天譽
SKYFAME

天譽置業(控股)有限公司
SKYFAME REALTY (HOLDINGS) LIMITED

(IN LIQUIDATION)
(Incorporated in Bermuda with limited liability)
(Stock Code: 00059 and Bonds Stock Code: 5311,
5379, 5567, 5602 and 5855 (together the "Debts"))

2025
ANNUAL REPORT

CONTENTS

Corporate Information	2
Management Discussion and Analysis	3
Brief Biography of Directors	13
Corporate Governance Report	14
Directors' Report	25
Environmental, Social and Governance Report	30
Independent Auditor's Report	64
Consolidated Statement of Comprehensive Income	72
Consolidated Statement of Financial Position	74
Consolidated Statement of Changes in Equity	76
Consolidated Statement of Cash Flows	77
Notes to the Consolidated Financial Statements	78
Five Year Financial Summary	170

Corporate Information

DIRECTORS
Executive Director:
Mr. ZHANG Guocheng

Non-executive Director:
Mr. LI Jianwen

REMUNERATION COMMITTEE
Mr. ZHANG Guocheng

NOMINATION COMMITTEE
Mr. LI Jianwen *(Chairman)*

RISK MANAGEMENT COMMITTEE
Mr. ZHANG Guocheng *(Chairman)*

SHARE LISTING
Main Board of The Stock Exchange
of Hong Kong Limited, Stock Code: 00059

PRINCIPAL PLACE OF BUSINESS IN HONG KONG
27/F, One Taikoo Place,
979 King's Road,
Quarry Bay, Hong Kong

REGISTERED OFFICE
3 Bermudiana Road, Hamilton,
HM08, Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street
Hamilton, HM 11, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Tricor Abacus Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

AUDITOR
Moore CPA Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

COMPANY'S WEBSITE
https://www.irasia.com/listco/hk/skyfame/

BUSINESS REVIEW

Following the deconsolidation of the property development and property investment segments in the course of the restructuring, the Group will focus on the property management business and commercial operation segment going forward. The property management service business rooted in Guangzhou, with operations across the Greater Bay Area and other key regions in the PRC, including the Guangxi Zhuang Autonomous Region, Chongqing Municipality and Yunnan province. The business was established in Guangzhou in 2000 and has over 26 years of operating experience in the PRC property management service industry.

The Group primarily provides the following types of property management services to property owners, residents and property developers:

- Security services — including patrolling, electronic access control, manned guard stations, video surveillance, carpark management, visitor management and emergency response, provided through the Restructured Group's own employees and subcontractors;

- Cleaning, gardening and greening services — including general cleaning, waste clearance and pest control for common areas and public facilities, together with gardening and greening of common areas, provided through the Restructured Group's own employees and third-party subcontractors; and

- Repair and maintenance services — covering common area facilities and ancillary equipment (such as lifts, escalators and central air-conditioning), fire and safety facilities, security facilities and utility facilities, provided through the Restructured Group's own employees and third-party subcontractors.

As at 31 December 2025, the Group's contracted property management services spanned across 8 cities in the PRC (2024: 8 cities), with a total contracted GFA of approximately 4.5 million sq.m. (2024: approximately 4.7 million sq.m.) and a total GFA under management of approximately 3.2 million sq.m (2024: approximately 3.4 million sq.m.). The Group's portfolio of managed properties comprises residential properties and non-residential properties (including commercial properties and office buildings).

The following table sets out the number of properties and the GFA under the Group's management, and the number of properties and the GFA contracted to be managed by it, in each case as at 31 December 2025 and 31 December 2024:

	As at 31 December 2025	As at 31 December 2024
Number of properties under management	**16**	17
Number of properties contracted to manage	**16**	17
GFA under management *('000 sq.m.)*	**3,166**	3,357
Contracted GFA *('000 sq.m.)*	**4,518**	4,745

BUSINESS REVIEW **(Continued)**

The Group maintains a broadly balanced geographic presence across the Greater Bay Area, the Guangxi Zhuang Autonomous Region, Chongqing Municipality and Yunnan province. The table below sets out a breakdown of the total GFA under management by geographic region of the Group as at 31 December 2025 and 31 December 2024.

	As at 31 December 2025 ('000 sq.m.)	As at 31 December 2024 ('000 sq.m.)
Greater Bay Area	**583**	583
Guangxi Zhuang Autonomous Region	**1,682**	1,682
Chongqing Municipality	**515**	515
Yunnan province	**386**	577
Total GFA under management	**3,166**	3,357

The property management business maintains offices across the Greater Bay Area, Chongqing, Nanning and Kunming. As at 31 December 2025, approximately 353 (2024: 370) of the Group's full-time staff were deployed in these property management offices.

DISCONTINUED OPERATION

As disclosed in Note 7 to the consolidated financial statements, the results of the Group's property development segment and investment property segment, as a result of the derecognition of the Deconsolidated Subsidiaries (Note 2(g)) to the consolidated financial statements, for the period from 1 January 2024 to 30 June 2024 were presented as discontinued operations in the corresponding comparative figures for the year ended 31 December 2024.

DECONSOLIDATION OF SUBSIDIARIES

1. THE ACCOUNTING BOUNDARY AND DATE OF DECONSOLIDATION (1 JULY 2024)

In the Group's interim report for the six months ended 30 June 2024 (the "2024 Interim Report"), the Group continued to consolidate the financial results of the Deconsolidated Subsidiaries. This treatment reflected the historical reporting structure and the management's presumption of control based on legal shareholding at that time.

However, subsequent to 30 June 2024, it became impossible for the Group to obtain the necessary operational and financial data from these subsidiaries to perform consolidation. Following extensive investigations, on-site visits, and the commissioning of a specialized PRC legal opinion (the "PRC Legal Opinion"), the new Board and the Provisional Liquidators confirmed that the Group had, in fact, been structurally and operationally locked out of these entities.

Accordingly, after considering all the relevant facts and circumstances, it was determined that the Group ceased to have control over the Deconsolidated Subsidiaries with effect from 1 July 2024 (the "Deconsolidation Date"). The subsidiaries were deconsolidated from the Group's financial statements from this date.

DECONSOLIDATION OF SUBSIDIARIES (Continued)

2. CIRCUMSTANCES LEADING TO THE LOSS OF CONTROL

The PRC Legal Opinion concluded that, under Article 265 of the PRC Company Law, the Group had lost actual control over these subsidiaries. The loss of control was driven by the following circumstances:

Group-Level Liquidity Crisis and Management Exodus: Since 2022, the Group faced severe offshore debt defaults. By early 2024, the original controlling shareholder's shares were taken over by receivers, and core management began to disengage. The subsequent resignation of key personnel resulted in a critical loss of institutional knowledge and operational command.

Governance Lock-Out (Holding Platforms): For certain major holding platforms (e.g., Guangzhou Chuanghaoyu, Guangzhou Chuangyue, Guangzhou Yujun, and Guangzhou Tianyu Gongxiang), the Group's ability to direct the companies was legally blocked by their Articles of Association. These articles contained strict unanimous shareholder consent clauses and minority director veto rights, effectively giving minority shareholders (holding only ~1% to 3%) a veto over board resolutions, the appointment of directors, and the legal representative.

Loss of Operational Assets (Seals, Licenses, and Accounts): The PRC Legal Opinion verified that physical control over critical corporate assets — including official company chops, financial seals, business licenses, and bank account U-shields — had passed to third parties. These third parties included minority shareholders, incumbent management who refused to cooperate, and local creditors.

Creditor and Third-Party Intervention:

For Guangzhou Yucheng, its sole shareholder (GZDL) had all its shares taken over by receivers under a share pledge, with the Hong Kong High Court confirming the validity of the receivers' appointment on 25 September 2024. The Group could no longer transmit its will through GZDL.

For other project companies (such as Xuzhou Jiayu and Kunming Chuang'ao), government "guaranteed housing delivery" (保交樓) task forces and local housing bureaus took over the physical custody of seals, regulated bank accounts, and assumed final approval rights over daily operations and cash flows.

Business Termination: Certain project companies (e.g., Xuzhou Jinyu and Xuzhou Yucheng) had completed their developments and effectively ceased operations, leaving behind only heavy litigation and debt. The Group could not locate their offices, personnel, or records.

3. LOSS OF ACCESS TO BOOKS AND RECORDS

The Group's loss of access to the books and records of the Deconsolidated Subsidiaries was a direct consequence of the loss of operational control.

The PRC Legal Opinion highlighted that during its investigation, legal representatives and former employees of the subsidiaries refused to hand over statutory books, financial records, contracts, and litigation files to the Provisional Liquidators.

Furthermore, because the Group's control was exercised exclusively through the first-tier holding companies, once the Group lost control of those holding companies, the entire chain of access to the lower-tier subsidiaries was severed. The Group could not override the governance deadlock or the physical possession of records by third parties. This lack of access directly resulted in the auditors being unable to obtain sufficient appropriate audit evidence, leading to the Deconsolidation Disclaimer.

DECONSOLIDATION OF SUBSIDIARIES (Continued)

4. CONCLUSION

Based on the PRC Legal Opinion and the facts set out above, the Board and the Provisional Liquidators are of the view that the Deconsolidation is factually accurate, legally sound under PRC law, and appropriately reflects the Group's loss of control over the Deconsolidated Subsidiaries from 1 July 2024, which is deemed as that date as the most latest management accounts available.

Please refer to Note 2(g) to the consolidated financial statements for further information.

