "**CODM**"), for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

For the current reporting period, the Group had one reportable segment from continuing operations: the property operating segment (2025: one reportable segment from continuing operations: the property operating segment). This segment has been identified based on internal management reports prepared in accordance with accounting policies that conform to HKFRSs and are regularly reviewed by the CODM. From a product perspective, management assesses the performance of the property operating segment by considering its contribution.

The cargo aircraft charter segment was established by the Group during the last reporting period, to operate and manage certain specified cargo aircraft charter businesses including but not limited to cargo arrangement from Hong Kong to Miami and other locations. Due to the ongoing uncertainties surrounding U.S. tariff policies, which have significantly impacted the global economy and cargo aircraft operations, the Group decided to classify the cargo aircraft charter segment as discontinued operations during the same period. The segment information reported below does not include any amount for discontinued operations, which is described in more details in note 11 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment information about the continuing operations is presented below:

Segment revenue and result

For the year ended 30 June 2026

	Property operating HK$'000	Total reportable segments HK$'000	Others *(Note)* HK$'000	Consolidated HK$'000
Revenue	**111,615**	**111,615**	**5,299**	**116,914**
Segment result	**68,895**	**68,895**	**(23)**	**68,872**
Income tax expenses				**(34,026)**
Loan interest income				**451**
Allowance for ECL on loan receivables				**(303)**
Loss on fair value changes of financial assets at FVTPL				**(2,866)**
Unallocated administrative expenses				**(15,644)**
Profit for the year from continuing operations				**16,484**

	Property operating HK$'000	Others *(Note)* HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss				
Bank interest income	**12**	**–**	**15**	**27**
Interest expenses	**(22,557)**	**–**	**(998)**	**(23,555)**
Gain on termination of leases	**272,847**	**–**	**–**	**272,847**
Loss on derecognition of investment properties	**(208,778)**	**–**	**–**	**(208,778)**
Gain on fair value changes of investment properties	**3,236**	**–**	**–**	**3,236**
Allowance for ECL on rental deposits	**(34,664)**	**–**	**–**	**(34,664)**
Allowance for ECL on trade receivables	**(90)**	**–**	**–**	**(90)**
Allowance for ECL on other receivables	**(10)**	**–**	**–**	**(10)**
Depreciation of property, plant and equipment	**(235)**	**–**	**(551)**	**(786)**
Depreciation of right-of-use assets	**(196)**	**–**	**(1,582)**	**(1,778)**
Amount regularly provided to the CODM but not included in the measurement of segment profit or loss				
Additions to non-current assets	**405,542**	**–**	**190**	**405,732**

Note:

Others represent the operation of coal trading in the PRC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment revenue and result *(Continued)*

For the year ended 30 June 2025

	Property operating HK$'000	Total reportable segments HK$'000	Consolidated HK$'000
Revenue	81,240	81,240	81,240
Segment result	76,286	76,286	76,286
Income tax expenses			(15,456)
Loan interest income			1,399
Unallocated administrative expenses			(17,229)
Profit for the year from continuing operations			45,000

	Property operating HK$'000	Unallocated HK$'000	Total HK$'000
Amounts included in the measure of segment profit or loss			
Bank interest income	21	34	55
Interest expenses	(24,251)	(896)	(25,147)
Gain on bargain purchase	10,576	–	10,576
Gain on termination of leases	717,538	–	717,538
Loss on derecognition of investment properties	(628,370)	–	(628,370)
Loss on fair value changes of investment properties	(56,476)	–	(56,476)
Reversal of allowance for ECL on rental deposits	12,352	–	12,352
Reversal of allowance for ECL on trade receivables	1,132	–	1,132
Impairment loss/allowance for ECL on prepayments and other receivables	(271)	–	(271)
Depreciation of property, plant and equipment	(228)	(495)	(723)
Depreciation of right-of-use assets	(192)	(1,271)	(1,463)
Amount regularly provided to the CODM but not included in the measurement of segment profit or loss			
Additions to non-current assets	570,940	2,645	573,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Segment revenue and result *(Continued)*

Segment results represent profit or loss from the segment without allocation of income tax expenses, loan interest income, allowance for ECL on loan receivables, loss on fair value changes of financial assets at FVTPL and unallocated administrative expenses.

Segment assets and liabilities

	2026 **HK$'000**	2025 HK$'000
Segment assets		
Continuing operations		
Property operating	**725,111**	547,396
Total reportable segment assets	**725,111**	547,396
Financial assets at FVTPL	**4,979**	–
Loan receivables	**31,918**	8,026
Restricted bank balances	**20,093**	–
Bank balances and cash	**52,889**	44,404
Other operating segment assets	**812**	–
Other unallocated assets	**3,248**	5,397
	839,050	605,223
Assets relating to discontinued operations	**–**	5
Consolidated assets	**839,050**	605,228
Segment liabilities		
Continuing operations		
Property operating	**712,271**	545,299
Total reportable segment liabilities	**712,271**	545,299
Amount due to a shareholder	**12,593**	9,751
Borrowing	**40,000**	–
Bonds	**7,895**	10,005
Other operating segment liabilities	**828**	–
Other unallocated liabilities	**11,907**	6,707
	785,494	571,762
Liabilities relating to discontinued operations	**1,441**	937
Consolidated liabilities	**786,935**	572,699

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

7. REVENUE AND SEGMENT INFORMATION *(Continued)*

Segment information *(Continued)*

Information about geographic areas

The Group's property operating segment is operated in the PRC, while the cargo aircraft charter segment (which is classified as discontinued operations) is operated in Hong Kong.

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

	Revenue from external customers		Non-current assets*	
	2026	2025	**2026**	2025
	HK$'000	HK$'000	**HK$'000**	HK$'000
The PRC	**116,914**	81,240	**697,477**	469,248
Hong Kong	**–**	–	**–**	–
	116,914	81,240	**697,477**	469,248

* Non-current assets excluded those relating to discontinued operations, financial assets at fair value through profit or loss, prepaid lease payments, rental deposits, right-of-use assets and other unallocated non-current assets.

Information about major customers

No customer nor tenant contributed 10 percent or more of the Group's total revenue of HK$116,914,000 for the year ended 30 June 2026 (2025: One single customer from cargo aircraft charter segment (which is classified as discontinued operations) contributed 10 percent or more of the Group's total revenue of HK$140,350,000. The total amount of revenue from the customer from cargo aircraft charter segment amounted to HK$52,845,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

8. OTHER INCOME AND OTHER GAIN AND LOSS

	2026	2025
	HK$'000	HK$'000
Continuing operations		
Bank interest income	**27**	55
Loan interest income	**451**	1,399
Car parking income	**1,157**	2,986
Service income	**2,309**	4,595
Net exchange loss	**–**	(87)
Rental deposits imputed interest income	**1,167**	2,231
Income from forfeiture of deposits received from customers	**982**	–
Refund of litigation fees	**538**	–
Loss on derecognition of investment properties		
– Jiachao's Shopping Mall *(note 18(i), note 18(ii))*	**–**	(383,805)
Loss on derecognition of investment properties		
– Zone C Shopping Mall *(note 18(iii), note 18(iv))*	**(208,778)**	(244,565)
Gain on termination of lease – Jiachao's Shopping Mall		
(note 18(i), note 18(ii))	**–**	409,439
Gain on termination of lease – Zone C Shopping Mall		
(note 18(iii), note 18(iv))	**272,847**	308,099
Others	**611**	418
	71,311	100,765

9. FINANCE COSTS

	2026	2025
	HK$'000	HK$'000
Continuing operations		
Interest on		
– Loan from an independent third party	**118**	–
– Bonds	**800**	800
– Lease liabilities	**22,637**	24,347
	23,555	25,147

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

10. INCOME TAX EXPENSES

	2026 HK$'000	2025 HK$'000
Continuing operations		
Income tax recognised in profit or loss		
PRC Enterprise Income Tax ("**EIT**")		
– Current income tax	**3,083**	1,426
– Under provision in prior years	**–**	206
Deferred tax *(note 32)*	**30,943**	13,824
	34,026	15,456

Hong Kong Profits Tax was calculated at 16.5% (2025: 16.5%) of the estimated assessable profit for the financial year. No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group did not generate any assessable profits arising in Hong Kong for both years.

PRC EIT has been calculated at the rate of 25% of the profits for the PRC statutory financial reporting purpose for the years ended 30 June 2026 and 2025, adjusted for those items which are not assessable or deductible for the PRC EIT purpose.

As at 30 June 2026 and 2025, no deferred tax liabilities were recognised in respect of the undistributed retained earnings of the PRC subsidiaries attributable to the Group under the EIT Law that are subject to withholding tax upon the distribution of such profits to the shareholders outside the PRC.

The income tax expenses for the corresponding years can be reconciled to the profit before taxation from continuing operations per the consolidated statement of profit or loss and other comprehensive income as follows:

	2026 HK$'000	2025 HK$'000
Profit before taxation from continuing operations	**50,510**	60,456
Tax at the income tax rate of 25% (2025: 25%)	**12,628**	15,114
Tax effect of expenses not deductible for tax purpose	**5,017**	7,339
Tax effect of temporary difference not recognised	**39,616**	28,393
Tax effect of income not taxable for tax purpose	**(23,634)**	(36,173)
Tax effect of tax losses not recognised	**463**	577
Tax effect of utilisation of tax losses not previously recognised	**(64)**	–
Tax effect of under provision in previous years	**–**	206
Income tax expenses recognised in profit or loss	**34,026**	15,456

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

11. DISCONTINUED OPERATIONS

Due to ongoing U.S. tariff policy uncertainties that have significantly impacted the global economy and air cargo markets, the Group decided to cease its cargo aircraft charter business ("**discontinued operations**") during the last reporting period after a thorough review of market conditions and a comprehensive evaluation of strategic options.

The results of the discontinued operations included in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the years ended 30 June 2026 and 2025 are set out below.

	2026	2025
	HK$'000	HK$'000
Revenue *(Note (i))*	**–**	59,110
Cost of sales *(Note (ii))*	**–**	(57,838)
Gross profit	**–**	1,272
Other income and other gain and loss	**–**	223
Administrative expenses	**(5,027)**	(351)
Reversal of allowance for ECL/(allowance for ECL) on trade and other receivables	**5,000**	(7,117)
Loss before taxation from discontinued operations	**(27)**	(5,973)
Income tax expenses	**–**	–
Loss for the year from discontinued operations	**(27)**	(5,973)
Loss for the year from discontinued operations attributable to:		
Owners of the Company	**(14)**	(3,047)
Non-controlling interests	**(13)**	(2,926)
	(27)	(5,973)

Notes:

(i) Revenue from discontinued operations comprises income from cargo aircraft chartering services, which is accounted for as revenue from contracts with customers under HKFRS 15. Included in the amount of the last year was approximately HK$875,000 of operational support service income from a related company ("**Related Company**"). One of the Company's subsidiaries and the Related Company have a common director. This revenue was recognised over time as the performance obligation was satisfied. Advance consideration allocated to the cargo aircraft chartering services was recognised as a contract liability and was released over the period of service.

(ii) Cost of sales from discontinued operations represents the direct costs incurred for the Group's cargo aircraft chartering services. These costs primarily consist of payments made to secure aircraft capacity from airline operators via intermediaries. For the year ended 30 June 2025, approximately HK$52,591,000 of the total cost of sales was attributable to capacity purchased from the Related Company acting as an intermediary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

11. DISCONTINUED OPERATIONS *(Continued)*

Loss for the year from discontinued operations has been arrived at after charging the following:

	2026	2025
	HK$'000	HK$'000
Auditor's remuneration	**–**	–
Staff costs		
– directors' emoluments	**–**	–
– other staff's salaries and other benefits	**–**	301
– other staff's retirement benefit scheme contributions	**–**	12
	–	313

Cash flows from discontinued operations:

	2026	2025
	HK$'000	HK$'000
Net cash outflows from operating activities	**(2)**	(184)
Net cash inflows from investing activities	**–**	187
Net cash (outflows)/inflows	**(2)**	3

None of the assets nor liabilities related to the discontinued operations were classified as held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

12. PROFIT FOR THE YEAR

	2026 HK$'000	2025 HK$'000
Continuing operations		
Profit for the year from continuing operations has been arrived at after charging:		
Staff costs *(Note)*		
– directors' emoluments	**3,363**	3,830
– other staff's salaries and other benefits	**15,752**	14,135
– other staff's retirement benefit scheme contributions	**1,940**	1,685
	21,055	19,650
Auditor's remuneration		
– Audit service	**1,600**	1,200
– Non-audit service	**300**	300
Cost of inventories recognised as cost of sales	**5,250**	–
Depreciation of property, plant and equipment	**786**	723
Depreciation of right-of-use assets	**1,778**	1,463
Expenses related to short-term leases in respect of rented premises	**9,557**	2,697
Transitional period operation management service fee for Longhu Shopping Centre	**6,672**	–

Note:

Of the staff costs, HK$7,408,000 (2025: HK$6,487,000) has been included in cost of sales and HK$13,647,000 (2025: HK$13,163,000) has been included in administrative expenses in the consolidated statement of profit or loss and other comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

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

(a) Directors' emoluments

2026

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors				
Mr. Su Peixin *(Note (a))* (Chairman)	–	600	18	618
Dr. Wong Ho Yin *(Note (b))*	–	600	18	618
Mr. Yao Linying	–	490	18	508
Mr. Du Zhenluan *(Note (i))*	–	195	11	206
Mr. Chen Jinyan *(Note (h))*	–	1,124	13	1,137
Independent Non-executive Directors				
Mr. Chong Hon Wang *(Note (d))*	120	–	–	120
Ms. Chuang Yin Lam *(Note (e))*	120	–	–	120
Ms. Wang Yuqin	36	–	–	36
	276	3,009	78	3,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

2025

	Directors' fees HK$'000	Salaries and other benefits HK$'000	Retirement benefit scheme contributions HK$'000	Total HK$'000
Executive Directors				
Mr. Su Peixin *(Note (a))* (Chairman)	–	518	16	534
Dr. Wong Ho Yin *(Note (b))*	–	393	12	405
Mr. Yao Linying	–	480	13	493
Mr. Chen Jinyan *(Note (h))*	–	1,800	26	1,826
Mr. Chen Jindong *(Note (c))*	–	252	2	254
Independent Non-executive Directors				
Mr. Chong Hon Wang *(Note (d))*	112	–	–	112
Ms. Chuang Yin Lam *(Note (e))*	32	–	–	32
Ms. Wang Yuqin	36	–	–	36
Mr. Kwan Chi Fai *(Note (f))*	8	–	–	8
Ms. Chong Sze Pui Joanne *(Note (g))*	130	–	–	130
	318	3,443	69	3,830

Notes:

(a) Mr. Su Peixin was appointed as an executive director on 21 August 2024.

(b) Dr. Wong Ho Yin was appointed as an executive director on 5 November 2024.

(c) Mr. Chen Jindong resigned as an executive director on 21 August 2024.

(d) Mr. Chong Hon Wang was appointed as an independent non-executive director on 25 July 2024.

(e) Ms. Chuang Yin Lam was appointed as an independent non-executive director on 26 March 2025.

(f) Mr. Kwan Chi Fai resigned as an independent non-executive director on 25 July 2024.

(g) Ms. Chong Sze Pui Joanne resigned as an independent non-executive director on 9 April 2025.

(h) Mr. Chen Jinyan resigned as an executive director on 23 January 2026.

(i) Mr. Du Zhenluan was appointed as an executive director on 28 January 2026.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

No emoluments were paid by the Group to the directors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 June 2026 (2025: Nil). No directors have waived or agreed to waive any emoluments during the year ended 30 June 2026 (2025: Nil).

The executive directors' emoluments shown above mainly for their services in connection with the management of the affairs of the Company and the Group. Emoluments of the independent non-executive directors shown above were mainly for their services as directors of the Company. Dr. Wong Ho Yin and Mr. Chen Jindong are the chief executive officer and the former chief executive officer of the Company respectively. Their emoluments disclosed above included those for services rendered by them as the chief executive officer.

(b) Employees' emoluments

The five highest paid individuals of the Group for the year ended 30 June 2026 included two current directors and one former director of the Company (2025: two current directors and one former director), details of whose emoluments are included above. The emoluments of the remaining two (2025: two) individuals are as follows:

	2026	2025
	HK$'000	HK$'000
Salaries and other benefits	**2,016**	2,150
Retirement benefit scheme contributions	**18**	73
	2,034	2,223

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

	2026	2025
Nil to HK$1,000,000	**1**	–
HK$1,000,001 to HK$1,500,000	**1**	2
	2	2

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

13. DIRECTORS' AND EMPLOYEES' EMOLUMENTS *(Continued)*

(b) Employees' emoluments *(Continued)*

Among the five highest paid individuals was Mr. Chen Jindong, who resigned as an executive director on 21 August 2024, but continued as an employee of the Group during the year ended 30 June 2025. His total emoluments of HK$922,000 included HK$254,000 received for his services as an executive director and HK$668,000 received for his services as an employee of the Group during the year ended 30 June 2025.

No emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the year ended 30 June 2026 (2025: Nil). None of the five highest paid individuals have waived or agreed to waive any emoluments during the year ended 30 June 2026 (2025: Nil).

14. DIVIDEND

The board of directors does not recommend any interim nor final dividend for the year ended 30 June 2026 (2025: Nil).

15. (LOSS)/EARNINGS PER SHARE

For continuing operations

The calculation of the basic and diluted (loss)/earnings per share from continuing operations attributable to owners of the Company is based on the following data:

(Loss)/earnings

	2026 **HK$'000**	2025 HK$'000
(Loss)/profit for the year attributable to owners of the Company	**(17,763)**	41,892
Less: Loss for the year from discontinued operations attributable to owners of the Company	**(14)**	(3,047)
(Loss)/profit for the year from continuing operations attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	**(17,749)**	44,939

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

15. (LOSS)/EARNINGS PER SHARE *(Continued)*

For continuing operations *(Continued)*

Number of shares

	2026 '000	2025 '000
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**2,688,805**	2,688,805
Effect of dilutive potential ordinary shares in respect of share options issued by the Company *(Note)*	**–**	14,413
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**2,688,805**	2,703,218

From continuing and discontinued operations

(Loss)/earnings

	2026 HK$'000	2025 HK$'000
(Loss)/profit for the year attributable to owners of the Company for the purpose of basic and diluted (loss)/earnings per share	**(17,763)**	41,892

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

Note:

For the year ended 30 June 2026, the computation of diluted loss per share amount has not assumed the conversion of the Company's outstanding share options because of its anti-dilutive effects.

From discontinued operations

Basic loss per share for discontinued operations is HK0.0005 cents per share (2025: HK0.11) and diluted loss per share for discontinued operations is HK0.0005 cents per share (2025: HK0.11), based on the loss for the year from discontinued operations attributable to owners of the Company of approximately HK$14,000 (2025: HK$3,047,000) and the denominators detailed above for both basic and diluted (loss)/earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

16. PROPERTY, PLANT AND EQUIPMENT

	Building HK$'000	Leasehold improvements HK$'000	Furniture, fixtures, office equipment and motor vehicles HK$'000	Total HK$'000
COST				
As at 1 July 2024	3,552	59	228	3,839
Additions	–	2,182	470	2,652
Exchange realignment	78	–	4	82
As at 30 June 2025 and 1 July 2025	3,630	2,241	702	6,573
Additions	**–**	**–**	**190**	**190**
Exchange realignment	**167**	**–**	**10**	**177**
As at 30 June 2026	**3,797**	**2,241**	**902**	**6,940**
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
As at 1 July 2024	449	9	80	538
Provided for the year	177	414	132	723
Exchange realignment	12	–	2	14
As at 30 June 2025 and 1 July 2025	638	423	214	1,275
Provided for the year	**181**	**448**	**157**	**786**
Exchange realignment	**36**	**–**	**7**	**43**
As at 30 June 2026	**855**	**871**	**378**	**2,104**
NET CARRYING AMOUNT				
As at 30 June 2026	**2,942**	**1,370**	**524**	**4,836**
As at 30 June 2025	2,992	1,818	488	5,298

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

16. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

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

Building	Over the lease term period
Leasehold improvements	20% – 25%
Furniture, fixtures, office equipment and motor vehicles (with 5% residual value on the cost)	20% – 33%

During the year ended 30 June 2026, the management of the Group concluded there were no indicators for impairment, therefore no impairment was made (2025: Nil).

17. RIGHT-OF-USE ASSETS

	Leasehold land HK$'000	**Office premises** HK$'000	**Carpark space** HK$'000	**Total** HK$'000
COST				
As at 1 July 2024	3,844	375	–	4,219
Additions	–	3,042	238	3,280
Exchange realignment	84	–	–	84
As at 30 June 2025 and 1 July 2025	3,928	3,417	238	7,583
Exchange realignment	181	–	–	181
As at 30 June 2026	**4,109**	**3,417**	**238**	**7,764**
ACCUMULATED DEPRECIATION AND IMPAIRMENT				
As at 1 July 2024	471	156	–	627
Provided for the year	192	1,261	10	1,463
Exchange realignment	12	–	–	12
As at 30 June 2025 and 1 July 2025	675	1,417	10	2,102
Provided for the year	196	1,463	119	1,778
Exchange realignment	38	–	–	38
As at 30 June 2026	**909**	**2,880**	**129**	**3,918**
NET CARRYING AMOUNT				
As at 30 June 2026	**3,200**	**537**	**109**	**3,846**
As at 30 June 2025	3,253	2,000	228	5,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

17. RIGHT-OF-USE ASSETS *(Continued)*

	2026 HK$'000	2025 HK$'000
Expense relating to short-term leases	**9,557**	2,697
Total cash outflow for leases (including short-term leases)	**44,577**	37,977

During the years ended 30 June 2026 and 2025, the Group leased office premises and carpark space for its operations. Lease contracts are entered into for fixed terms of 2 to 3 years (2025: 2 to 3 years).

During the year ended 30 June 2026, the management of the Group concluded there were no indicators for impairment, therefore no impairment was made (2025: Nil).

18. INVESTMENT PROPERTIES

The Group takes on the lease of shopping malls and industrial park; and subleases the retail stores of the shopping malls and the units in the industrial park, under operating leases with rentals payable monthly/quarterly. The subleases typically run for an initial period of 30 days to 15 years. Majority of the sublease contracts contain market review clauses in the event the tenant exercises the option to extend.

The Group is not exposed to foreign currency risk as a result of the sublease arrangements, as all subleases are denominated in the respective functional currency of group entities. The sublease contracts do not contain residual value guarantee and/or tenant's option to purchase the property at the end of the term of sublease.

	Shopping Malls *(Note (vi))* HK$'000	**Industrial Park** HK$'000	**2026 HK$'000**	2025 HK$'000
Fair value				
Balance at the beginning of the year	305,495	160,659	**466,154**	568,817
Derecognition upon termination of lease – Jiachao's Shopping Mall *(Note (i); Note (ii))*	–	–	**–**	(383,805)
Derecognition upon termination of lease – Zone C Shopping Mall *(Note (iii); Note (iv))*	(208,778)	–	**(208,778)**	(244,565)
Additions – Jiachao's Shopping Mall *(Note (i); Note (ii))*	–	–	**–**	181,871
Additions – Zone C Shopping Mall *(Note (iii); Note (iv))*	245,110	–	**245,110**	296,413
Additions – Industrial Park	–	–	**–**	59,714
Additions – Longhu Shopping Centre *(Note (v))*	160,432	–	**160,432**	–
Additions on acquisition of a subsidiary *(note 33)*	–	–	**–**	32,935
Gain/(loss) on fair value changes on investment properties	28,457	(25,221)	**3,236**	(56,476)
Exchange realignment	21,812	6,517	**28,329**	11,250
Balance at the end of the year	552,528	141,955	**694,483**	466,154

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

18. INVESTMENT PROPERTIES *(Continued)*

Notes:

(i) As described in the announcement of the Company dated 21 February 2025, a notice dated 23 January 2025 was received from Zhengzhou Jiachao Property Services Co., Ltd.* (鄭州佳潮物業服務有限公司) ("**Zhengzhou Jiachao**"), notifying the Company's wholly-owned subsidiary, Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* (鄭州中原錦藝商業運營管理有限公司) ("**Zhongyuan Jinyi**") that, (a) from 1 October 2024, the rental area under the lease contract dated 26 April 2021 entered into by Zhengzhou Jiachao as the lessor and Zhongyuan Jinyi as the lessee in respect of the Jiachao's Shopping Mall (as already amended by the supplemental agreement entered into between Zhongyuan Jinyi and Zhengzhou Jiachao with effect from 22 June 2024 following the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province ((2024) Yu 0102 Ming Chu No. 4142*) (the "**Supplemental Agreement**"), which had deducted a rental area of 50,532.48 square metres from the original leased area of 125,188.32 square metres) would no longer include a further rental area of 30,595.51 square metres of the Jiachao's Shopping Mall, the title and ownership of which were transferred to Henan Construction Commercial Services Co., Ltd.* (河南建投商業服務有限公司); and (b) from 1 October 2024, the rental area under the Jiachao's Lease Contract (as amended by the Supplemental Agreement) should be further amended to 44,060.33 square metres (the "**Remaining Area**") and the rental payment of the Remaining Area is amended to RMB23.5 per square metre per month, which shall be set off against the deposits paid by Zhongyuan Jinyi to Zhengzhou Jiachao under the Jiachao's Lease Contract. On 26 January 2025, Zhongyuan Jinyi and Zhengzhou Jiachao entered into a supplemental lease contract ("**Jiachao's Supplemental Lease Contract**") for the lease of the Remaining Area which replaced the Jiachao's Lease Contract (as amended by the Supplemental Agreement). Under these circumstances, the Jiachao's Lease Contract (as amended by the Supplemental Agreement) is considered terminated as of 30 September 2024.