FINANCIAL REVIEW

Revenue and gross profit

The revenue generated from continuing operations of the Group during the year ended 31 December 2025 (the "**Financial Year**") was approximately RMB115.0 million, a decrease of about 11.1% from approximately RMB129.4 million in the corresponding period last year. This was mainly attributable to the decrease in revenue generated from property management services as a result of the decrease in number of properties under management from 17 for the year ended 31 December 2024 to 16 for the Financial Year.

Gross profit margin decreased from 55.3% for the year ended 31 December 2024 to 54.6% for the Financial Year due to the expiry of one relatively higher margin property management services contract.

Operating expenses

ales and marketing expenses amounted to RMB0.2 million for the Financial Year, a decrease of 66.7% compared to RMB0.6 million in the last year due to the Company's cost planning arrangement.

Administrative and other expenses, amounting to RMB63.7 million (2024: RMB57.8 million), increased by 10.2% compared to last year. The increase in administrative and other expenses was primarily a result of the increase in staff costs.

Reversal of impairment loss on amounts due from Deconsolidated Subsidiaries

This refers to the reversal for sale of a deconsolidated subsidiary's pledged properties to settle a bank borrowing of the Company through enforcement action by Guangdong Province Guangzhou City Intermediate People's Court of the PRC.

Finance cost — net

Net finance costs, mainly represents interest expenses for bank and other borrowings, interest expenses for debentures and bonds, default interests and foreign exchange gains on financing activities. Net finance costs amounted to RMB330.3 million (2024: RMB707.3 million) for the Financial Year. The decrease in net finance costs was mainly due to the foreign exchange gains of RMB251.5 million (2024: losses of RMB162.5 million) for the Financial Year in relation to offshore loans denominated in HK$ and US$ booked at closing rates as a result of appreciation of RMB against the HK$ and US$ during the Financial Year.

Income tax credit/(expense)

Income tax expense mainly includes provision of RMB4.0 million (2024: RMB6.1 million) for corporate income tax on assessable earnings for the year and the deferred tax credit of totaling RMB4.2 million (2024: RMB1.6 million).

Loss for the year

Loss attributable to owners of the Company from continuing operations for the Financial Year was approximately RMB201.0 million compared to approximately RMB8,359.3 million for the year ended 31 December 2024. The significant decrease in loss was primarily due to the one-off reversal of impairment loss on amounts due from deconsolidated subsidiaries of approximately RMB146.6 million (2024: impairment loss of RMB7,585.2 million).

FINANCIAL REVIEW (Continued)

Liquidity, Financial Resources and Capital Structure

Total assets of the Group amounted to RMB47.8 million (2024: RMB39.7 million), a 20.4% increase from last year mainly attributable to the increase in cash and cash equivalents and deferred tax assets.

The Group's cash and cash equivalents excluding restricted cash and fixed deposit as at 31 December 2025 amounted to approximately RMB18.3 million (31 December 2024: RMB14.0 million).

Total liabilities increased from RMB7,694.3 million from 2024 to RMB7,900.2 million in 2025 mainly due to the increase in bank and other borrowings.

The Group recorded net current liabilities of RMB7,860.0 million (31 December 2024: RMB7,658.2 million). The current ratio of 0.005 times (31 December 2024: 0.005 times) is calculated based on the current assets of RMB40.2 million (31 December 2024: RMB36.1 million) over the current liabilities of RMB7,900.2 million (31 December 2024: RMB7,694.3 million).

The borrowing to asset ratio of the Group as at 31 December 2025 was 109.9 (31 December 2024: 127.7), calculated based on total amount of borrowings of RMB5,242.5 million (31 December 2024: RMB5,055.6 million) divided by total assets of RMB47.8 million (31 December 2024: RMB39.7 million) as at that date.

The gearing ratio of the Group as at 31 December 2025 was -66.8% (31 December 2024: -66.0%), calculated based on total amount of borrowings of RMB5,242.5 million (31 December 2024: RMB5,055.6 million) divided by total deficits of RMB7,852.5 million (31 December 2024: RMB7,654.7 million) as at that date.

As at 31 December 2025 and 31 December 2024, the issued capital of the Company was approximately RMB26.1 million.

OUTLOOK

The Company will continue to seek restructuring based on the Revised Debt Restructuring Proposal and the removal of the winding up order.

Upon completion of the restructuring, the Group intends to pursue the following principal strategies with a view to restoring and growing the property management business:

- consolidate and expand its geographic presence in the Greater Bay Area and other regions in the PRC, and pursue new property management engagements from independent third party property developers so as to diversify its source of property management projects and reduce its historical reliance on the members of the carved-out group;
- continue to enhance the quality and efficiency of its property management services so as to strengthen customer satisfaction and retention across its portfolio of managed properties;
- continue to apply and upgrade its smart living service platform and other technologies to improve operational efficiency and service quality; and
- strengthen its human resources through recruitment, training and staff retention to support the continuing operations of the Group.

OUTLOOK **(Continued)**

Looking ahead, the Company will seize the strategic opportunity presented by the industry's transition from "incremental expansion" to "stock-based deep cultivation" and deeply align itself with the policy wave of property service quality improvement during the 15th Five-Year Plan period. Against the backdrop of the industry's total GFA under management exceeding 34 billion sq.m. and the market size approaching RMB2.5 trillion, the Company will adhere to a "quality and efficiency first" strategy, continuously optimise its portfolio of managed projects, and enhance operational efficiency and service quality.

The Company will proactively capture the fast-growing market opportunities in value-added services. With the industry's value-added service revenue share expected to surpass 40% in 2026, the Company will leverage its existing community scenarios to extend its service chain into high-value-added areas such as home-based elderly care, community healthcare, and housekeeping services, thereby building a second growth curve that can withstand market cycles.

The Company will accelerate technology empowerment and smart transformation. As AI adoption becomes an industry standard, the Company will increase investment in its smart property management platform, using digital tools to achieve cost reduction, efficiency enhancement, and service upgrades.

The Company will deeply participate in the national strategies of urban renewal and grassroots governance. Seizing the opportunity arising from the "15th Five-Year Plan for Urban Renewal," which designates the "property service quality improvement initiative" as a major project, the Company will proactively expand new business formats such as urban services and public facility management, transforming itself from a traditional residential property service provider into a comprehensive urban service operator.

The Company will closely monitor policy developments, actively capitalising on the opportunities brought by the inclusion of the "Property Management Regulations" in the State Council's 2026 legislative work plan, as well as the upgrading of service quality demands arising from the "good housing" initiative as it moves from concept to practice. The Company will remain committed to high-quality development as its core principle, creating sustainable long-term value for its shareholders.

RISK MANAGEMENT

As a former mainland-based property developer now focused purely on property-management services, we remain exposed to a range of business risks. At present, the most material risks are revenue-pressure risks arising from the challenging real-estate market environment and residual liquidation-related risks inherited from our historical property-development business.

Homebuyers and property owners maintain cautious sentiment across the property market against the backdrop of falling property prices, evolving regulatory policies and muted confidence in market prospects. Weak market conditions may weigh on property-owner payment behaviours, contract renewal rates and new business acquisition, creating challenges for the Group to generate stable operating cash inflows from property-management services. Meanwhile, as the Company continues to progress its offshore debt-restructuring exercise for legacy obligations, it faces intermittent risk of liquidation-related legal proceedings brought by investors in respect of historical indebtedness.

To mitigate risks arising from the above-mentioned factors, management exercises tight oversight over financial resource allocation and business-development plans for the property-management segment. We also sustain active communication with investors to push forward offshore debt-restructuring proposals for legacy liabilities.

ADDRESSING ALL CONCERNS RAISED BY THE COMPANY'S AUDITORS

In the auditors' report of the Company for the year ended 31 December 2025, the Company's auditors issued disclaimer of opinion in the following matters, please refer to the auditor's report for full explanation:

1. **Limitation of scope — Deconsolidation of subsidiaries**

   As disclosed in Notes 2(f), 2(g) and 33 to the consolidated financial statements for the year ended 31 December 2025, the Current Management have been unable to have access to the accounting books and records and the local management and other personnel, including the finance teams, of the Deconsolidated Subsidiaries, which are primarily engaged in property development and property investments in the PRC. In preparing the consolidated financial statements, the Current Management considered certain events and conditions that occurred during and subsequent to the year ended 31 December 2025 which in their opinion resulted in the Group losing control over certain of the Deconsolidated Subsidiaries under HKFRS 10. Accordingly, Reassessment was performed by the Current Management for the purposes of the preparation of the consolidated financial statements. As a result of the Reassessment, the Current Management determined that the Deconsolidated Subsidiaries shall be deconsolidated from the consolidated financial statements on the basis set out below. As a result of the above matters, the auditor were unable to obtain sufficient appropriate audit evidence to ascertain the matters in respect of the deconsolidation of the Deconsolidated Subsidiaries and therefore issue a disclaimer of opinion in this matter. Please refer to the "EXTRACT OF INDEPENDENT AUDITOR'S REPORT" for more details.

   Based on the different circumstances, the Current Management, having also considered the supporting legal opinions, have concluded that it is not practicable, as of the date of this report, to apply the requirements of HKFRS 10 that all subsidiaries controlled by the Company and its subsidiaries should be included in the consolidated financial statements up until the respective dates that control over these subsidiaries was lost.

ADDRESSING ALL CONCERNS RAISED BY THE COMPANY'S AUDITORS **(Continued)**

2. **Limitation of scope — appropriateness of the going concern basis of preparing the consolidated financial statements**

As set out in the consolidated financial statements, during the year ended 31 December 2025, the Group incurred a net loss of approximately RMB201,013,000 and as of that date, the Group's net current liabilities and net liabilities amounted to approximately RMB7,860,045,000 and RMB7,852,498,000 respectively. As at 31 December 2025, the Group's Borrowings and amounts due to the Deconsolidated Subsidiaries amounted to approximately RMB5,242,498,000 and RMB2,470,245,000 respectively, while the Group had total bank balances and cash of approximately RMB18,326,000.