For the termination of the Jiachao's Lease Contract (as amended by the Supplemental Agreement), the Group derecognised lease liabilities associated with that contract as of 30 September 2024, which were approximately RMB279 million (equivalent to approximately HK$302,912,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. Simultaneously, the termination required the Group to derecognise the associated amount from its investment properties as of 30 September 2024. The fair value of the investment properties derecognised by the Group amounted to approximately RMB254 million (equivalent to approximately HK$276,087,000). Consequently, the Group recognised a loss on derecognition of investment properties of approximately HK$276,087,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

Pursuant to Jiachao's Supplemental Lease Contract, the Group recognised new lease liabilities of approximately RMB103 million (equivalent to approximately HK$111,734,000) and a corresponding amount in its investment properties. The fair value of the newly recognised investment properties as of 1 October 2024 amounted to RMB100 million (equivalent to approximately HK$108,696,000).

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

18. INVESTMENT PROPERTIES *(Continued)*

Notes: (Continued)

(ii) On 27 June 2025, the People's Court of Zhongyuan District, Zhengzhou City, Henan Province, served Zhengzhou Jiachao with the "Notice to Vacate Within a Time Limit" (Case Reference.: (2023) Yu 01 Zhi Hui No. 355*) (河南省鄭州市中原區人民法院(2023)豫01執恢355號《限期遷出公告》), mandating that all entities and individuals occupying or leasing the property located at Basement 1 Level Underground Space, Zone B (with a certified construction area of 16,311.24 square metres, hereinafter referred to as the "**Zone B Basement Level**") to vacate within 30 days of the notice's posting.

This area constituted part of the premises leased under Jiachao's Supplemental Lease Contract. The previous end tenant, Henan Century Lianhua Supermarket Co., Ltd.* (河南世紀聯華超市有限公司), had vacated the premises on 28 February 2025, leaving the area unoccupied. Following negotiations, the sub-tenant of Zhongyuan Jinyi, Henan Zhongyu Zhongyuan Commercial Operation Management Co., Ltd.* (河南中豫中原商業運營管理有限公司) submitted a formal letter of withdrawal for the specified basement area to Zhongyuan Jinyi on 30 June 2025. On the same date, Zhongyuan Jinyi notified Zhengzhou Jiachao of the vacation and formally acknowledged the release of the leasehold area via an official court submission. These actions effected a termination of the corresponding portion of Jiachao's Supplemental Lease Contract as of 30 June 2025.

For this termination, the Group derecognised lease liabilities associated with Jiachao's Supplemental Lease Contract as of 30 June 2025, which were approximately RMB98 million (equivalent to approximately HK$106,527,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. A corresponding reduction was made in the book value of associated investment properties, with the derecognised fair value amounting to approximately RMB99 million (equivalent to approximately HK$107,718,000). Consequently, it resulted in a loss on derecognition of investment properties of approximately HK$107,718,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. The residual leased area of 27,749.09 square metres under Jiachao's Supplemental Lease Contract has been reconstituted as a new lease arrangement.

This resulted in the Group recognising new lease liabilities of approximately RMB65 million (equivalent to approximately HK$70,137,000) and a corresponding amount in its investment properties. The fair value of the investment properties recognised by the Group amounted to RMB63 million (equivalent to approximately HK$68,478,000).

(iii) The lease for Zone C Shopping Mall was originally executed between Zhongyuan Jinyi and Zhengzhou Hanyuan Real Estate Co., Ltd.* (鄭州翰園置業有限公司) ("**Zhengzhou Hanyuan**") on 26 April 2021 with a lease term of 15 years. Due to debt issues encountered by Zhengzhou Hanyuan, it transferred ownership of certain floors within Zone C Shopping Mall to settle its obligations, resulting in the lawful transfer of the relevant property rights to the respective creditors. In accordance with Article 725 of the Civil Code of the People's Republic of China, which establishes the principle that "a change in ownership does not affect existing leases", the validity of the original lease contract remains unaffected by the transfer of ownership during the lease term. Thus, the lease agreement originally signed between Zhongyuan Jinyi and Zhengzhou Hanyuan continued to be effective, and Zhongyuan Jinyi's leasehold rights remained intact despite the change in ownership. Accordingly, Zhongyuan Jinyi continued to exercise its rights and perform its obligations as the lessee under the original lease terms, while the new property owner assumed the position and responsibilities of the lessor originally held by Zhengzhou Hanyuan under the lease contract.

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

18. INVESTMENT PROPERTIES *(Continued)*

Notes: (Continued)

(iii) *(Continued)*

However, on 22 May 2025, through mutual agreement among the new landlord of the basement level of Zone C Shopping Mall, China Orient Asset Management Co., Ltd. Fujian Branch* (中國東方資產管理股份有限公司福建省分公司) ("**China Orient Fujian**"), Zhongyuan Jinyi, and another subsidiary of the Company, Zhengzhou Zhengxu Commercial Operation Management Co., Ltd.* (鄭州正旭商業運營管理有限公司) ("**Zhengzhou Zhengxu**"), it was decided to terminate the lease relationship under the original Zone C Shopping Mall lease agreement concerning the basement level effective 28 February 2025. Subsequently, a new lease agreement for the area was executed between Zhengzhou Zhengxu and China Orient Fujian effective from 1 March 2025, covering a leasable area of 6,692.93 square metres. The lease term ran for more than 15 years from 1 March 2025 to 31 October 2040. Zhengzhou Hanyuan ratified the above changes for the original lease agreement by formal notice. The arrangement is considered a termination of the original lease agreement since the original lease agreement no longer included the leased area pertaining to the basement level of Zone C Shopping Mall from 1 March 2025.

As a result of this termination, the Group derecognised lease liabilities associated with the original lease agreement as of 28 February 2025, which were approximately RMB283 million (equivalent to approximately HK$308,099,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025. Concurrently, the termination of the original lease agreement required the Group to derecognise the associated amount from its investment properties as of 28 February 2025. The fair value of the investment properties derecognised by the Group amounted to approximately RMB225 million (equivalent to approximately HK$244,565,000). Consequently, the Group recognised a loss on derecognition of investment properties of approximately HK$244,565,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

The original lease agreement for the remaining area of Zone C Shopping Mall, together with the new lease agreement for the basement level of Zone C Shopping Mall, resulted in the Group recognising new lease liabilities totalling approximately RMB273 million (equivalent to approximately HK$296,413,000) and the corresponding amounts in its investment properties. The total fair value of the investment properties recognised by the Group as of 1 March 2025 amounted to RMB225 million (equivalent to approximately HK$244,565,000).

(iv) On 27 April 2026, through mutual agreement among the new landlord of Level 1 of Zone C Shopping Mall, China Orient Asset Management Co., Ltd. Hainan Branch* (中國東方資產管理股份有限公司海南省分公司) ("**China Orient Hainan**"), Zhongyuan Jinyi, and the Company's subsidiary, Zhengzhou Yichi Commercial Operation Management Co., Ltd.* (鄭州義尺商業運營管理有限公司) ("**Zhengzhou Yichi**"), it was decided to terminate the lease relationship under the original Zone C Shopping Mall lease agreement concerning Level 1, effective 31 December 2025. Subsequently, a new lease agreement for the area was executed between Zhengzhou Yichi and China Orient Hainan, effective from 1 January 2026, covering a leasable area of 15,318.48 square metres. The lease term ran for 5 years from 1 January 2026 to 31 December 2030. The arrangement is considered a termination of the original lease agreement, since the original lease agreement no longer included the leased area pertaining to Level 1 of Zone C Shopping Mall from 1 January 2026.

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

18. INVESTMENT PROPERTIES *(Continued)*

Notes: (Continued)

(iv) *(Continued)*

As a result of this termination, the Group derecognised lease liabilities associated with the original lease agreement as of 31 December 2025, which were approximately RMB245 million (equivalent to approximately HK$272,847,000). This amount is recognised as a gain on termination of lease in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2026. Concurrently, the termination of the original lease agreement required the Group to derecognise the associated amount from its investment properties as of 31 December 2025. The fair value of the investment properties derecognised by the Group amounted to approximately RMB188 million (equivalent to approximately HK$208,778,000). Consequently, the Group recognised a loss on derecognition of investment properties of approximately HK$208,778,000 in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2026.

The original lease agreement for the remaining area of Zone C Shopping Mall, together with the new lease agreement for Level 1 of Zone C Shopping Mall, resulted in the Group recognising new lease liabilities totalling approximately RMB221 million (equivalent to approximately HK$245,110,000) and the corresponding amounts in its investment properties. The total fair value of the investment properties recognised by the Group as of 1 January 2026 amounted to RMB166 million (equivalent to approximately HK$184,444,000).

(v) On 27 August 2025, Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* (鄭州龍啟翔商業運營管理有限公司) ("**Zhengzhou Longqixiang**"), an indirect non-wholly-owned subsidiary of the Company, entered into a lease agreement (the "**Longhu Lease Agreement**") with China Orient Asset Management Co., Ltd. Anhui Branch* (中國東方資產管理股份有限公司安徽省分公司) in respect of a shopping centre known as the "Longhu Shopping Centre" (龍湖錦藝城), located at Unit -105, Unit 101, Unit 201 and Unit 529 of Block 1, Longhu Shopping Centre, No. 150 Shuanghu Avenue, Longhu Town, Zhengzhou City, Henan Province, the PRC, with a total rental area of approximately 62,583 square metres. The contractual lease term is 120 months from 1 July 2025 to 30 June 2035.

Pursuant to a supplemental lease agreement dated 29 September 2025, the lessor confirmed that the Longhu Lease Agreement was subject to approval by the shareholders of the Company at an extraordinary general meeting. On 20 January 2026, the ordinary resolution to approve, confirm and ratify the Longhu Lease Agreement was duly passed by the shareholders. The Longhu Lease Agreement became unconditional and effective on the same date. Further details are set out in the announcements of the Company dated 29 September 2025, 31 December 2025 and 20 January 2026.

As shareholder approval was a condition precedent, the commencement date of the lease for accounting purposes under HKFRS 16 was 20 January 2026. The contractual expiry date remains 30 June 2035 and was not extended.

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

18. INVESTMENT PROPERTIES *(Continued)*

Notes: (Continued)

(v) *(Continued)*

At the commencement date, Zhengzhou Longqixiang recognised a lease liability of approximately RMB140 million (equivalent to approximately HK$155,753,000) and a right-of-use asset of approximately RMB144 million (equivalent to approximately HK$160,432,000). In connection with entering into the Longhu Lease Agreement, Zhengzhou Longqixiang and the previous management company entered into a joint-assumption arrangement, under which Zhengzhou Longqixiang assumed the unpaid rent of approximately RMB4,211,000 (equivalent to approximately HK$4,679,000) for the period from 23 December 2024 to 9 May 2025 that was originally payable by the previous management company. The assumed amount was an incremental cost of obtaining the lease and has been included as an initial direct cost in the measurement of the right-of-use asset at the commencement date.

As the Longhu Shopping Centre is held to earn rentals, the right-of-use asset is classified as an investment property under HKAS 40. Based on a valuation by an independent qualified professional valuer, the fair value of the investment property as at 20 January 2026 was RMB251 million (equivalent to approximately HK$278,889,000).

(vi) According to the legal opinions from the Group's PRC legal adviser, the two lease contracts dated 26 April 2021 each entered into by Zhengzhou Jiachao as lessor and Zhongyuan Jinyi as lessee in respect of the Jiachao's Shopping Mall and by Zhengzhou Hanyuan as lessor and Zhongyuan Jinyi as lessee in respect of the Zone C Shopping Mall and the supplemental agreements or arrangements contemplated thereafter remain valid as of the date of this report.

The fair value of the Group's investment properties as at 30 June 2026 and 2025 has been arrived at on the basis of a valuation carried out at the end of the year by International Valuation Limited (the "**Valuer**"), an independent qualified professional valuer not connected with the Group.

The Valuer has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's investment properties were valued individually, on market value basis, which conforms to Hong Kong Institute of Surveyors Valuation Standards. The fair value was arrived at by reference to comparable sales transactions available in the relevant market together with income approach by capitalising the net rental income derived from the existing tenancies under various terms.