Accordingly, the auditor have not been able to obtain sufficient appropriate audit evidence to satisfy themselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of sufficient appropriate audit evidence in relation to the Revised Debt Restructuring Proposal and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and how variability in outcome would affect the future cash flows of the Group. Because of the significance of the matters above, the auditor are unable to form an opinion as to whether the use of going concern assumption in the preparation of the consolidated financial statements is appropriate.

The Company will continue to push forward for the Revised Debt Restructuring Proposal of the Company and provision of loans to the Company; and putting forward the Revised Debt Restructuring Proposal to the creditors of the Company by way of Scheme of Arrangement to the consolidated financial statements and speeding up the collection of receivables process together with tightening operating cash outflows through cutting costs and capital expenditures. The Group continues to seek new business opportunities to improve its profitability and business prospects, consolidate or streamline its existing business, enhance its future business development and strengthen its revenue base, and may diversify into other businesses should suitable opportunities arise.

Impact of the Disclaimer on the Company's financial position

Should the Group fail to achieve the above-mentioned plans and measures and complete the proposed debt restructuring schemes, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effect of these adjustments have not been reflected in the consolidated financial statements of the Company for the year ended 31 December 2025.

MANAGEMENT'S POSITION, VIEW AND ASSESSMENT ON THE DISCLAIMER OPINION

The directors of the Company have reviewed the Group's cash flow projections prepared by the management, which cover a period of 24 months from the date of approval of the consolidated financial statements. In the opinion of the directors of the Company, in light of the plans and measures as set out in Notes 2(e) and 2(f) of the notes to the consolidated financial statements and taking into account the anticipated cash flows to be generated from the Group's operations, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notwithstanding the above, the management admitted that material uncertainties exist as to whether the Group is able to achieve its plans and measures as described in Notes 2(e) and 2(f) of the notes to the consolidated financial statements. Should the Group failed to achieve the mentioned plans and measures in Notes 2(e) and 2(f) to the consolidated financial statements, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

However, in respect of the assumptions regarding the successful and favourable outcomes of the plans and measures being undertaken by the management of the Company and the development of the events, no sufficient and appropriate audit evidence regarding the assumptions used in the going concern basis have been obtained by the Auditor during the audit. There were no other satisfactory audit procedures that Auditor could adopt to conclude whether it is appropriate to use the going concern assumption to prepare these consolidated financial statements. Therefore, the disclaimer opinion on going concern has been concluded by the Auditor.

There was no disagreement between the management of the Company and the Auditor regarding the Disclaimer, considering that the consolidated financial statements have been prepared by the management on a going concern basis, the validity of which depends on the outcome of the measures under management's assumptions, which are subject to multiple uncertainties. In all other respects, in the opinion of the Auditor, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

REMOVAL OF THE DISCLAIMER OF OPINION

Upon completion of the restructuring (including the creditors' scheme) and the resumption of trading in the Shares, if these occur in around early 2027, the auditor's report of the Group for the year ending 31 December 2026 is expected to contain a disclaimer of opinion in respect of the limitation of scope concerning the appropriateness of the going concern basis of preparing the consolidated financial statements. The material uncertainties relating to the going concern basis of preparation are expected to be resolved in FY2027.

The limitation of scope concerning the deconsolidation of subsidiaries is expected to be addressed on the following basis:

(i) the auditor's report of the Group for the year ending 31 December 2026 is expected to contain a disclaimer of opinion in respect of the limitation of scope concerning the deconsolidation of subsidiaries, as the effects of the matters described above on the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for FY2026 cannot be ascertained before completion of the restructuring;

(ii) the opinion of the auditor's report of the Group for the year ending 31 December 2027 is expected to disclaimed for the limitation of scope concerning the deconsolidation of subsidiaries as the effects on the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for year ending 31 December 2027 cannot be ascertained before completion of the proposed debt restructuring. However, no consequential effect is expected on the consolidated statement of financial position as at 31 December 2027 upon completion of the restructuring, given the other facts and circumstances remains the same;

(iii) the opinion of the auditor's report of the Group for the year ending 31 December 2028 is expected to be modified only in respect of the comparative figures in the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows, given that the auditor's reports for the preceding financial years were disclaimed for the reasons abovementioned and the auditor may not be able to satisfy itself as to those comparative figures; and

(iv) the opinion of the auditor's report of the Group for the year ending 31 December 2029 and each subsequent financial year is expected to be unmodified, on the assumption that the opening balances and corresponding figures for the year ending 31 December 2028 (being the audited closing figures for the year ending 31 December 2027), which will be presented as comparative figures in the financial statements for the year ending 31 December 2029, will have been subject to audit and that no other modification will arise.

Brief Biography of Directors

EXECUTIVE DIRECTOR

Mr. Zhang Guocheng, aged 67, has over 30 years of experience in the field of production management. He previously served as the officer of the production department at Harbin Gangba Economic and Trade Company Limited, where he was responsible for overseeing production processes and quality control. From 2020 to 2023, Mr. Zhang was the legal representative of Shenzhenshi Zhuoruixiang Information Advisory Company Limited, a subsidiary of China ZhengTong Auto Services Holdings Limited (Stock Code: 1728), where he was engaged in real estate development management and corporate management consulting related services.

NON-EXECUTIVE DIRECTOR

Mr. Li Jianwen, aged 43, possesses over twenty years of management experience in the machinery manufacturing industry mainly for coal processing sector in China and currently serves as the legal representative of an environmental protection company in China since May 2025. In 2003, Mr. Li joined the production department of Taiyuan Kaitejia Machinery Company Limited as a supervisor, where he accumulated two decades of extensive expertise in machinery production and team management.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to enhance its corporate governance standards by emphasizing transparency, independence, accountability, responsibility and fairness. The Company exercises corporate governance through the Board and various committees with designated functions.

The Company failed to timely publish the audited financial statements for the year ended 31 December 2025 and lay the audited 2025 financial statements at the 2026 annual general meeting of the Company in accordance with Rules 13.46 and 13.49 of the Listing Rules, and failed to timely publish its environmental, social and governance report for the same period covered in the 2025 annual results under Rule 13.91 of the Listing Rules. The Company has been reviewing and closely monitoring its internal control systems to avoid delay in publication of its periodic financial and non-financial information under the Listing Rules in the future.

NON-COMPLIANCE WITH THE LISTING RULES IN RELATION TO BOARD COMPOSITION

1. The total number of independent non-executive directors accounts for less than one third of the Board as required under Rule 3.10A of the Listing Rules;

2. The number of independent non-executive directors and the number of members of the Audit Committee have become less than three which are below the minimum requirement prescribed under Rules 3.10(1) and 3.21 of the Listing Rules respectively;

3. Since there is no independent non-executive director, none of the independent non executive Directors possesses appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules;

4. The Remuneration Committee only consists of one member who is not an independent non-executive Director, and hence the Company does not meet all the requirements of Rule 3.25 of the Listing Rules as the Remuneration Committee does not comprise a majority of independent non-executive directors as members;

5. There is a vacancy for the chairman of the Remuneration Committee resulting in non compliance with the requirement prescribed under Rule 3.25 of the Listing Rules;

6. The Nomination Committee only consists of one member who is not an independent non-executive Director, hence the Company does not meet all the requirements of Rule 3.27A of the Listing Rules as the Nomination Committee does not comprise a majority of independent non-executive directors as members;

7. There is a vacancy for the company secretary resulting in non-compliance with the requirement prescribed under Rule 3.28 of the Listing Rules; and

8. Following the resignations of Ms. Cheung Wing Ka as Independent Non-executive Director of the Company with effect from 26 August 2025, the Company does not meet the requirement pursuant to Rule 13.92 of the Listing Rules which states that the Stock Exchange will not consider diversity to be achieved for a single gender board. The Company has no other female Directors following the resignation of Ms. Cheung Wing Ka.

The above non-compliances arose due to the resignation of certain Directors. Pursuant to Rules 3.11 and 3.27 of the Listing Rules, the Company should appoint suitable candidates to fill the vacancies within three months after failing to meet the requirements under the Listing Rules from the date of resignation of the Directors. However, the process of identifying suitable candidates to fill the vacancies in order to re-comply with the Listing Rules was halted since the Company was ordered to be wound up on 14 November 2025.

NON-COMPLIANCE WITH THE LISTING RULES IN RELATION TO BOARD COMPOSITION (Continued)

None of the Directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the accounting period covered by the 2025 financial statements, in compliance with the Corporate Governance Code as set out in Appendix C1 ("**Code Provision**") to the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited.

BOARD OF DIRECTORS

Up to the date of this report, the Board comprised two Directors as follows:

Executive Director

Mr. ZHANG Guocheng

Non-executive Director

Mr. LI Jianwen

All Directors (including the non-executive Director) are appointed for a term of 3 years and are subject to retirement by rotation at least once every three years in accordance with the articles of association of the Company.

The Company and the committees of the Board did not hold any meeting during the year under review.

The Board is responsible for formulating and reviewing the long-term business directions and strategies, monitoring the operating and financial performance of the Group, and performing the corporate governance functions. Management is delegated by the Board with the authority to make decisions on daily operations. Both the Directors and management interact frequently to ensure efficient communications between the parties.

To the best knowledge of the Company, there is no financial, business and family relationship amongst the members of the Board.

The Company has arranged for appropriate liability insurance for the Directors for indemnifying their liabilities arising out of corporate activities of the Group.