In estimating the fair value of the investment properties, the directors of the Company have considered that the highest and best use of the properties is their current use upon the application of HKFRS 13 *Fair Value Measurement*. There has been no change of the valuation technique during the years ended 30 June 2026 and 2025.

All of the Group's investment properties are located in the PRC and classified as Level 3 in the fair value hierarchy.

There were no transfers into or out of Level 3 during the years ended 30 June 2026 and 2025.

At the end of the reporting period, the management of the Group works closely with the Valuer to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

18. INVESTMENT PROPERTIES *(Continued)*

The following table shows the valuation techniques used in the determination of fair values for investment properties and the key unobservable inputs used in the valuation models.

Description	Fair value as at 30 June 2026	Fair value as at 30 June 2025	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Commercial – shopping malls	RMB480,700,000 (Equivalent to approximately HK$552,528,000)	RMB278,000,000 (Equivalent to approximately HK$305,495,000)	Combination of capitalisation method and comparison method	1) reversionary yield derived from market rent and price	2026: 5.95% to 6.25% p.a. (2025: 6.10% to 6.20% p.a.)	The higher the reversionary yield, the lower the fair value and vice versa.
				2) monthly unit rent	Market unit rate taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the properties which were RMB68 to RMB90 per square metre ("**sqm**") (2025: RMB69 per sqm)	The higher the monthly rent, the higher the fair value and vice versa.
Commercial and industrial – industrial parks	RMB123,500,000 (Equivalent to approximately HK$141,955,000)	RMB146,200,000 (Equivalent to approximately HK$160,659,000)	Combination of capitalisation method and comparison method	1) reversionary yield derived from market rent and price	2026: 7.30% to 8.00% p.a. (2025: 7.20% to 8.00% p.a.)	The higher the reversionary yield, the lower the fair value and vice versa.
				2) monthly unit rent	Market unit rate taking into account the recent transaction prices for similar properties adjusted for nature, location and conditions of the properties which were RMB22 to RMB42 per sqm (2025: RMB20 to RMB40 per sqm)	The higher the monthly rent, the higher the fair value and vice versa.

The Group as lessor

Property rental income, management fee income and operating service income earned during the year were HK$111,615,000 (2025: HK$81,240,000). All properties have committed tenants ranging from the next 1 to 14 years (2025: 1 to 15 years) and include an extension option.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2026 HK$'000	2025 HK$'000
Within one year	**36,755**	35,451
In the second to fifth years inclusive	**57,922**	70,511
Over five years	**74,545**	80,278
	169,222	186,240

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

19. RENTAL DEPOSITS

The amount represents refundable deposits paid to landlords for leasing the shopping malls and the industrial parks which are classified as investment properties as set out in note 18 to the consolidated financial statements, and for leasing the office premises and the carpark space for daily operations.

Details of impairment assessment under ECL model for rental deposits are set out in note 6 to the consolidated financial statements.

20. PREPAID LEASE PAYMENTS

Prepaid lease payments represent amounts paid in advance for lease agreements. Payments that are expected to provide economic benefits beyond one year are classified as non-current assets. The prepaid lease payments are recorded at cost and are settled in accordance with the timing of lease payments arising from the associated lease liabilities.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	30 June 2026 HK$'000	30 June 2025 HK$'000
Unlisted equity investment	**4,979**	–

Unlisted equity investment represents the Group's 17.90% equity interest in Edgeon Data Co., Ltd ("**Edgeon Data**"), a company incorporated in Korea.

On 16 June 2026, Arts Award Corporation (International) Limited ("**Arts Award**"), an indirect wholly owned subsidiary of the Company, entered into a share purchase agreement with Divine Consulting Group Limited, an independent third party, pursuant to which Arts Award acquired 1,521,500 shares in Edgeon Data, representing approximately 17.90% of its issued share capital, at a consideration of KRW1,526,825,250 (equivalent to approximately HK$7,845,000). Upon completion, Arts Award held a 17.90% equity interest in Edgeon Data.

As the Group holds only approximately 17.90% of the equity interest in Edgeon Data and does not have control nor significant influence over it, the investment is neither a subsidiary nor an associate. The Group has not elected to designate the investment as a financial asset at FVTOCI. Accordingly, the investment is classified as a financial asset at FVTPL in accordance with HKFRS 9. Changes in fair value are recognised in profit or loss in the period in which they arise.

Details of the fair value measurement are disclosed in note 6 to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

22. TRADE AND OTHER RECEIVABLES

	2026 HK$'000	2025 HK$'000
Trade receivables	**12,483**	10,642
Less: Allowance for ECL	**(5,554)**	(5,301)
	6,929	5,341
Prepayments *(Note (i))*	**6,077**	5,568
Other receivables *(Note (ii))*	**4,868**	8,748
	17,874	19,657

Notes:

(i) Included in the Group's gross prepayments balance are mainly prepaid lease payments of approximately HK$4,574,000 and prepayments for coal procurement of approximately HK$759,000 (2025: prepaid lease payments of approximately HK$4,548,000).

During the year ended 30 June 2026, the Group has made an impairment loss of Nil (2025: approximately HK$220,000) on the prepayments.

(ii) Included in the Group's gross other receivables balance are mainly deposits paid of approximately HK$1,851,000 and other tax recoverable of approximately HK$3,040,000 (2025: deposits paid of approximately HK$5,228,000 and other tax recoverable of approximately HK$3,317,000).

During the year ended 30 June 2026, the Group has made a reversal of allowance for ECL of approximately HK$4,990,000 (2025: allowance for ECL of approximately HK$5,359,000) on the other receivables.

Trade receivables from contracts with customers as at 30 June 2026, 30 June 2025 and 1 July 2024 amounted to HK$5,381,000, HK$6,963,000 and HK$13,732,000 respectively.

As at 30 June 2026 and 2025, all trade receivables of the Group were in the functional currency of the relevant group entities.

The following is an ageing analysis of trade receivables after deducting the allowance for ECL presented based on date of rendering of services:

	2026 HK$'000	2025 HK$'000
0 – 60 days	**3,212**	2,660
61 – 90 days	**803**	79
Over 90 days	**2,914**	2,602
Trade receivables	**6,929**	5,341

The Group measures allowance for ECL on trade receivables at an amount equal to lifetime ECL.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

22. TRADE AND OTHER RECEIVABLES *(Continued)*

As at 30 June 2026, trade receivables over 90 days, net of allowance for ECL, amounted to HK$2,914,000 (2025: HK$2,602,000) were past due but not impaired. The Group has evaluated the credit quality of the relevant customers or tenants and, based on both historical and forward-looking information, has determined that there has not been a significant change in the credit quality of these customers or tenants, and the balances are still considered to be fully recoverable. The Group does not hold any collateral against these balances, except for the deposits received from tenants.

The Group's trade and other receivables balance as at 30 June 2026 included amounts from the Related Company against which allowances for ECL have been recognised. These comprised approximately HK$875,000 (2025: HK$875,000) in trade receivables for operational support services and approximately HK$305,000 (2025: HK$5,305,000) in other receivables, held as security for aircraft capacity.

Details of impairment assessment under ECL model for trade and other receivables for the years ended 30 June 2026 and 2025 are set out in note 6 to the consolidated financial statements.

23. LOAN RECEIVABLES

	2026 **HK$'000**	2025 HK$'000
Gross carrying amount of loan and interest receivables	**230,996**	198,064
Less: Allowance for ECL	**(199,078)**	(190,038)
	31,918	8,026

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

23. LOAN RECEIVABLES *(Continued)*

The Group held two loan receivables as at 30 June 2026 being loan receivables (a) and (c) (2025: two, being loan receivables (a) and (b)), the details of which are as follows:

a) On 28 April 2021, the Group entered into an agreement with an independent third party ("**Borrower I**") to lend RMB250,000,000 (equivalent to approximately HK$294,118,000). The loan was interest-bearing at 7.500% per annum and due on 27 April 2022. The loan was secured by 25% equity interests of Zhengzhou Jiachao and 25% equity interests of Zhongyuan Jinyi both held by a former non-controlling shareholder of a subsidiary ("**Guarantor I**").

On 19 November 2021, the Group entered into the first supplemental agreement with Borrower I, Guarantor I and a new guarantor which is an independent third party (the "**Guarantor II**"). Pursuant to which, the principal amount of loan receivable was revised from RMB250,000,000 (equivalent to approximately HK$294,118,000) to RMB210,000,000 (equivalent to approximately HK$253,012,000) and the share charged over the 25% equity interests of Zhongyuan Jinyi held by a former non-controlling shareholder of a subsidiary was released. At the same time, the Group received RMB40,000,000 (equivalent to approximately HK$48,193,000) for repayment of principal and the interest receivables remained outstanding.

On 29 June 2022, the Group and the Borrower I entered into the second supplemental agreement to (i) extend the maturity date of loan receivable and agree to repay the outstanding balance by three instalments. The last instalment was due on 27 April 2023; and (ii) revise the interest rate of loan receivable to 4.785% per annum effective from 28 April 2022 and up to and including 27 April 2023.

As at 30 June 2023, the loan receivable outstanding amounted to RMB174,346,000 (equivalent to approximately HK$187,469,000). The Group assessed the credit risk of the renewed loan based on the Borrower I's repayment ability, financial status and communications with the Borrower I. The Group has not yet reached any consensus with the Borrower I with respect to a revised repayment schedule for the renewed loan. Hence, Borrower I was considered to be in default as of 27 April 2023, and therefore, the loan receivable has been transferred to stage 3 lifetime ECL and fully impaired during the year ended 30 June 2023.

Following Borrower I's default in April 2023, the Group initiated legal proceedings to recover the outstanding loan through the Zhengzhou Intermediate People's Court. The parties subsequently reached a settlement through court mediation, which was formally confirmed in a Civil Mediation Statement issued in June 2025. Under the mediated agreement, the first installment payment is due by 31 December 2025, with subsequent payments structured through June 2030. The agreement stipulates that interest obligations will be waived only upon full compliance with all repayment terms.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

23. LOAN RECEIVABLES *(Continued)*

a) *(Continued)*

If Borrower I fails to fulfill its payment obligations in accordance with any of the deadlines and amounts agreed upon in the mediation agreement, the Group shall have the right to apply to the People's Court for compulsory execution of the following: (i) the principal and interest owed by Borrower I (the interest includes approximately RMB39,625,000 and that which is calculated based on the unpaid principal at an annual interest rate of 3.10% from 18 December 2024 (the next day of the prosecution date) to the actual repayment date) and the case handling fee; (ii) the Group has the right to receive priority compensation for the proceeds from the discount, auction, or sale of the 25% equity interest in Zhengzhou Jiachao within the scope of the loan involved in the case; and (iii) Guarantor I and Guarantor II assume joint and several liability for the loan involved in the case of Borrower I.

Since Borrower I failed to settle the first scheduled payment on time, i.e., to repay the principal of RMB5 million before 31 December 2025, the Group applied to the People's Court for compulsory execution in January 2026. The case entered the property investigation and control stage. After exhaustive investigation measures by the Court, including online asset searches and enquiries with relevant local courts, no executable assets of material value were identified. On 29 May 2026, the People's Court issued an execution ruling terminating the current execution procedure, confirming that the debtors had no property available for enforcement at that time.

As at 30 June 2026, the Group held collateral consisting of 25% equity interests of Zhengzhou Jiachao, a former subsidiary of the Company, to secure the loan receivable with an aggregate gross principal amount of RMB140,021,000 (equivalent to approximately HK$160,944,000) (30 June 2025: RMB140,021,000 (equivalent to approximately HK$153,870,000)) and related gross interest receivables of RMB32,913,000 (equivalent to approximately HK$37,831,000) (30 June 2025: RMB32,913,000 (equivalent to approximately HK$36,168,000)). The loan receivable was fully guaranteed by Guarantor I and Guarantor II. Neither an additional allowance nor a reversal of an allowance for ECL has been recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2026 (30 June 2025: Nil). Notwithstanding the People's Court's ruling, the Group maintained a full impairment on the loan receivable to exercise financial prudence. The Group retains the legal right to enforce the full debt amount and exercise its secured guarantees should any recoverable assets of Borrower I, Guarantor I or Guarantor II be identified in the future, and will continue to monitor the position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

23. LOAN RECEIVABLES *(Continued)*

b) On 25 April 2024, the Group entered into another agreement with a party ("**Borrower II**") to lend HK$18,000,000. The amount was interest-bearing at 8.500% per annum and due on 30 June 2024. The amount was secured by the Company's two unlisted and non-transferable bonds at face value of HK$7,000,000 and HK$3,000,000, held by another party ("**Guarantor III**"). Both Borrower II and Guarantor III have unconditionally and irrevocably committed to not disposing of the Company's shares they hold under any circumstances before the loan and interest are fully repaid. Additionally, at the Group's request, they must immediately sell the Company's shares and use the proceeds to repay any overdue loan amounts owed by Borrower II, either in whole or in part (the "**Commitment**"). As of the date of the agreement, Borrower II held 765,000 shares, while Guarantor III held 63,800,000 shares.