BOARD DIVERSITY POLICY

The Board recognizes the contribution that diversification of the Board can enhance the quality of its performance. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All appointments of directors will be made on merit and individual basis. Board diversity has been considered from a wide range of aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service, and any other factors that the Board may consider relevant and applicable from time to time. The Board currently comprises two male Directors. The Company is endeavoring to achieve gender diversity at the Board level. The Board will take opportunities to increase the proportion of female members over time when selecting and making recommendation on suitable candidates for Board appointments. The Board would ensure that appropriate balance of gender diversity is achieved with the ultimate goal of bringing the Board to gender parity.

Measurable Objectives in terms of implementing the Board Diversity Policy, there are the following measurable objectives: to comply with the requirements as specified under the Listing Rules from time to time in relation to composition of the Board; the number of independent non-executive Directors appointed must not be less than three and must represents at least one-third of the Board; at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise. As at 31 December 2025, all the measurable objectives under the Board Diversity Policy were not fulfilled.

BOARD DIVERSITY POLICY **(Continued)**

Board Performance Review

Pursuant to Code Provision B.1.4 of the CG Code (with effective on 1 July 2025), an issuer should conduct a formal evaluation of the board's performance ("**Board Performance Evaluation**") at least every two years. During the year under review, the Company has not conducted the Board Performance Evaluation. The Board shall set up a policy for the Board Performance Evaluation during the year ending 31 December 2026.

The gender ratio in the workforce of the Group, including senior management, as of 31 December 2025 is set out below:

	As of 31 December 2025	
Indicator	Number of persons	Percentage of total number of employees
Male employees	216	61%
Female employees	137	39%

In property management industry, male employee occupies a higher ratio. The Group encourages gender diversity across its workplace and tries to maintain the proportion of female employees around 45%.

As at the date of this report, the Board's composition under major diversified perspectives is summarized as follows:

Board Diversity

Designation	ED	NED
Gender	Male	
Nationality	Chinese	
Age group	41-50	51-60
Years of service	41-50	51-65
Number of director	1	1

ED: Executive Director
NED: Non-executive Director

DIRECTORS' RESPONSIBILITY IN THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors are responsible for the preparation of consolidated financial statements on a going concern basis which give a true and fair view of the state of affairs of the Group in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of Hong Kong Companies Ordinance.

GOING CONCERN BASIS

During the year ended 31 December 2025, the Group sustained a loss attributable to owners of the Company approximately RMB201.01 million. As at 31 December 2025, the Group had net current liabilities of approximately RMB7,860.05 million and net liabilities of approximately RMB7,852.50 million respectively. The Group's total bank and other borrowings (collectively, the "**Borrowings**") and the amounts due to the Deconsolidated Subsidiaries amounted to approximately RMB5,242.50 million and RMB2,470.25 million which were all overdue, while the Group had total bank balances and cash of approximately RMB18.33 million.

These conditions, together with the winding-up orders as mentioned in Note 2(c) made against the Company, indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Group has been actively working with its legal and financial advisors and negotiating with onshore and offshore creditors to formulate and implement a practicable debt restructuring proposal for the Group's existing debts. Such plan included (i) identifying the investor for putting forward a revised debt restructuring proposal (the "**Revised Debt Restructuring Proposal**") of the Company and provision of loans to the Company; and (ii) putting forward the Revised Debt Restructuring Proposal to the creditors of the Company by way of scheme of arrangement ("**Scheme of Arrangement**"); (iii) speeding up the collection of receivables process; and (iv) tightening operating cash outflows through cutting costs and capital expenditures as set out in Note 2(f).

As at the date of approval of the consolidated financial statements, the implementations of these measures are still in progress. The Group continues to seek new business opportunities to improve its profitability and business prospects, consolidate or streamline its existing business, enhance its future business development and strengthen its revenue base.

Having reviewed and considered the revitalised operations and affairs of the Group and the Company, the Current Board and the JPLs (collectively, the "**Current Management**") concluded that, upon the completion of the Revised Debt Restructuring Proposal, including but not limited to the admitted claims of the creditors against the Company as at winding-up date (including the bank and other borrowings, the tax liabilities and the amounts due to the Deconsolidated Subsidiaries of the Company) will be compromised and discharged in full in accordance with the terms of Scheme of Arrangement. It represents the best means available for the Company to be returned to solvency and to continue the development and enhancement of its business. The Current Management are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed Scheme of Arrangement of the Company will be supported from requisite majority of creditors and court sanction, and that, following the implementation of Revised Debt Restructuring Proposal, the Group will continue to meet in full its financial obligations in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of assets to their estimated recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Views of the Audit Committee and the Directors

Following the change of the Board's composition, there is no member in the Audit Committee. The annual results for the year under review have not been reviewed by the Audit Committee.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own Code of Conduct for Securities Transactions by Directors and Relevant Employees of the Company (the "**Code**") on terms no less exact than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix C3 to the Listing Rules and the Code is updated from time to time in accordance with the Listing Rules requirements. Following specific enquiry by the Company, all Directors of the Company confirmed that they have complied with the required standards as set out in the Code throughout the year under review.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

As at the date of this report, there is no INEDs appointed.

DIRECTORS' CONTINUOUS TRAINING AND DEVELOPMENT

The Company has provided resources and supports to encourage the Directors to participate in professional development courses and seminars to develop and refresh their knowledge and skills. Besides, regulatory updates and relevant materials on amendment of Listing Rules were sent to the Directors for their awareness of the latest development on statutory requirements.

The Company does not receive the training records from Directors.

SEGREGATION OF THE MANAGEMENT OF THE BOARD AND THE MANAGEMENT OF THE GROUP'S BUSINESS

The Board is responsible for the overall strategic development of the Company and its subsidiaries and is also responsible for the financial performance, risk management, internal control policies and business operations of the Group. The daily operations of the Group are delegated to the Group's management. All Directors are provided with updated information relating to corporate governance and regulatory matters.

CORPORATE GOVERNANCE FUNCTIONS

The Board has established four Board committees, namely, the Remuneration Committee, the Nomination Committee, the Audit Committees and Risk Management Committee. All Board committees have been established with defined written terms of reference, which are posted on the Company's website and the Stock Exchange's website.

All Board committees meet regularly and are provided with sufficient resources to perform their duties. The committee members can seek independent professional advice at the Company's expense upon reasonable request.

The Board is responsible for performing the corporate governance duties as set out in the Corporate Governance Code which includes the following:

(i) To develop and review the Company's policies and practices on corporate governance.

(ii) To review and monitor the training and continuous professional development of Directors and senior management.

(iii) To review and monitor the Company's policies and practices on compliance with legal and regulatory requirements.

(iv) To develop, review and monitor the code of conduct applicable to employees and the Directors.

(v) To review the Company's compliance with code and disclosure in the corporate governance report.

The Board has reviewed the Corporate Governance Report to ensure its compliance with the disclosure requirements as set out in the Appendix C1 to the Listing Rules. The Company has issued "Policies on Preservation and Disclosure of Price Sensitive Information" in May 2013 to comply with the requisite inside information disclosure requirements as specified under the Securities and Futures Ordinance and the Listing Rules.

REMUNERATION COMMITTEE

As at 31 December 2025, the Remuneration Committee comprised one executive Director, Mr. ZHANG Guocheng.

The roles and functions of the Remuneration Committee are, amongst others, to make recommendations to the Board on the overall remuneration policy structured for all directors and senior management; and to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives achieved. The terms of reference of the Remuneration Committee are available at the Company's website and on the Stock Exchange's website.

During the year under review, since there were no shares granted under the share option schemes of the Company, no material matters relating to them under Chapter 17 of the Listing Rules were required to be reviewed or approved by the Remuneration Committee.

The Remuneration Committee did not hold any meeting in the year of 2025.

Details of the remuneration of each director are set out in Note 11 to the consolidated financial statements.

NOMINATION COMMITTEE

As at 31 December 2025, the Nomination Committee comprised one non-executive Director, Mr. LI Jianwen.

The roles and functions of the Nomination Committee, amongst others, are to make recommendations to the Board on the procedures of appointment of directors and the selection from individuals nominated for directorship; to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually; and to make recommendations on any proposed changes to the Board to complement the Group's corporate strategies. The terms of reference of the Nomination Committee are available at the Company's website and the Stock Exchange's website.

The Nomination Committee did not hold any meeting in the year of 2025.

The Nomination Committee has implemented the following procedures and processes in respect of the nomination of Directors:

1. The Nomination Committee may select potential candidates for nomination by: (i) inviting the Board to nominate suitable candidates, if any, for its consideration; or (ii) nominating candidates who were not proposed by the Board members; or (iii) engaging external recruitment agencies to assist in identifying and selecting suitable candidates, if considered necessary;

2. The Nomination Committee will conduct background search on each potential candidates;

3. After consideration, the Nomination Committee shall then make recommendations of the suitable candidates for the Board's consideration and approval. For the election of candidates to stand for re-election at a general meeting, the Nomination Committee shall make nominations to the Board for its consideration and recommendation to the Shareholders; and

4. The Shareholders may also nominate candidates for election as a Director in accordance with the procedures posted on the Company's website.

NOMINATION COMMITTEE (Continued)

The Nomination Committee will evaluate and recommend retiring Director(s) to the Board for re-appointment in accordance with the following procedures:

1. The Nomination Committee and/or the Board should review the overall contribution and service of the retiring Director(s) to the Company and the level of participation and performance on the Board, including but not limited to the attendance of the meetings of the Board and/or its committees and general meetings;

2. The Nomination Committee and/or the Board should also review and determine whether the retiring Director(s) continue(s) to satisfy the criteria of the Company; and

3. The Nomination Committee and/or the Board should then make recommendation to shareholders in respect of the proposed re-election of director at the general meeting.