Between July and November 2024, pursuant to the Commitment, Borrower II sold all of the Company's shares to repay part of the overdue loan amounts. The total repayment amount was HK$2,200,000.

On 25 November 2024, the Group entered into a supplemental agreement with Borrower II and Guarantor III to (i) extend the maturity date of the loan receivable to 30 June 2025; (ii) revise the interest rate of the loan receivable from 8.500% per annum to 11.000% per annum; and (iii) update the status of the Commitment, under which Guarantor III unconditionally and irrevocably committed to not disposing of 15,000,000 shares of the Company under any circumstances until the loan and interest are fully repaid.

On 30 April 2025, the Group entered into a further supplemental agreement with Borrower II and Guarantor III, which amended the terms as follows: (i) the maturity date of the loan receivable was further extended to 28 February 2026; (ii) the interest rate was revised from 11.000% per annum to 8.000% per annum effective from 1 January 2025; and (iii) the Guarantor III continued to pledge all rights and interests of the two bonds with a total face value of HK$10,000,000 to the Group as security, but was no longer required to hold the Company's shares as collateral. The Commitment regarding the disposal restriction and forced sale of shares was thereby released.

As at 30 June 2025, being the end of the last year, the loan receivable remained outstanding, comprising a gross principal amount of HK$6,300,000 and related gross interest receivables of HK$1,726,000. The loan bore interest at 8.000% per annum, was fully guaranteed by Guarantor III, and was secured by the two bonds held by Guarantor III.

During the current year, Borrower II repaid HK$6,300,000. The remaining outstanding principal and interest were subsequently settled by way of an offset arrangement against the bonds held by Guarantor III, pursuant to an agreement entered into among the Group, Borrower II and Guarantor III (the "Offset Arrangement"). As at 30 June 2026, the principal and interest had been fully settled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

23. LOAN RECEIVABLES *(Continued)*

c) On 16 June 2026, Arts Award completed the acquisition of 17.90% equity interests in Edgeon Data (the "**Borrower III**") from an independent third party, Divine Consulting Group Limited (the "**Guarantor IV**"). Further details of the investment are set out in note 21 to the consolidated financial statements.

On the same date, Arts Award (as Lender), Borrower III (as Borrower) and Guarantor IV (as Guarantor) entered into a shareholder loan agreement (the "**Shareholder Loan Agreement**"), pursuant to which Arts Award agreed to provide a shareholder loan (the "**Shareholder Loan**") in the principal amount of US$8,986,000 (equivalent to approximately HK$70,405,000) in favour of Borrower III for a term of five years after the advance date at an interest rate of 15% per annum. Guarantor IV also executed a deed of guarantee (the "**Deed of Guarantee**") in favour of Arts Award as security for the repayment obligations of Borrower III under the Shareholder Loan Agreement. The Shareholder Loan will be used by Borrower III for the purposes of the acquisitions of a parcel of land located at 875 and 876 Banyong-ri, Jangan-eup, Gijang-gun, Busan, Korea and the business rights of the Project, being a hyperscale data centre project with a contracted power capacity of 270,000 KVA (equivalent to approximately 200MW). The grant of the Shareholder Loan was subject to the fulfilment or waiver of certain conditions precedent, including, among others, that the Share Purchase Agreement had been duly executed and the Acquisition had completed and Arts Award had become a shareholder of Borrower III, and that Guarantor IV had executed and delivered the Deed of Guarantee in favour of Arts Award. Please refer to the announcements of the Company dated 17 June 2026 and 21 July 2026 for further details.

Pursuant to the Shareholder Loan Agreement, Borrower III shall repay (i) the interest on the last Business Day of each calendar quarter following the Advance Date; and (ii) the principal amount of the Shareholder Loan together with all unpaid interest on the Maturity Date. Arts Award may, at any time from and after the date that is six months after the Advance Date, by giving written notice to Borrower III, demand immediate repayment of the whole or any part of the outstanding principal amount of the Shareholder Loan, together with all accrued and unpaid interest and any other amounts due under the Shareholder Loan Agreement. Such call right is absolute and unconditional and may be exercised whether or not an event of default has occurred. Accordingly, the loan receivable is presented as a current asset.

On 26 June 2026, the Group advanced a principal amount of approximately US$4,089,000 (equivalent to approximately HK$32,154,000) to Borrower III pursuant to the Shareholder Loan Agreement.

As at 30 June 2026, the outstanding principal of the loan receivable amounted to approximately US$4,089,000 (equivalent to approximately HK$32,154,000), and the related interest receivable amounted to approximately US$8,000 (equivalent to approximately HK$67,000), aggregating approximately US$4,097,000 (equivalent to approximately HK$32,221,000). The loan receivable was fully guaranteed by Guarantor IV under the Deed of Guarantee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

23. LOAN RECEIVABLES *(Continued)*

c) *(Continued)*

The Group assessed the impairment risk of the loan receivable in accordance with HKFRS 9 and measured the allowance for ECL using the ECL model. An independent valuer was engaged to measure the ECL allowance on the loan receivable from Borrower III as at 30 June 2026. The assessment took into account Borrower III's repayment ability and financial position, the guarantee arrangements, and communications with Borrower III and Guarantor IV. As at 30 June 2026, the loan was newly originated, was not overdue and there were no adverse indicators or events of default. The loan receivable was therefore classified as stage 1 and measured on a 12-month ECL basis.

Based on the above parameters and after taking into account forward-looking adjustments, the independent valuer determined that the ECL on the loan receivable as at 30 June 2026 amounted to approximately US$38,000 (equivalent to approximately HK$303,000). An allowance for ECL of the aforesaid amount was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2026. The Group will continue to monitor Borrower III's repayment ability and financial position, the effectiveness of the guarantee provided by Guarantor IV, and the subsequent progress of the Project.

Loan receivable (a) is denominated in RMB, the functional currency of the relevant group entities, while loan receivable (b) is denominated in HK$ and loan receivable (c) is denominated in US$.

The movements in the allowance for ECL on loan receivables are as follows:

	Stage 1 12m ECL HK$'000	**Stage 3 Lifetime ECL (credit-impaired)** HK$'000	**Total** HK$'000
As at 1 July 2024	–	185,951	185,951
Exchange realignment	–	4,087	4,087
As at 30 June 2025 and 1 July 2025	–	190,038	190,038
Allowance for ECL recognised for the year	303	–	303
Exchange realignment	–	8,737	8,737
As at 30 June 2026	**303**	**198,775**	**199,078**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

23. LOAN RECEIVABLES *(Continued)*

Reconciliation of gross carrying amount of loan receivables, including interest receivables for the years ended 30 June 2026 and 30 June 2025 are as follows:

	2026	2025
	HK$'000	HK$'000
As at 1 July	**198,064**	204,278
Addition	**32,154**	–
Repayment	**(6,300)**	(11,700)
Interest receivable	**451**	1,399
Offset with bonds	**(2,110)**	–
Exchange realignment	**8,737**	4,087
As at 30 June	**230,996**	198,064

24. RESTRICTED BANK BALANCES

As at 30 June 2026, bank balances that were placed in restricted bank accounts in accordance with the applicable lease agreements amounted to approximately HK$20,093,000 (2025: Nil). Such balances were subject to lessor's supervision and could only be applied primarily to settle rental and related expenses, with the remaining funds used solely for the lessee's normal operations. The balances carried interest rate at 0.050% per annum.

25. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and bank balances that carry interest rates ranging from 0.001% to 0.100% (2025: 0.050% to 0.250%) per annum.

The Group's bank balances and cash denominated in currencies other than functional currency of the relevant group entities are set out as follows:

	2026	2025
	HK$'000	HK$'000
HK$	**668**	505

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

26. OTHER PAYABLES

	2026 HK$'000	2025 HK$'000
Receipts in advance of rental income from leasing of properties	**20,566**	25,164
Deposits received from tenants	**17,763**	13,603
Interest payables for loan from a third party	**118**	–
Accrued charges and other payables	**10,874**	6,556
Payables for terminal charges to Related Company	**937**	937
Payables for assumption of rental expenses from previous management company	**1,737**	–
Dividend payable	**192**	192
Other tax payables	**5,132**	6,003
Provision for litigation *(Note (i))*	**17,025**	16,277
Amount due to a director *(Note (ii))*	**8,302**	–
	82,646	68,732

Notes:

(i) Pursuant to the judgment of the People's Court of Zhongyuan District, Zhengzhou City, Henan Province ((2024) Yu 0102 Ming Chu No. 4142*) (河南省鄭州市中原區人民法院(2024)豫0102民初4142號《民事判決書》), Zhongyuan Jinyi was ordered to make the rental payment to the creditor of Zhengzhou Jiachao, amounting to approximately RMB9,864,000 (equivalent to approximately HK$10,722,000). Such amount was then reclassified from lease liabilities to other payables and presented as provision for litigation in the year ended 30 June 2024. On 20 June 2025, following the judgment ((2024) Yu 0102 Ming Chu No. 19276*) issued by the same court (河南省鄭州市中原區人民法院(2024)豫0102民初19276號《民事判決書》), the appeal case between Zhongyuan Jinyi and the creditor of Zhengzhou Jiachao was concluded. According to the latest judicial ruling, the creditor is entitled to claim rental arrears of RMB14,812,000 from Zhongyuan Jinyi. Consequently, the provision for litigation has been adjusted to reflect this updated amount. As at 30 June 2026, the balance of the provision for litigation was not yet settled and stood at approximately HK$17,025,000 (2025: HK$16,277,000).

(ii) The amount due to a director is unsecured, interest free and repayable on demand. It was denominated in HK$ as at 30 June 2026.

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

27. CONTRACT LIABILITIES

	2026 HK$'000	2025 HK$'000
Property management fee	**16,406**	14,358
Coal trading proceeds	**754**	–
	17,160	14,358

The contract liabilities primarily relate to the advanced consideration received from customers, for which, revenue is recognised based on the progress of the provision of related services, or when control of goods is transferred to the customers.

Contract liabilities of the Group, which are expected to be settled within the Group's normal operating cycle, are classified under current liabilities.

Movements in contract liabilities

The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	2026 HK$'000	2025 HK$'000
As at 1 July	**14,358**	11,301
Decrease in contract liabilities as a result of		
– revenue recognised that was included in the contract liabilities balance at the beginning of the year	**(14,358)**	(11,301)
– revenue recognised that was included in the contract liabilities balance acquired on acquisition of a subsidiary	**–**	(2,460)
Increase in contract liabilities as a result of		
– acquisition of a subsidiary *(note 33)*	**–**	2,460
– receipts in advance of property management fee, excluding those recognised as revenue in the current year	**16,406**	14,358
– receipts in advance of coal trading proceeds, excluding those recognised as revenue in the current year	**754**	–
As at 30 June	**17,160**	14,358

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

28. LEASE LIABILITIES

The exposure of the Group's lease liabilities are as follows:

	2026	2025
	HK$'000	HK$'000
Current	**93,990**	72,637
Non-current	**475,484**	374,743
	569,474	447,380
– within one year	**93,990**	72,637
– more than one year but not more than two years	**60,427**	47,924
– more than two years but not more than three years	**59,532**	40,164
– more than three years but not more than five years	**108,587**	74,957
– more than five years	**246,938**	211,698
	569,474	447,380
Amounts due for settlement within one year (shown under current liabilities)	**(93,990)**	(72,637)
Amounts due for settlement after one year (shown under non-current liabilities)	**475,484**	374,743

The weighted average IBRs applied to lease liabilities as at 30 June 2026 ranged from 2.49% to 6.70% (2025: 2.49% to 6.70%).

For the reconciliation of the Group's lease liabilities, please refer to note 37 to the consolidated financial statements for the details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

29. BORROWING

	30 June 2026 HK$'000	30 June 2025 HK$'000
Loan from an independent third party *(Note)*	40,000	–
	40,000	–

Note:

As at 30 June 2026, the borrowing represented a loan from an independent third party which carried an interest rate of 12% per annum and was repayable within one month.

The loan was guaranteed by a director of the Company, who provided a personal joint and several guarantee for the borrowing.

For the reconciliation of the borrowing, please refer to note 37 to the consolidated financial statements for the details.

30. AMOUNT DUE TO A SHAREHOLDER

The amount due to a shareholder is unsecured, interest free and repayable on demand. It was denominated in HK$ (2025: HK$) as at 30 June 2026.