AUDIT COMMITTEE

As at 31 December 2025, there is no member in the Audit Committee.

The roles and functions of Audit Committee, amongst others, are as follows:

1. to review the integrity of accounts and financial reporting procedures;

2. to review and oversee the effectiveness of internal control systems;

3. to appoint external auditors and assess their qualifications, independence and performance; and

4. to review periodically the Company's and the Group's accounts for compliance with applicable accounting standards, legal and regulatory requirements on financial disclosures.

The terms of reference of the Audit Committee are available at the Company's website and the Stock Exchange's website.

The Audit Committee did not hold any meeting in the year of 2025. The annual results for the year ended 31 December 2025 have not been reviewed by the Audit Committee.

AUDITORS' REMUNERATION

The Company has engaged Moore CPA Limited as the Company's auditor on 18 January 2023.

During the year under review, the remuneration paid/payable to the Company's auditor is set out as follows:

Nature of service	Fees Renminbi
Audit services	720,000
Non-audit services	–

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Board recognizes the importance of good communications with shareholders of the Company and understands that the Company's general meetings are a valuable forum for the Board to communicate directly with the shareholders. The members of the Board and committee members and the external auditor, where appropriate, are present to answer shareholders' questions in the meetings. Meeting circulars are distributed to all shareholders before the annual general meeting and special general meetings in accordance with the timeline requirement as laid down in the Listing Rules and the Bye-laws. All the resolutions proposed to be approved at the general meetings are taken by poll. The chairman of the meeting and/or the secretary of the Company explain the detailed procedures for conducting a poll and answer any questions from shareholders on voting by poll. Independent scrutineers are engaged to supervise the entire process of the voting. An announcement of the results of the poll will be published on the Company's websites and the Stock Exchange's website.

A key element of effective communication with shareholders and investors is the prompt and timely dissemination of information in relation to the Group. The Company has defined policy, namely the "Policies on Preservation and Disclosure of Price Sensitive Information", to govern the release of price sensitive information to the public in an equal, timely and effective manner to enable shareholders' easy appraisal of the Company's performance and business development, and senior staff who obtains sensitive information are refrained from dealing with shares of the Company. The Company has made prompt releases of information about the business and other affairs of the Group to the public and announced its annual and interim results in a timely manner within the time limits as laid down in the Listing Rules. To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and the Shareholders and maintains a website https://www.irasia.com/listco/hk/skyfame/, where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access. During the year, all corporate communications and regulatory announcements were published by the Company on its website and the website of the Stock Exchange in a timely manner. The Board considers that the shareholders communication policy is effective during the year end under review.

Pursuant to Rule 2.07 of the Listing Rules under the expansion of paperless listing regime and electronic dissemination of corporate communications that came into effect on 31 December 2023, the Company has adopted electronic dissemination of corporate communications (the "**Corporate Communications**"), which mean any documents issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to (a) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular and (f) a proxy form.

Both the English and Chinese versions of all future Corporate Communications will be available electronically on the Company's website and the HKEXnews website in place of printed copies. The Company will not send a notice of publication of Corporate Communications on the Company's website and HKEXnews website to its Shareholders. Shareholders are encouraged to proactively monitor the availability of all future Corporate Communications on the websites and access the website version of Corporate Communications by themselves.

CONSTITUTIONAL DOCUMENTS

A special resolution was proposed and passed in the annual general meeting held on 6 June 2023 to amend the Company's then existing Bye-laws to comply with the core shareholder protection requirements in the Listing Rules and relevant updated statutory provisions. Since then, the Company did not made any changes to its constitutional documents.

DIVIDEND POLICY

At a meeting of reviewing the half-yearly and annual results of the Company, the Board will determine if dividend will be paid to shareholders and the extent of distribution. The maximum distributable amount of dividend shall be twenty percent (20%) of the consolidated post-tax profit of the Group for the period/year. However, such distribution ratio will be subject to adjustment after the Board's taking into account of other factors, including profit available for distribution by subsidiaries for the period/year and undistributed reserve as at the financial period/year end date, cash flow forecast of the Group, restriction from foreign exchange control and restriction from creditors over borrowers. However, if under special circumstances, where the profit is above the normal level, the Board can propose a special resolution if necessary to distribute a special dividend of higher ratio to shareholders.

The Board will realign such dividend distribution after taking account of the changes in business environment, the outlook of cash flow and financing arrangement.

COMPANY SECRETARY

All Directors are entitled to the company secretary's services. The company secretary reports and notifies the Board the latest information on corporate governance and oversight on a regular basis, assists the Chairman in preparation of the agenda, prepares and dispatches meeting documents in a timely and comprehensive manner so as to ensure the efficiency and validity of the Board meetings. As at the day of this report, there is a vacancy for the company secretary resulting in non-compliance with the requirement prescribed under Rule 3.28 of the Listing Rules.

SHAREHOLDERS' RIGHTS

To protect the rights of shareholders to have reasonable involvements in the Company's affairs, the Bye-laws and applicable laws in Bermuda (the place of incorporation of the Company) provide shareholders the following rights about the holding of general meetings of the Company:

Rights to convene a special general meeting

Pursuant to the Bye-law 58 of the Bye-Laws, members of the Company, 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, on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require a special general meeting to be called by the Board for transaction of any business or resolution specified in such requisition; and such meeting shall be held in the form of a physical meeting only and within two (2) months after the deposit of each requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may convene such physical meeting in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

Procedures for putting forward proposals at shareholders' meeting

Subject to Section 79 of the Companies Act 1981 of Bermuda, it shall be the duty of the Company, on the requisition in writing of (i) either any number of members representing not less than one-twentieth of the total voting rights of all the members having at the date of the requisition a right to vote at the meeting to which the requisition relates; or (ii) not less than one hundred members, at the expense of the requisitionists unless the Company otherwise resolves:

(a) to give to members of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting;

(b) to circulate to members entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

SHAREHOLDERS' RIGHTS **(Continued)**

Procedures for putting forward proposals at shareholders' meeting (Continued)

Notice of any such intended resolution shall be deposited to the Company's registered office or principal place of business in Hong Kong not less than six weeks before the meeting (in the case of a requisition requiring notice of a resolution); and not less than one week before the meeting (in the case of any other requisition) together with a sum reasonably sufficient to meet the Company's expenses in sending the notice.

Upon receiving the requisition, the Company would take appropriate actions and make necessary arrangements in accordance with the requirements under the provision of the Bye-laws and Sections 79 and 80 of the Companies Act 1981 of Bermuda.

Company's contact details

Enquiries, concerns and requisitions to the Board can be addressed to the secretary of the Company at the principal place of business in Hong Kong at Room 10, 7th Floor, Trend Centre, No. 29–31 Cheung Lee Street, Chai Wan, Hong Kong, or by email to ir@0059.io.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibilities for maintaining sound and effective risk management and internal control systems of the Group and reviewing their effectiveness annually. The management is responsible for designing a system of well-defined policies, controls and procedures which are executed from time to time. The Internal Auditor and risk management team report to the Board regularly on the effectiveness of these control systems.

Risk Management Committee

As at 30 December 2025, the Risk Management Committee comprises Mr. LI Jianwen only. The committee delegates its routine monitoring function to the risk management team which assists the management to develop systems to highlight risks and controls to alleviate risks. The risk management team consists of a risk management officer and the head of the internal audit department who report to the committee as to how the risk management work are carried out by the management and key risk factors highlighted by management are relieved and are addressed to the committee for review and recommendations.

The Risk Management Committee did not hold any meeting in the year of 2025.

The major roles and functions of risk management team are to monitor and review the risk management system and advise to the Board about the effectiveness of and improvements to be made to the existing system and to review the internal control policies associated with the management of risks to ensure adequate control procedures have been developed in daily management to identify and encounter the risks.

The terms of reference of the Risk Management Committee are available at the Stock Exchange's website.

RISK MANAGEMENT AND INTERNAL CONTROLS **(Continued)**

Regular Review of the Risk Management and Internal Control Systems

The Board acknowledges its responsibility for the risk management and internal control systems and for reviewing their effectiveness. The Group emphasises the importance of sound risk management and internal control systems which are indispensable for mitigating the Group's key risk exposures. The Group's risk management and internal control systems include a defined management structure with limits of authority, and are designed for the Group to identify and manage the significant risks to achieve its business objectives. The systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss, and to manage rather than eliminate risks of failure in the Group's operational systems and in the achievement of the Group's business objectives.

The Group has adopted a three-tier risk management approach to identify, assess and manage different types of risks. The Group is committed to the identification, evaluating, and management of risks associated with its business activities through ongoing assessment of a risk register, by considering the likelihood and impact of each identified risk. For any identified significant risks, the Group will evaluate its financial or operational impacts to the Group and adopt mitigation measures to manage such risks. A discussion on the principal risks and uncertainties of the Group are set out in Note 2 to the consolidated financial statements.

The Group has developed an internal control system, which covers, among others, major financial, operational and compliance controls to safeguard its assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensure compliance with relevant laws and regulations. The internal control system is reviewed on an ongoing basis by the Board. For any identified internal control weaknesses or defects, the Group will enhance control measures to rectify such control weaknesses or defects.

Under Code Provision D.2.5 of the CG Code, the Group should have an internal audit function. Given the Group's current status, it was decided that the Board, would be directly responsible for risk management and internal control systems of the Group.

Directors' Report

The Directors herein present their annual report together with the audited consolidated financial statements for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are property development, property investment, property management and provision of commercial services at our youth community projects.

BUSINESS REVIEW

Details of the operation of the Company's principal business during the year, as required by Schedule 5 to the Companies Ordinance, including an indication of likely future development in the Group's business, an analysis of key performance indicators, a description of the principal risks and uncertainties facing the Group are set out under the section "Management Discussion and Analysis" of this annual report and the Group's environmental policies and performance are set out under the section "A. Environmental" of the Environmental, Social and Governance Report.

Other than those disclosed in this report, there is no important event affecting the Group that has occurred after the year ended 31 December 2025. Details of the Company's relationships with its employees, suppliers and customers who have significant impacts on the Group and on which the Group's success depends are set out in a separate Environmental, Social and Governance Report for the year ended 31 December 2025 under the section headed "Social" in paragraphs B1 (Employment), B5 (Supply Chain Management) and B6 (Product Responsibility/Customers Service and Privacy) which is published on the websites of the Stock Exchange and the Company in the manner prescribed under the Listing Rules.

The Group has strictly complied with relevant laws and regulations which have a significant impact on the operations of the Group during the year. In this regard, the Company has retained an in-house legal consultant and outsourced legal advisers in the PRC to provide advices on legal matters and, when necessary, will consult external lawyers of other territories in contemplated transactions.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by business and geographical segments is set out in Note 7 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income of this annual report.

No dividend for the year ended 31 December 2025 has been proposed by the board of directors of the Company (the "**Board**").

DIVIDEND POLICY

At a meeting of reviewing the half-yearly and annual results of the Company, the Board will determine if dividend will be paid to shareholders and the extent of distribution. The maximum distributable amount of dividend shall be twenty percent (20%) of the consolidated post-tax profit of the Group for the period/year. However, such distribution ratio will be subject to adjustment after the Board's taking into account of other factors, including profit available for distribution by subsidiaries for the period/year and undistributed reserve as at the financial period/year end date, cash flow forecast of the Group, restriction from foreign exchange control and restriction from creditors over borrowers. However, if under special circumstances, where the profit is above the normal level, the Board can propose a special resolution if necessary to distribute a special dividend of higher ratio to shareholders.

The Board will realign such dividend distribution after taking account of the changes in business environment, the outlook of cash flow and financing arrangement.

SHARE ISSUED IN THE YEAR

There was no movement in the share capital of the Company during the year ended 31 December 2025.

DISTRIBUTABLE RESERVES

The Company does not have reserves available for cash distribution to the shareholders of the Company. Nonetheless, the Company's share premium account in the amount of approximately RMB940,898,000 can be distributed to shareholders of the Company in the form of fully paid bonus shares in accordance with the Companies Act 1981 of Bermuda.

EQUITY LINKED AGREEMENTS

Other than the share options and shares awarded cancelled by the Company as disclosed below, no equity-linked agreements that will or may result in the Company issuing shares were entered into by the Company during the year.

SHARE OPTIONS SCHEME

The Company adopted another share option scheme on 9 June 2015 (the "**2015 Scheme**") upon the expiry of the old share option scheme adopted in 2005 to provide incentives and rewards to eligible participants who are directors of the Company and employees of the Group. The 2015 Scheme has expired as at the date of this report.

During the year, no share option was granted to eligible participants and an aggregate of 67,394,933 share options were lapsed/cancelled. There were no share options outstanding under the 2015 Scheme as at 31 December 2025.

Details of the share options scheme are set out in Note 26 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

The Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the year ended 31 December 2025.

The Group is not dependent on any single subcontractor or supplier and none of whom contributed 10% or more of the Group's costs and expenses for the year ended 31 December 2025.

To the knowledge of the Directors, none of the Directors and their associates, or any shareholders who own more than 5% of the Company's share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

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

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

DIRECTORS AND THEIR SERVICE CONTRACTS

The Directors as at the date of this report were as follows:

Executive Director
Mr. ZHANG Guocheng

Non-executive Director
Mr. LI Jianwen

Each of the Director has entered into a service contract with the Company for a term of three years.

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

CONVERTIBLE SECURITIES, OPTIONS OR OTHER SIMILAR RIGHTS

Save as disclosed in this annual report, the Company has no outstanding convertible securities, options or similar rights in issue as at 31 December 2025.

DONATIONS

For the year, the Group did not made any charitable and other donations (2024: Nil).

DIRECTORS' AND CONTROLLING SHAREHOLDER'S MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

Except as those disclosed in the section of "RELATED PARTY TRANSACTIONS" of this report hereinafter, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its holding company was a party and in which a director and/or a controlling shareholder 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.

BIOGRAPHICAL DETAILS OF DIRECTORS

Brief biographical details of directors are set out in section headed "Brief biographical details of directors and senior management" of this annual report.

MANAGEMENT CONTRACTS

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

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief or exemption available to the shareholders by reason of their holding of the Company's securities

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, none of the Directors or chief executive of the Company had any interests and short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporation(s) (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) which were required, (i) pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions taken or deemed to have under such provisions of the SFO), or (ii) pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii), pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in the Appendix C3 to the Listing Rules, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the year was the Company, its holding companies or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or in any other body corporate.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors and his respective close associates had any other interests in any business, which competes or is likely to compete, either directly or indirectly, with the Company's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules).

SUBSTANTIAL SHAREHOLDERS

At 31 December 2025, so far as known to any Directors or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were deemed or taken to have interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Interests in the Shares or underlying Shares

Name of Shareholder	Capacity	Number of Shares and underlying Shares *(note 1)*	Approximate shareholding percentage *(note 2)*
Leung Wai Kei	Person having a security interest in shares	4,255,493,221 (long)	50.38%

Note:

1. The entire issued share capital of Cosmos Tianyu was previously ultimately and beneficially wholly-owned by Mr. Yu. On 22 August 2023, Mr. Chan Leung Lee of RSM Hong Kong Advisory Limited and Mr. Yuen Tze Chun, Frank of Frank Forensic and Corporate Recovery Limited have been appointed as the joint and several receivers over the entire issued share capital of Cosmos Tianyu. The JPLs have been informed by Mr. Leung Wai Kei that China Securities Limited, in whose favour the shares held by Cosmos Tianyu were charged, has ceased operations and that the loan, together with all related security interests and collateral, was assigned to him on 28 November 2025. The JPLs have been informed by the sole director of Cosmos Tianyu that the entire issued share capital of Cosmos Tianyu is ultimately owned by Mr. Chan Leung Lee (acting as the receiver).

2. For the purpose of this section, the shareholdings percentage in the Company was calculated on the basis of 8,446,331,365 Shares in issue as at 31 December 2024.

Save as disclosed above, as at 31 December 2025, the Company had not been notified by any persons or corporations who had long or short position in the Shares and/or underlying Shares, which were required to be recorded in the register required to be kept by the Company pursuant to section 336 of Part XV of the SFO.

RELATED PARTY TRANSACTIONS

Save as the transactions stated in Note 40 to the consolidated financial statements which amounts separately did not meet the disclosure requirements under the Listing Rules, none of the Directors, substantial shareholders or controlling shareholders of the Company and their respective associates was materially interested in any contract or arrangement entered into by any member of the Group subsisting as at 31 December 2025 which was significant in relation to the business of either the Group or has any material personal interest.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirmed that the Company has maintained the prescribed amount of public float as required under the Listing Rules during the year and up to the date of this annual report.

PERMITTED INDEMNITY PROVISION

Pursuant to the Company's Bye-laws, the Director(s) shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation to any affairs of the Company.

The Company has arranged appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Group throughout the year.

AUDITOR

The consolidated financial statements of the Group for the years ended 31 December 2023, 2024 and 2025 were audited by Messrs. Moore CPA Limited who shall retire in the forthcoming annual general meeting and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Messrs. Moore CPA Limited as auditor of the Company.

On behalf of the Board

Mr. ZHANG Guocheng
Executive Director
Hong Kong, 14 September 2026

Environmental, Social and Governance Report

ABOUT THE ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

This Environmental, Social and Governance Report (the "Report") summarizes the initiatives, plans and performance of Skyfame Realty (Holdings) Limited (the "Company") and its subsidiaries (collectively, the "Group" or "we") in environmental, social and governance ("ESG") matters, and demonstrates their commitment to sustainable development.

As a mainland real estate enterprise listed in Hong Kong, the Group adheres to a sustainable ESG management approach and is committed to handling the Group's environmental, social and governance matters effectively and responsibly as part of our business strategy, so that the Group not only grows and contributes to economic development, but also grows together with society in environmental and social aspects.

THE ESG GOVERNANCE STRUCTURE

The board of directors of the Company (the "Board") is principally responsible for overseeing and being accountable for the Group's ESG strategy and reporting, with the assistance of an ESG working group (the "Working Group"). The Working Group comprises core members from different departments of the Group and is responsible for collecting relevant ESG information and data for the preparation of the ESG Report. The Working Group reports to the Board regularly, assists in identifying and assessing the Group's ESG risks, and evaluates the effectiveness of the Group's ESG internal control mechanisms. The Working Group also reviews and assesses our performance in various ESG areas, including the environment, occupational safety and health, labour standards and product responsibility. The Board sets the overall direction of the Group's ESG strategy and ensures the effectiveness of ESG risk controls and internal control mechanisms.

BOARD STATEMENT

The Board bears ultimate responsibility for overseeing and being accountable for the Group's ESG strategy and reporting. The Board firmly believes that sustainable development is essential for an enterprise to fulfil its social responsibilities and to secure its long-term standing in the industry. ESG considerations form part of the Group's overall business strategy and risk management framework.