For the reconciliation of the amount due to a shareholder, please refer to note 37 to the consolidated financial statements for the details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

31. BONDS

	2026 HK$'000	2025 HK$'000
The bonds are repayable as follows:		
– Within 1 year *(Note)*	**7,895**	10,005
	7,895	10,005

Note:

On 8 August 2018 and 29 August 2018, the Company issued two unlisted and non-transferable bonds at face value of HK$7,000,000 and HK$3,000,000 to an independent third party. The bonds are interest bearing at 8.00% per annum, unsecured and were originally repayable on the seventh and a half anniversary of the respective date of issue. The bonds were initially recognised at HK$10,000,000 and subsequently measured at amortised cost using the effective interest method. The effective interest rate is 8.00% (2025: 8.00%) per annum.

To alleviate liquidity pressure and enhance financial flexibility, the Group entered into two supplemental agreements with the independent third party in August 2025, pursuant to which the maturity dates of the two unlisted and non-transferable bonds with an aggregate face value of HK$10,000,000 were extended by one year to February 2027. All other terms remained unchanged.

Pursuant to the Offset Arrangement as disclosed in note 23(b) to the consolidated financial statements, the bonds were offset by approximately HK$2,110,000. As at 30 June 2026, the carrying amount of the bonds amounted to approximately HK$7,895,000.

The movements of the liability component of the Group's bonds during the year are as follows:

	HK$'000
As at 1 July 2024	10,005
Effective interest charged for the year	800
Coupon interest paid/payable	(800)
As at 30 June 2025 and 1 July 2025	10,005
Effective interest charged for the year	800
Coupon interest paid/payable	(800)
Offset with loan and interest receivables	(2,110)
As at 30 June 2026	**7,895**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

32. DEFERRED TAX LIABILITIES

The followings are the deferred tax assets/(liabilities) recognised by the Group and movement thereon during the current and prior years.

	Fair Value adjustment on investment properties HK$'000	**Undistributable profits of PRC's subsidiaries** HK$'000	**Total** HK$'000
As at 1 July 2024	(3,713)	(925)	(4,638)
Acquired on an acquisition of a subsidiary *(note 33)*	(3,737)	–	(3,737)
Credit to profit or loss	(17,577)	–	(17,577)
Release upon derecognition *(Note)*	3,753	–	3,753
Exchange realignment	(274)	–	(274)
As at 30 June 2025 and 1 July 2025	(21,548)	(925)	(22,473)
Credit to profit or loss	(30,943)	–	(30,943)
Exchange realignment	(2,057)	–	(2,057)
As at 30 June 2026	**(54,548)**	**(925)**	**(55,473)**

Note:

Part of the deferred tax assets/(liabilities) arising from the fair value adjustment on investment properties in the prior years have been released upon derecognition because of the termination of lease as stated in note 18(i) and note 18(iii) to the consolidated financial statements.

During the year ended 30 June 2026, the Group had deductible temporary difference of approximately HK$120,533,000 (2025: approximately HK$126,785,000) arising from the fair value adjustment on investment properties. Deferred tax assets thereon cannot be recognised because of the unpredictability of future profit streams.

The Group had (i) deductible temporary difference of approximately HK$34,664,000, (ii) reversal of deductible temporary difference of approximately HK$4,900,000, (iii) deductible temporary difference of approximately HK$303,000 and (iv) deductible temporary difference of approximately HK$2,866,000, arising from (i) allowance for ECL on rental deposits, (ii) reversal of allowance for ECL on trade and other receivables, (iii) allowance for ECL on loan receivables and (iv) loss on fair value changes of financial assets in FVTPL respectively (2025: (i) reversal of deductible temporary difference of approximately HK$12,352,000 and (ii) deductible temporary difference of approximately HK$6,256,000, arising from (i) reversal of allowance for ECL on rental deposits and (ii) allowance for ECL on trade and other receivables and impairment loss on prepayments respectively). Deferred tax assets thereon cannot be recognised because of the unpredictability of future profit streams.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

32. DEFERRED TAX LIABILITIES *(Continued)*

The Group had unused tax losses of HK$2,174,000 (2025: HK$154,693,000) available for offset against future profits. Deferred tax assets thereon cannot be recognised because of the unpredictability of future profit streams. Included in unrecognised tax losses are losses arising in the PRC of HK$2,116,000 (2025: HK$154,693,000) available for offsetting against future taxable profits, of which losses of HK$323,000 will expire on 30 June 2030 and losses of HK$1,793,000 will expire on 30 June 2031 (2025: losses of HK$154,116,000 will expire on 30 June 2026 and losses of HK$577,000 will expire on 30 June 2030); and losses arising in Hong Kong of HK$58,000 (2025: Nil) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the Group's subsidiaries in the PRC from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary difference attributable to the retained profits earned by the subsidiaries in the PRC amounting to approximately HK$35,160,000 (2025: HK$80,717,000) as at 30 June 2026 as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

33. ACQUISITION OF A SUBSIDIARY

On 2 September 2024, the Group further expanded its property operating business through the acquisition of the entire equity interests in Zhengzhou Yingrui Property Service Co., Ltd.* (鄭州英睿物業服務有限公司) ("**Zhengzhou Yingrui**") from an independent third party by its wholly-owned subsidiary, Zhengzhou Xuqi Corporation Management Co., Ltd.* (鄭州旭啟企業管理有限公司), for a consideration of RMB200,000 (equivalent to approximately HK$217,000) (the "**Acquisition**"). Upon completion of the Acquisition, the Company held the entire issued share capital of Zhengzhou Yingrui.

Zhengzhou Yingrui was principally engaged in the property operating business. The Acquisition was accounted for as a business acquisition using the acquisition method.

Assets acquired and liabilities recognised at the date of the Acquisition:

	HK$'000
Investment properties	32,935
Rental deposits	326
Trade and other receivables	1,487
Bank balances and cash	3,611
Other payables	(3,384)
Contract liabilities	(2,460)
Lease liabilities	(17,985)
Deferred tax liabilities	(3,737)
Identifiable net assets, at fair value	10,793

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

33. ACQUISITION OF A SUBSIDIARY *(Continued)*

Bargain purchase arose in the Acquisition:

	2025 HK$'000
Identifiable net assets, at fair value	10,793
Less: Consideration paid in cash	(217)
Gain on bargain purchase arising on the Acquisition	10,576

Gain on bargain purchase arising on the Acquisition amounting to approximately HK$10,576,000, was recognised in the consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2025.

Net cash inflow arising on the Acquisition:

	2025 HK$'000
Bank balances and cash acquired	3,611
Less: Consideration paid in cash	(217)
Net cash inflow arising on the Acquisition	3,394

Included in the profit for the year was approximately HK$3,952,000 attributable to the additional property operating business generated by Zhengzhou Yingrui during the year ended 30 June 2025. Revenue for the year included HK$10,553,000 generated from Zhengzhou Yingrui during the year ended 30 June 2025.

Had the Acquisition been completed on 1 July 2024, revenue for the year ended 30 June 2025 of the Group would have been approximately HK$142,246,000, and profit for the year ended 30 June 2025 of the Group would have been approximately HK$45,248,000. The pro forma information was for illustrative purposes only and was not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 July 2024, nor was it intended to be a projection of future results.

In determining the pro forma revenue and profit of the Group had Zhengzhou Yingrui been acquired at the beginning of the last year, the directors of the Company calculated the pro forma revenue and profit using the results of Zhengzhou Yingrui and adjusting them for differences in the accounting policies between the Group and Zhengzhou Yingrui.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

34. SHARE CAPITAL

	2026 HK$'000	2025 HK$'000
Authorised:		
5,000,000,000 ordinary shares with HK$0.01 each	**50,000**	50,000
Issued and fully paid:		
2,688,805,163 ordinary shares with HK$0.01 each	**26,888**	26,888

35. SHARE-BASED PAYMENT TRANSACTIONS

The Company operates a share option scheme (the "**Scheme**") which was adopted and approved by shareholders at the annual general meeting held on 23 November 2023. The Scheme is effective for a period of 10 years commencing from that date. The purposes of the Scheme are (i) to enable the Company to grant share options to eligible participants as incentives or rewards for their contribution to the growth and development of the Group; (ii) to attract and retain personnel to promote the sustainable development of the Group; and (iii) to align the interests of the grantees with those of the shareholders to promote the long-term financial and business performance of the Company.

Eligible participants under the Scheme include (i) any directors and employees of the Group (including persons who are granted options under the Scheme as an inducement to enter into employment contracts with any member of the Group); and (ii) directors and employees of the holding companies, fellow subsidiaries or associated companies of the Company.

The total number of shares which may be issued upon exercise of all options to be granted under the Scheme shall be subject to a maximum limit of 10% of the shares in issue on 23 November 2023, the date on which the Scheme was conditionally adopted and approved by the shareholders, which is 268,880,516 shares. As at the beginning and end of the year ended 30 June 2026, and as at the date of this annual report, the number of options available for grant under the Scheme remained at 268,880,516 shares, representing 10% of the total number of shares in issue as at 30 June 2026. As at 30 June 2026 and the date of this annual report, no share options had been granted under the Scheme, and there were no shares that may be issued in respect of options granted during the year ended 30 June 2026 and up to the date of this annual report.

The total number of shares issued and which may fall to be issued upon exercise of any option which may be granted and any options or awards which may be granted under any other share option scheme and share award scheme of the Group to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being. Where any grant of options to a substantial shareholder or an independent non-executive director, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the 12-month period representing in aggregate over 0.1% of the shares in issue, such grant of options must be approved by shareholders in a general meeting.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

35. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

Generally, an option must be held by the grantee for at least 12 months before the option can be exercised. The Board may at its discretion grant a shorter vesting period to an employee participant and may determine and set any performance targets to be attained before the exercise of an option. An option may be exercised at any time during a period to be determined and notified by the Directors to the grantee but in any event shall not be more than ten (10) years from the offer date of that option. An offer may be accepted within a period of up to 21 days from the date on which the offer is made and a consideration of HK$1.00 must be paid upon acceptance. The subscription price in respect of any option shall not be less than the highest of (i) the closing price of the shares as stated in the Stock Exchange's daily quotations sheets on the date of grant; (ii) the average closing price of the shares for the 5 business days immediately preceding the date of grant; and (iii) the nominal value of a share.

The directors of the Company currently have no specific plan to grant options or awards to participants under the Scheme. However, they will periodically evaluate whether to grant options based on various factors, including the Group's overall financial performance, individual participant performance, and their contributions to the Group's revenue, profits, or business development.

Prior to the adoption of the Scheme, the Company had a share option scheme (the "**Old Scheme**") which was adopted on 23 November 2013 and expired on 22 November 2023. The Old Scheme has been replaced by the Scheme and is no longer in force. Options granted under the Old Scheme before its expiry remained valid subject to the same terms and conditions. As at 30 June 2026, there were no options outstanding under the Old Scheme (2025: 26,850,000 options, representing approximately 1% of the Company's issued share capital). All 26,850,000 options outstanding under the Old Scheme were forfeited during the year ended 30 June 2026.

The following table discloses movements of the Company's share options held by employees during the current and prior years:

(a) The terms and conditions of the grants are as follows:

Category	**Date of grant**	**Exercise period**	**Exercise price** HK$	Outstanding as at 1.7.2024	Forfeited during the year	Outstanding as at 30.6.2025	**Forfeited during the year**	**Outstanding as at 30.6.2026**
Employees	15.1.2018	15.1.2018 to 14.1.2028	0.430	26,850,000	–	26,850,000	**(26,850,000)**	**–**
Granted Total				26,850,000	–	26,850,000	**(26,850,000)**	**–**
Exercisable at year end				26,850,000		26,850,000		**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

35. SHARE-BASED PAYMENT TRANSACTIONS *(Continued)*

(b) The number and weighted average exercise prices of share options are as follows:

	2026		2025	
	Number of share options	**Weighted average exercise price HK$**	Number of share options	Weighted average exercise price HK$
Outstanding at the beginning of the year	**26,850,000**	**0.430**	26,850,000	0.430
Forfeited during the year	**(26,850,000)**	**0.430**	–	0.430
Outstanding at the end of the year	**–**	**N/A**	26,850,000	0.430
Exercisable at the end of the year	**–**	**N/A**	26,850,000	0.430

There were no options outstanding at the end of the reporting period (2025: options outstanding with a weighted average remaining contractual life of 2.54 years and an exercise price of HK$0.430).

36. RELATED PARTY TRANSACTIONS

The remuneration of directors, being the key management personnel, during the year was as follows:

	2026 HK$'000	2025 HK$'000
Salaries and other benefits	**3,285**	3,761
Retirement benefit scheme contributions	**78**	69
	3,363	3,830

The remuneration of directors is determined by the remuneration committee of the Company having regard to the performance of individuals and market trends.

In addition, other than as disclosed elsewhere in these consolidated financial statements, there are no other related party transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

37. 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 consolidated statement of cash flows as cash flows from financing activities.