During the year ended 31 December 2025 (the "Reporting Period" or "this Year"), the Board reviewed the results of the materiality assessment and confirmed the following as priority issues: customer information and privacy protection; customer well-being and health and safety; disaster emergency management; employees occupational health and safety; integrity building and anti-corruption; employee training and development; employee recruitment and team building; and energy consumption and efficiency.

The Board also notes that, consistent with the previous reporting year, ESG data disclosure for this Year covers only the property management services engaged in by the Group. The Directors have confirmed that they have control only over the subsidiaries listed in the annual report. The Board considers it inappropriate to consolidate the ESG data of subsidiaries where doing so may render the 2025 ESG Report inaccurate, incomplete or misleading.

This Report has been prepared by the ESG Working Group (the "Working Group") and submitted to the Board for review. The Board confirms that, to the best of its knowledge, this Report truly and fairly reflects the Group's ESG performance and management approaches during the Reporting Period.

SCOPE OF REPORTING

The Report mainly focuses on the Group's core businesses in mainland China, including but not limited to dormitories, offices and property management companies. Data was collected from the Group's core operating locations, including but not limited to Guangzhou, Nanning, Zhongshan, Shunde, Chongqing and Hong Kong. As the commercial service operations of the three Yuwo Space projects in Guangzhou, Nanning and Chongqing have minimal environmental impact, the related data disclosures are limited to the social data under Subject Area B. Unless otherwise specified, we obtained ESG key performance indicator ("KPI(s)") data through the Group's operational control mechanisms. As the Group's data collection system matures and its sustainable development work deepens, we will continue to expand the scope of disclosure in the future.

REPORTING PERIOD

The Report details the Group's ESG activities, challenges and measures taken for the year ended 31 December 2025.

REPORTING FRAMEWORK

The Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "ESG Reporting Guide" or the "Reporting Guide") set out in Appendix C2 to the Main Board Listing Rules of The Stock Exchange of Hong Kong Limited.

In preparing this Report, the Group has complied with all "comply or explain" provisions set out in the ESG Reporting Guide and has prepared the Report based on the four reporting principles of materiality, quantitative, balance and consistency.

MATERIALITY

The Group reports on issues considered to have a significant impact on the environment and society and to be material to stakeholders. These issues, together with the Group's management measures, are presented in the Report.

QUANTITATIVE

The standards and methodologies used in the calculation of relevant data in the Report, as well as the applicable assumptions, have been disclosed. Where appropriate, the KPIs are supplemented by explanatory notes.

BALANCE

The Group's overall ESG performance is presented to stakeholders in a fair and as objective and balanced a manner as practicable.

CONSISTENCY

The statistical methodologies adopted in this Report are substantially consistent with those of the previous year, and explanations have been provided for data where the scope of disclosure or calculation methodologies have changed. Where any change may affect comparison with previous reports, supplementary explanations are provided in the relevant paragraphs.

STAKEHOLDER ENGAGEMENT

Stakeholder engagement is an indispensable part of the Group's continuous improvement in sustainable development performance. We therefore value the views of different stakeholders on our operations and ESG matters and, through various stakeholder engagement and communication channels, incorporate stakeholder expectations into our operations and ESG strategy. To comprehensively understand, respond to and address the key concerns of different stakeholders, we maintain close communication with stakeholders including, but not limited to, shareholders and investors, customers, suppliers, contractors, consultants, employees, government and regulatory authorities, peers and industry associations, communities, non-governmental organisations and the media. We are committed to improving the Group's ESG performance and continuously creating greater value for our country and society.

Details of stakeholder engagement and communication channels are set out below:

Major Stakeholders	Communication Channels
Shareholders and investors	Shareholders' annual general meetings Annual reports and interim reports Announcements and circulars
Customers	Customer satisfaction surveys and feedback forms Customer service hotlines Customer service centres Relationship managers
Suppliers	Supplier management meetings and events On-site supplier audit management systems
Contractors	Contractor management meetings and events On-site contractor audit management systems
Consultants	Regular consultant meetings Field visits
Employees	Employee opinion surveys Channels for employees to express their views (such as forms, suggestion boxes, etc.) Regular management communications and performance appraisals Intranet
Government and regulatory authorities	Regular performance reporting Field visits
Peers and industry associations	Industry conferences and seminars
Communities, non-governmental organisations and media	Public and community events and partnership programmes on different topics Environmental, Social and Governance Report

When formulating operational strategies and ESG measures, the Group takes stakeholder expectations into account and, through mutual cooperation, continuously improves its performance and creates greater value for society.

MATERIALITY ASSESSMENT

To understand the sustainability issues of greatest concern to stakeholders, and to continuously improve the Group's sustainability management and related information disclosure, we combined the Group's business development, industry characteristics and national policy environment with stakeholder expectations, and conducted a comprehensive assessment and prioritisation of the material issues for 2025 through close stakeholder communication, feedback and industry analysis.

The materiality assessment for 2025 mainly involved the following four steps:

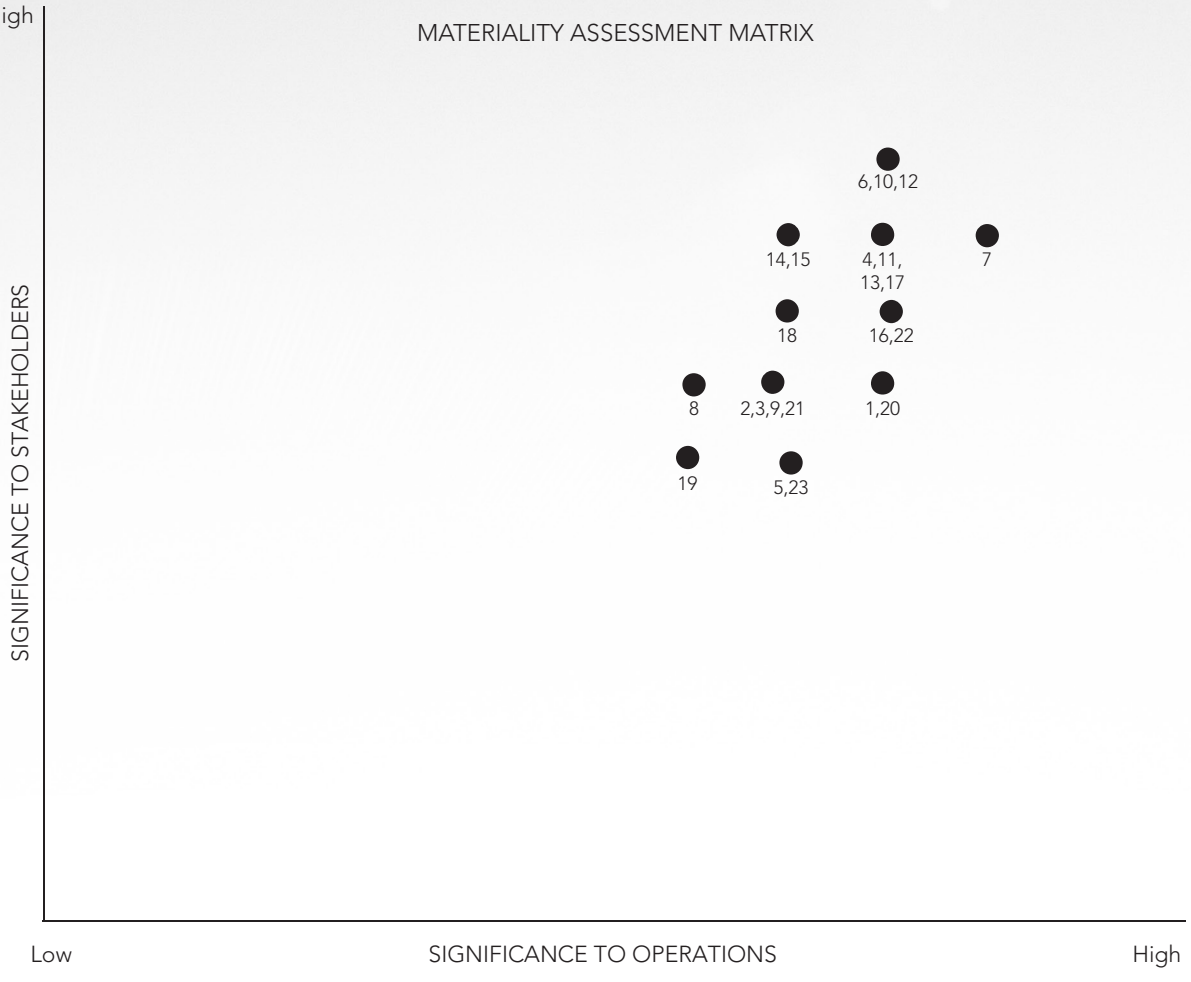
Materiality Issue Assessment	Identification of Material Issues	Stakeholder Communication	Materiality Assessment	Response to Material Issues
	With reference to the Stock Exchange's ESG Reporting Guide and taking into account the Group's business development and policy environment, 23 material issues were identified.	Stakeholders were engaged through different channels and their feedback and expectations regarding the Group's ESG performance in 2025 were collected.	The analysis results were assessed, the material issues were prioritised, and an ESG materiality matrix was prepared.	Based on stakeholder views and the materiality analysis results, the key disclosure areas of this Report were confirmed and are addressed in this Report.

The Group has determined the following 23 ESG materiality topics that are deemed to have impact on the environment and society through our operations.