	Borrowing – loan from a third party HK$'000	Other payables – interest payables for loan from a third party HK$'000	Bonds HK$'000	Other payables – amount due to a director HK$'000	Amount due to a shareholder HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 July 2025	–	–	10,005	–	9,751	447,380	467,136
Changes from financing cash flows:							
Advance from	40,000	–	–	9,302	5,982	–	55,284
Repayment	–	–	(800)	(1,000)	(3,140)	(35,020)	(39,960)
Total changes from financing cash flows	40,000	–	(800)	8,302	2,842	(35,020)	15,324
Effect of changes in foreign exchange rates	–	–	–	–	–	23,906	23,906
Other changes:							
Interest expenses	–	118	800	–	–	22,637	23,555
Termination of lease – Zone C Shopping Mall *(Note (i))*	–	–	–	–	–	(272,847)	(272,847)
Additions – Zone C Shopping Mall *(Note (i))*	–	–	–	–	–	245,110	245,110
Additions – Longhu Shopping Centre *(Note (ii))*	–	–	–	–	–	155,753	155,753
Offset with loan and interest receivables *(Note (iii))*	–	–	(2,110)	–	–	–	(2,110)
Offset with rental deposits *(Note (iv); Note (v))*	–	–	–	–	–	(17,445)	(17,445)
Total changes from other changes	–	118	(1,310)	–	–	133,208	132,016
As at 30 June 2026	40,000	118	7,895	8,302	12,593	569,474	638,382

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(Continued)*

	Bonds HK$'000	Amount due to a shareholder HK$'000	Lease liabilities HK$'000	Total HK$'000
As at 1 July 2024	10,005	4,164	630,994	645,163
Changes from financing cash flows:				
Advance from	–	19,845	–	19,845
Repayment	(800)	(14,210)	(35,280)	(50,290)
Total changes from financing cash flows	(800)	5,635	(35,280)	(30,445)
Effect of changes in foreign exchange rates	–	(48)	11,694	11,646
Other changes:				
Interest expenses	800	–	24,347	25,147
Termination of lease – Jiachao's Shopping Mall *(Note (vi))*	–	–	(409,439)	(409,439)
Termination of lease – Zone C Shopping Mall *(Note (vii))*	–	–	(308,099)	(308,099)
Additions – Jiachao's Shopping Mall *(Note (vi))*	–	–	181,871	181,871
Additions – Zone C Shopping Mall *(Note (vii))*	–	–	296,413	296,413
Additions – Industrial Park	–	–	59,714	59,714
Additions – Others	–	–	3,280	3,280
Additions on acquisitions of a subsidiary *(Note (viii))*	–	–	17,985	17,985
Offset with other receivables *(Note (ix))*	–	–	(13,733)	(13,733)
Offset with rental deposits *(Note (x))*	–	–	(12,367)	(12,367)
Total changes from other changes	800	–	(160,028)	(159,228)
As at 30 June 2025	10,005	9,751	447,380	467,136

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(Continued)*

Notes:

(i) Please refer to note 18(iv) to the consolidated financial statements for the details of termination of lease of Zone C Shopping Mall.

(ii) Please refer to note 18(v) to the consolidated financial statements for the details of addition of new lease of Longhu Shopping Centre.

(iii) Please refer to note 23(b) and note 31 to the consolidated financial statements for the details.

(iv) Zhengzhou Jiachao agreed that the rental payment of approximately RMB7,825,000 (equivalent to approximately HK$8,695,000) was set off with the rental deposit due from the landlord during the year ended 30 June 2026.

(v) Zhengzhou Hanyuan agreed that the rental payment of approximately RMB7,875,000 (equivalent to approximately HK$8,750,000) was set off with the rental deposit due from the landlord during the year ended 30 June 2026.

(vi) Please refer to note 18(i) and note 18(ii) to the consolidated financial statements for the details of termination of lease of Jiachao's Shopping Mall.

(vii) Please refer to note 18(iii) to the consolidated financial statements for the details of termination of lease of Zone C Shopping Mall.

(viii) Please refer to note 33 to the consolidated financial statements for the details.

(ix) Zhengzhou Jiachao agreed that the rental payment of approximately RMB12,635,000 (equivalent to approximately HK$13,733,000) was set off with other receivables due from the landlord during the year ended 30 June 2025.

(x) Zhengzhou Jiachao agreed that the rental payment of approximately RMB11,377,000 (equivalent to approximately HK$12,367,000) was set off with the rental deposit due from the landlord during the year ended 30 June 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

38. FINANCIAL INFORMATION OF THE COMPANY

	2026 HK$'000	2025 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**1,842**	2,204
Right-of-use assets	**646**	2,228
Rental deposits	**–**	525
Investments in subsidiaries	**434**	234
	2,922	5,191
CURRENT ASSETS		
Loan receivables	**–**	8,026
Other receivables	**745**	440
Amount due from subsidiaries	**36,740**	354,175
Bank balances and cash	**560**	393
	38,045	363,034
CURRENT LIABILITIES		
Other payables	**10,307**	3,516
Lease liabilities	**671**	1,588
Borrowing	**40,000**	–
Amount due to subsidiaries	**289**	321,153
Amount due to a shareholder	**12,593**	9,751
Bonds	**7,895**	10,005
	71,755	346,013
NET CURRENT (LIABILITIES)/ASSETS	**(33,710)**	17,021
TOTAL ASSETS LESS CURRENT LIABILITIES	**(30,788)**	22,212
CAPITAL AND RESERVES		
Share capital	**26,888**	26,888
Share premium and reserves	**(57,676)**	(5,347)
TOTAL (DEFICIT)/EQUITY *(Note)*	**(30,788)**	21,541
NON-CURRENT LIABILITY		
Lease liabilities	**–**	671
	(30,788)	22,212

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

38. FINANCIAL INFORMATION OF THE COMPANY *(Continued)*

Note: Details of movements of the Company's share capital, share premium and reserves are as follows:

	Share capital	Share premium	Merger reserve	Exchange reserve	Share option reserve	Accumulated losses	Total
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
As at 1 July 2024	26,888	48,746	172,750	15,469	5,402	(279,988)	(10,733)
Profit for the year	–	–	–	–	–	32,274	32,274
As at 30 June 2025 and 1 July 2025	26,888	48,746	172,750	15,469	5,402	(247,714)	21,541
Loss for the year	–	–	–	–	–	(52,329)	(52,329)
Forfeiture of share options	–	–	–	–	(5,402)	5,402	–
As at 30 June 2026	**26,888**	**48,746**	**172,750**	**15,469**	**–**	**(294,641)**	**(30,788)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

39. PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries as at 30 June 2026 and 2025 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Paid up/issued/ registered capital	Proportion of nominal value of issued/ registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2026 %	2025 %	**2026 %**	2025 %	
Big Luck International (HK) Limited	Hong Kong	HK$1	**–**	–	**100**	100	Investment holding
Max High International Limited	BVI	US$30,000 Ordinary shares	**–**	–	**100**	100	Investment holding
Right Lane International Limited	BVI	US$30,000 Ordinary shares	**100**	100	**–**	–	Investment holding
Jelly Cage Limited	BVI	US$1 Ordinary shares	**–**	–	**100**	100	Investment holding
Greater China Strategic Aviation Development Investment Holdings Limited	BVI	US$10,000 Ordinary shares	**100**	100	**–**	–	Investment holding
Brightness Energy Enterprise Limited	BVI	US$10,000 Ordinary shares	**100**	100	**–**	–	Investment holding
Arts Award Limited	BVI	US$10,000 Ordinary shares	**100**	100	**–**	–	Investment holding
Golden Might Limited	BVI	US$10,000 Ordinary shares	**100**	100	**–**	–	Investment holding
NeoCloud Intelligent Computing Technology Limited^	BVI	US$50,000 Ordinary shares	**–**	–	**51**	–	Dormant
Highly Develop Limited	Hong Kong	HK$1	**–**	–	**100**	100	Investment holding
Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited ("**HHM D&I**")	Hong Kong	HK$10,000	**–**	–	**51**	51	Aircraft cargo business
HHM Aviation Logistics Limited	Hong Kong	HK$10,000	**–**	–	**100**	100	Dormant
Brightness Energy Enterprise (Hong Kong) Limited	Hong Kong	HK$10,000	**–**	–	**100**	100	Dormant
Arts Award Corporation (International) Limited	Hong Kong	HK$10,000	**–**	–	**100**	100	Dormant
Golden Might Enterprise (Hong Kong) Limited	Hong Kong	HK$10,000	**–**	–	**100**	100	Investment holding
Zhengzhou Changdun Asset Management Co., Ltd.* ("**Zhengzhou Changdun**")**	PRC	HK$10,000,000	**–**	–	**100**	100	Investment holding
Zhengzhou Xuqi Corporation Management Co., Ltd.* ("**Zhengzhou Xuqi**")**	PRC	RMB500,000	**–**	–	**100**	100	Investment holding
Zhengzhou Jinfu Commercial Management Co., Ltd.* ("**Zhengzhou Jinfu**")***	PRC	RMB7,700,000	**–**	–	**100**	100	Property operating
Zhengzhou Zhongyuan Jinyi Commercial Operation Management Co., Ltd.* ("**Zhongyuan Jinyi**")***	PRC	RMB5,000,000	**–**	–	**100**	100	Property operating
Zhengzhou Xufu Commercial Operation Management Co., Ltd.* ("**Zhengzhou Xufu**")***	PRC	RMB500,000	**–**	–	**100**	100	Property operating

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

39. PRINCIPAL SUBSIDIARIES *(Continued)*

Details of the Company's principal subsidiaries as at 30 June 2026 and 2025 are as follows:

Name of subsidiary	Place of incorporation or registration/ operations	Paid up/issued/ registered capital	Proportion of nominal value of issued/ registered capital held by the Company				Principal activities
			Directly		Indirectly		
			2026 %	2025 %	**2026 %**	2025 %	
Zhengzhou Yinghao Property Service Co., Ltd.* ("**Zhengzhou Yinghao**")***	PRC	RMB500,000	**–**	–	**100**	100	Property operating
Zhengzhou Yinghan Property Service Co., Ltd.* ("**Zhengzhou Yinghan**")***	PRC	RMB500,000	**–**	–	**100**	100	Property operating
Zhengzhou Yingrui Property Service Co., Ltd.* ("**Zhengzhou Yingrui**")***	PRC	RMB500,000	**–**	–	**100**	100	Property operating
Zhengzhou Zhengxu Commercial Operation Management Co. Ltd.* ("**Zhengzhou Zhengxu**")****	PRC	RMB450,000	**–**	–	**77.78**	77.78	Property operating
Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* ("**Zhengzhou Longqixiang**")****	PRC	RMB1,000,000	**–**	–	**70**	70	Property operating
Zhengzhou Yichi Commercial Operation Management Co., Ltd ("**Zhengzhou Yichi**")****.^	PRC	RMB500,000	**–**	–	**90**	–	Property operating
Hainan-Hong Kong-Macau Aviation Development & Investment Holdings (Shenzhen) Limited* ("**HHM Shenzhen**")***	PRC	RMB5,000,000	**–**	–	**100**	100	Dormant
Fujian Ziyue Energy Company Limited* ("**Fujian Ziyue**")***	PRC	RMB10,000,000	**–**	–	**100**	100	Coal trading
Zhejiang Jinyineng Energetic Development Co., Limited* ("**Zhejiang Jinyineng**")***.^	PRC	RMB120,000,000	**–**	–	**100**	–	Dormant
Neimenggu Deyue Energetic Development Limited* ("**Neimenggu Deyue**")***.^	PRC	RMB120,000,000	**–**	–	**100**	–	Dormant

** *Zhengzhou Changdun and Zhengzhou Xuqi are established as wholly foreign-owned enterprises under the relevant PRC laws and regulations.*

*** *Zhengzhou Jinfu, Zhongyuan Jinyi, Zhengzhou Xufu, Zhengzhou Yinghao, Zhengzhou Yinghan, Zhengzhou Yingrui, HHM Shenzhen, Fujian Ziyue, Zhejiang Jinyineng and Neimenggu Deyue are established as wholly domestic-owned enterprises under the relevant PRC laws and regulations.*

**** *Zhengzhou Zhengxu, Zhengzhou Longqixiang and Zhengzhou Yichi are established as non-wholly domestic-owned enterprises under the relevant PRC laws and regulations.*

^ *The subsidiaries were newly established during the reporting period.*

None of the subsidiaries had issued any debt securities at the end of both years and during the years ended 30 June 2026 and 2025.

The amounts due from/to subsidiaries are unsecured, interest free and have no fixed terms of repayment.

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

40. NON-CONTROLLING INTERESTS

The details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests are shown as below:

Name of subsidiary	Place of incorporation/ principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2026	2025	**2026 HK$'000**	2025 HK$'000	**2026 HK$'000**	2025 HK$'000
Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited ("**HHM D&I**")	Hong Kong/ Hong Kong	**49%**	49%	**(13)**	(2,926)	**(2,934)**	(2,921)
Zhengzhou Zhengxu Commercial Operation Management Co. Ltd.* ("**Zhengzhou Zhengxu**")	PRC/PRC	**22.22%**	22.22%	**1,726**	622	**2,558**	738
Zhengzhou Yichi Commercial Operation Management Co., Ltd.* ("**Zhengzhou Yichi**")	PRC/PRC	**10%**	–	**949**	–	**1,039**	–
Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* ("**Zhengzhou Longqixiang**")	PRC/PRC	**30%**	30%	**31,566**	(561)	**32,407**	(567)

Summarised financial information in respect of the Company's subsidiaries that have material non-controlling interests are set out below. The summarised financial information below represents amounts after fair value adjustments and before intra-group eliminations.

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

40. NON-CONTROLLING INTERESTS *(Continued)*

Hainan-Hong Kong-Macau Aviation Development & Investment Holdings Limited ("HHM D&I")

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Current assets	**60**	67
Current liabilities	**(6,050)**	(6,030)
	(5,990)	(5,963)
Deficit attributable to:		
Owners of the Company	**(3,056)**	(3,042)
Non-controlling interests	**(2,934)**	(2,921)
	(5,990)	(5,963)

	For the year ended 30 June 2026 HK$'000	For the period from 8 October 2024 (date of incorporation) to 30 June 2025 HK$'000
Revenue	**–**	59,110
Other income	**5,000**	223
Expenses	**(5,027)**	(65,306)
Loss and total comprehensive expense for the year/period	**(27)**	(5,973)
Loss and total comprehensive expense for the year/period attributable to:		
Owners of the Company	**(14)**	(3,047)
Non-controlling interests	**(13)**	(2,926)
	(27)	(5,973)
Net cash (outflows)/inflows from:		
Operating activities	**(2)**	(184)
Investing activities	**–**	187
Net cash (outflows)/inflows	**(2)**	3

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

40. NON-CONTROLLING INTERESTS *(Continued)*

Zhengzhou Zhengxu Commercial Operation Management Co. Ltd.* ("Zhengzhou Zhengxu")

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Non-current assets	**33,215**	19,231
Current assets	**184**	744
Current liabilities	**(2,823)**	(1,067)
Non-current liabilities	**(19,063)**	(15,584)
	11,513	3,324
Equity attributable to:		
Owners of the Company	**8,955**	2,586
Non-controlling interests	**2,558**	738
	11,513	3,324

	For the year ended 30 June 2026 HK$'000	For the period from 23 October 2024 (date of incorporation) to 30 June 2025 HK$'000
Revenue	**1,349**	–
Other income	**12,667**	4,045
Expenses	**(6,248)**	(1,247)
Profit for the year/period	**7,768**	2,798
Other comprehensive income for the year/period	**457**	36
Total comprehensive income for the year/period	**8,225**	2,834
Profit for the year/period attributable to:		
Owners of the Company	**6,042**	2,176
Non-controlling interests	**1,726**	622
	7,768	2,798
Total comprehensive income for the year/period attributable to:		
Owners of the Company	**6,397**	2,204
Non-controlling interests	**1,828**	630
	8,225	2,834

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

40. NON-CONTROLLING INTERESTS *(Continued)*

Zhengzhou Zhengxu Commercial Operation Management Co. Ltd.* ("Zhengzhou Zhengxu") *(Continued)*

	For the year ended 30 June 2026 HK$'000	For the period from 23 October 2024 (date of incorporation) to 30 June 2025 HK$'000
Net cash (outflows)/inflows from:		
Operating activities	**24**	307
Investing activities	**1**	1
Financing activities	**(520)**	319
Net cash (outflows)/inflows	**(495)**	627

Zhengzhou Yichi Commercial Operation Management Co., Ltd.* ("Zhengzhou Yichi")

	As at 30 June 2026 HK$'000
Non-current assets	**39,929**
Current assets	**4,849**
Current liabilities	**(11,330)**
Non-current liabilities	**(23,060)**
	10,388
Equity attributable to:	
Owners of the Company	**9,349**
Non-controlling interest	**1,039**
	10,388

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

40. NON-CONTROLLING INTERESTS *(Continued)*

Zhengzhou Yichi Commercial Operation Management Co., Ltd.* ("Zhengzhou Yichi") *(Continued)*

	For the period from 28 July 2025 (date of incorporation) to 30 June 2026 HK$'000
Revenue	**3,784**
Other income	**10,110**
Expenses	**(4,408)**
Profit for the period	**9,486**
Other comprehensive income for the period	**327**
Total comprehensive income for the period	**9,813**
Profit for the period attributable to:	
Owners of the Company	**8,537**
Non-controlling interest	**949**
	9,486
Total comprehensive income for the period attributable to:	
Owners of the Company	**8,832**
Non-controlling interest	**981**
	9,813
Net cash inflows from:	
Operating activities	**6,680**
Financing activities	**(2,489)**
Net cash inflows	**4,191**

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

40. NON-CONTROLLING INTERESTS *(Continued)*

Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* ("Zhengzhou Longqixiang")

	As at 30 June 2026 HK$'000	As at 30 June 2025 HK$'000
Non-current assets	**297,663**	–
Current assets	**22,617**	7,502
Current liabilities	**(38,134)**	(9,391)
Non-current liabilities	**(174,123)**	–
	108,023	(1,889)
Equity/(deficit) attributable to:		
Owners of the Company	**75,616**	(1,322)
Non-controlling interests	**32,407**	(567)
	108,023	(1,889)

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

40. NON-CONTROLLING INTERESTS *(Continued)*

Zhengzhou Longqixiang Commercial Operation Management Co., Ltd.* ("Zhengzhou Longqixiang") *(Continued)*

	For the year ended 30 June 2026 HK$'000	For the period from 11 April 2025 (date of incorporation) to 30 June 2025 HK$'000
Revenue	**36,750**	–
Other income	**126,788**	–
Expenses	**(58,317)**	(1,869)
Profit/(loss) for the year/period	**105,221**	(1,869)
Other comprehensive income/(expense) for the year/period	**3,559**	(20)
Total comprehensive income/(expense) for the year/period	**108,780**	(1,889)
Profit/(loss) for the year/period attributable to:		
Owners of the Company	**73,655**	(1,308)
Non-controlling interests	**31,566**	(561)
	105,221	(1,869)
Total comprehensive income/(expense) for the year/period attributable to:		
Owners of the Company	**76,146**	(1,322)
Non-controlling interests	**32,634**	(567)
	108,780	(1,889)
Net cash (outflows)/inflows from:		
Operating activities	**3,996**	2,662
Investing activities	**4**	–
Financing activities	**(5,399)**	–
Net cash (outflows)/inflows	**(1,399)**	2,662

* *For identification purpose only*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

41. MAJOR NON-CASH TRANSACTIONS

Save as disclosed elsewhere in the consolidated financial statements, no other material non-cash transactions were entered into during the years ended 30 June 2026 and 2025.

42. PENDING LITIGATION

Reference is made to the announcement of the Company dated 26 September 2025 in relation to the pending litigation.

On 25 June 2025 and 30 July 2025, respectively, the Company received a writ of summons and statement of claim from MSC Air Cargo SA ("**MSC**") filed in the High Court of the Hong Kong Special Administrative Region. The claim was for a guaranteed sum of US$2,000,000 pursuant to an on-demand corporate guarantee issued by the Company. This guarantee was provided in favor of MSC concerning the obligations under an aircraft charter agreement between MSC and Hainan Hong Kong-Macau Aviation Development & Investment Holdings Limited, a non-wholly-owned subsidiary of the Company.

The Company obtained legal advice and intended to defend against the claim vigorously. Based on such legal advice and the management's assessment, the management believed that the Group had meritorious defenses.

Consequently, management was of the opinion that the outcome of this litigation would not have a material adverse effect on the Group's financial position or results of operations. There has been no material development in the litigation during the year ended 30 June 2026 and up to the date of approval of the consolidated financial statements. No provision for any liability has been made in the consolidated financial statements in respect of this matter.

Save for the litigation described above, there were no other material litigations nor arbitrations involving the Group during the year ended 30 June 2026 and up to the date of approval of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 June 2026

43. EVENTS AFTER REPORTING PERIOD

In July 2026, the Group obtained loan facilities in aggregate of HK$20,000,000 and US$3,000,000, from independent third parties, each bearing interest at 12% per annum and originally repayable in July 2027. The proceeds were advanced as shareholder loans to Edgeon Data Co., Ltd. Further details of the shareholder loans are set out in note 23(c) to the consolidated financial statements.

In September 2026, the Group obtained a facility of HK$10,000,000 bearing interest at 12% per annum and repayable in September 2027, and a facility of HK$40,000,000 bearing interest at 8% per annum and repayable in September 2028, from independent third parties. The proceeds were applied to repay borrowings due to an independent third party as at 30 June 2026 and to continue to support the Group's investment in, and shareholder loans to, Edgeon Data Co., Ltd. The Group's outstanding borrowing of HK$40,000,000 as at 30 June 2026 has been fully settled up to the date of this report.

Later in September 2026, the Group entered into further extension agreements with the independent third-party lenders of the above loan facilities obtained in July 2026 and September 2026 that were originally due in 2027, pursuant to which the maturity of each of those facilities was extended to 30 June 2028, with all other terms and conditions remaining unchanged.

In September 2026, the Group entered into two supplemental agreements with an independent third party to extend the repayment of two unlisted and non-transferable bonds with an aggregate carrying amount of approximately HK$7,895,000 to 31 December 2029. All other terms of the bonds remain unchanged.

Apart from the matters mentioned above, no other events have occurred that require adjustment to the consolidated financial statements nor disclosure in the notes to consolidated financial statements for the period from the end of the reporting period to the date of authorisation for issue of the consolidated financial statements.

FINANCIAL SUMMARY

RESULTS

	Year ended 30 June				
	2022 HK$'000	2023 HK$'000	2024 HK$'000	2025 HK$'000	**2026 HK$'000**
Revenue	184,601	143,233	111,160	81,240	**116,914**
(Loss)/profit for the year	(88,159)	(683,448)	(270,792)	39,027	**16,457**
(Loss)/earnings per share	HK(3.60) cents	HK(25.42) cents	HK(10.07) cents	HK1.56 cents	**HK(0.66) cents**

ASSETS AND LIABILITIES

	As at 30 June				
	2022 HK$'000	2023 HK$'000	2024 HK$'000	2025 HK$'000	**2026 HK$'000**
Total assets	2,297,458	1,233,142	711,114	605,228	**839,050**
Total liabilities	(1,285,034)	(964,700)	(719,052)	(572,699)	**(786,935)**
Total equity/(deficit)	1,012,424	268,442	(7,938)	32,529	**52,115**

SCHEDULE OF LEASED INVESTMENT PROPERTIES

Particulars of leased investment properties as at 30 June 2026:

Address	Existing use	Rental year ended 30 June 2026
Partial of basement 1 and partial of Level 4, Zone A and Level 4, Zone B, No. 36 Mian Fang West Road, Zhongyuan District, Zhengzhou City, Henan Province, the PRC	Shopping mall	22 June 2021 – 21 June 2036
Basement 1 and Level 1-5, Zone C, No. 40 Mian Fang West Road, Zhongyuan District, Zhengzhou City, Henan Province, the PRC	Shopping mall	18 June 2021 – 17 June 2036
Phase I (Batches 1 & 2) of Jin Yi Zhi Yun Cheng, East of Renhe Road, South of Laodong Street, West of Xingye Road, North of Huayuan Street, Quliang Town, Xinmi City, Zhengzhou City, Henan Province, the PRC	Industrial park	21 March 2024 – 20 March 2027
Phase II (Batch 1) of Jin Yi Zhi Yun Cheng, East of Renhe Road, South of Laodong Street, West of Xingye Road, North of Huayuan Street, Quliang Town, Xinmi City, Zhengzhou City, Henan Province, the PRC	Industrial park	23 July 2024 – 22 July 2027
Portion of Phase II (Batches 1 & 2) of Jin Yi Zhi Yun Cheng, East of Renhe Road, South of Laodong Street, West of Xingye Road, North of Huayuan Street, Quliang Town, Xinmi City, Zhengzhou City, Henan Province, the PRC	Industrial park	8 May 2024 – 7 May 2039
Unit –105, Unit 101, Unit 201 and Unit 529 of Block 1, Longhu Shopping Centre, No. 150 Shuanghu Avenue, Longhu Town, Zhengzhou City, Henan Province, the PRC	Shopping mall	1 July 2025 – 30 June 2035

Note: The lease term of the above leased investment properties is medium, i.e. less than 50 years but not less than 10 years.