A. Operations Management		B. Employment Management		C. Environmental Management		D. Community Investment	
1	Service Quality and Customer Satisfaction	11	Employee Training and Development	17	Energy Consumption and Efficiency	22	Promoting Community Development
2	Smart Services and Innovation	12	Employees Occupational Health and Safety	18	Energy Conservation, Emission Reduction and Green Operation	23	Philanthropy and Social Services
3	Responsible Supply Chain Management	13	Employee Recruitment and Team Building	19	Water Use and Water Conservation		
4	Integrity Building and Anti-Corruption	14	Employee Compensation and Welfare	20	Waste Disposal and Management		
5	Intelligent Management	15	Employee Care and Protection of Rights and Interests	21	Response to Climate Change		
6	Customer Well-being and Health, and Safety	16	Prevention of Child Labour and Forced Labour				
7	Customer Information and Privacy Protection						
8	Intellectual Property Protection						
9	Responsible Marketing and Promotion						
10	Disaster Emergency Management						

During the Reporting Year, we obtained the latest materiality assessment of the various ESG aspects from internal stakeholders (including Directors, senior management and middle management) by questionnaire, from the perspectives of the Group's long-term development strategy, management improvement, urgency of investment and competitive advantages. We will also continue to pay attention to all stakeholders, keep reviewing and updating the materiality assessment, and include external stakeholders when conditions are appropriate, so as to understand the needs of all parties more accurately and comprehensively and provide guidance and direction for the Company's business operations and its environmental and social governance controls.

Based on the analysis and summary of the materiality assessment results of all stakeholders, we derived the following materiality assessment matrix. The material matters disclosed in the matrix represent the principal areas of impact in the Group's sustainable development. In considering all environmental and social responsibilities, the Group will pay particular attention to these areas.



The following table sets out the ranking of each ESG topic according to its materiality:

7	Customer Information and Privacy Protection
6	Customer Well-being and Health, and Safety
10	Disaster Emergency Management
12	Employees Occupational Health and Safety
4	Integrity Building and Anti-Corruption
11	Employee Training and Development
13	Employee Recruitment and Team Building
17	Energy consumption and efficiency

Based on the results of the 2025 materiality assessment, we will focus in the following sections of this Report on explaining the management approaches and annual performance in respect of the material issues of concern to stakeholders, in response to their concerns and expectations. At the same time, the Group regularly evaluates the management approaches for each issue through internal and external audits, performance assessments, stakeholder communication and grievance mechanisms, and will make reasonable adjustments where necessary to ensure the effectiveness of the management approaches.

CONFIRMATION AND APPROVAL

The information in the ESG Report is derived from the Group's official documents and statistical data. The ESG Report was approved by the Board prior to publication.

CONTACT US

The Group welcomes opinions and suggestions from stakeholders. You are welcome to provide valuable comments on the ESG Report or the Group's performance in sustainable development by email to ir@0059.io.

A. ENVIRONMENTAL

A1. Emissions

General Disclosure and KPIs

The Group attaches great importance to sound environmental management and strives to protect the environment in fulfilment of its social responsibilities. In its operations, the Group also pays particular attention to exhaust gas and greenhouse gas emissions generated during construction, noise management, drainage and sewage discharge, with a view to reducing emissions and minimising adverse environmental impacts. We have also established relevant environmental management systems and actively adopt environmental protection measures in our operations to address environmental pollution arising from our business activities.

During the reporting period, the Group did not violate relevant local environmental laws and regulations, including, but not limited to, the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Pollution by Environmental Noise (《中華人民共和國環境噪聲污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and the Waste Disposal Ordinance (《廢物處置條例》) concerning emissions of exhaust gases and greenhouse gases, and the discharges to water and land, and the generation of hazardous and non-hazardous wastes that have a significant impact on the Group.

The Group has formulated an environmental protection management system to determine environmental protection objectives and their breakdown into quantified and implementable sub-objectives or phased objectives. Based on actual site conditions, project managers verify and determine environmentally sensitive points, environmental protection objectives and the corresponding environmental regulations and other requirements. In addition, project managers identify environmental factors at each stage of construction and for each construction activity, determine, amend and update significant environmental factors, including changes in construction processes and raw materials, so as to identify material factors affecting the environment and formulate targeted and practicable environmental protection work plans. During construction, where project contents or environmental requirements change, specific environmental protection measures are adjusted accordingly, including but not limited to technical management and specific environmental protection measures such as noise control, drainage and sewage management, waste management, resource management, dust control and bulk material transportation, in order to develop practicable and effective environmental protection solutions and reduce impacts on the community and the natural environment.

The Group has set up Guidelines for Construction Control of Water Supply and Drainage Engineering (《給排水工程施工管控工作指引》), to let project site engineers be familiar with the construction technology of water supply and drainage engineering, and to master the prevention and treatment methods of common quality problems, so as to improve the quality of water supply and drainage construction. In the guidelines, the construction requirements on relevant materials, preparation before outdoor drainage works, outdoor water supply, outdoor water drainage, indoor water supply, etc. are specified.

The Group effectively controls pollutants such as wastewater, exhaust gas, noise and waste generated in production and office processes, manages waste in an orderly manner, supervises the implementation of environmental protection measures by various departments, and implements an effective environmental management system to achieve the Group's environmental objectives and guidelines.

Exhaust gas emissions

In the course of the Group's business operations, exhaust gas emissions mainly arise from vehicle exhaust. Although all construction works are undertaken by contractors and therefore no exhaust gas emissions from construction works arise directly from our business operations, as a responsible real estate developer we recognise the potential environmental impact of construction works. We have therefore established measures relating to construction exhaust gas emissions in order to achieve mutually beneficial cooperation and harmonious coexistence with the community.

The Group's exhaust gas emissions performance during the reporting period is summarised below:

Type of Air Emission	Total Emissions in 2025 (kg)	Total Emissions in 2024 (kg)
Nitrogen oxides (NOx)	0.67	0.45
Sulphur oxides (SOx)	0.02	0.01
Particulate matter (PM)	0.05	0.03

The Group's exhaust gas emissions in 2025 were broadly comparable with those in 2024. During operations, we adopted the following emission reduction measures:

(a) Automobile exhaust

Vehicles owned by the Group are mainly used for business purposes, including providing transportation for employees and customers and assisting project management personnel in site inspections. We have formulated the Vehicle Management Operation Guidelines (《車輛管理作業指引》) to strengthen vehicle management and improve vehicle utilisation efficiency. The management measures include:

- Upon completion of each driving assignment, designated drivers promptly verify the vehicle mileage and record the relevant details;
- Designated personnel from the Integrated Operation Management Center, the Administration and Human Resources Department or the General Department of the project company, together with the driver, regularly compile statistics on and inspect vehicle fuel consumption; and
- Vehicles are regularly inspected and maintained to effectively reduce fuel consumption and thereby reduce carbon emissions and exhaust gas emissions.

(b) Construction works

Exhaust gas from construction works mainly comprises dust generated from civil works, emissions from various construction machinery and transport vehicles, and organic exhaust gas generated during renovation. Our control measures include, but are not limited to, the following:

- Dust suppression, isolation and ventilation measures are adopted for all processes that are prone to generating dust, so as to ensure that the dust discharged into the atmosphere meets national industrial hygiene standards and residents can enjoy a pleasant, fresh and comfortable environment;
- Construction sites are hardened and landscaped, and water is sprayed regularly to reduce dust pollution;
- Throwing waste outside buildings is strictly prohibited and all waste is bagged and removed; and
- Vehicle-washing facilities are provided at the main entrance and exit of the site, and transport vehicles must be thoroughly washed before leaving the site and entering public roads.

Greenhouse gas emissions

The Group's principal sources of greenhouse gas emissions are direct greenhouse gas emissions (Scope 1) from gasoline consumed in transportation and diesel consumed by backup generators, energy indirect greenhouse gas emissions (Scope 2) from purchased electricity, and other indirect emissions occurring in the Company's value chain (Scope 3), mainly from business air travel. The following table summarises the Group's greenhouse gas emissions performance:

It should be noted that, consistent with the previous reporting year, the ESG disclosure scope for the Reporting Year only covers the Group's property management services. The Directors indicated that they only have control over the subsidiaries listed in the annual report. The Board considers that the Company should not incorporate into the Group the ESG data of subsidiaries that may cause the 2025 ESG Report to be inaccurate, incomplete or misleading.

The Group is committed to reducing greenhouse gas emissions. For the reasons stated above, the Group's ESG data remains unstable. Once the data has stabilised, the Group will establish targets for air pollutant emissions.

Indicator[1]	2025 Total emissions[1] (tonnes CO_2e)	2025 Intensity[2] (tonnes CO_2e/ RMB1 million revenue)	2024 Total emissions (tonnes CO_2e)	2024 Intensity[2] (tonnes CO_2e/ RMB1 million revenue)
Direct greenhouse gas emissions (Scope 1)	2.85	0.02	2.93	0.02
Indirect greenhouse gas emissions (Scope 2)	5,821.82	50.63	5,638.87	43.58
Total greenhouse gas emissions (Scopes 1 and 2)	5,824.67	50.65	5,641.80	43.61
Other indirect greenhouse gas emissions (Scope 3)	4.38	0.38	5.88	0.05
Total greenhouse gas emissions (Scopes 1, 2 and 3)	5,829.05	50.69	5,647.68	43.65

Notes:

1. Greenhouse gas emission data are presented in terms of carbon dioxide equivalence with the reference to, including but not limited to, the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (《溫室氣體盤查議定書：企業會計與報告標準》) published by the World Resources Institute and the World Business Council for Sustainable Development, and How to Prepare Environmental, Social and Governance Reports? — Appendix II: Guidelines for Reporting Key Environmental Performance Indicators (《如何準備環境、社會及管治報告？– 附錄二：環境關鍵績效指標彙報指引》) released by The Stock Exchange of Hong Kong Limited, the newly released baseline emission factors of China's regional power grid and the global warming potential of the Fifth Assessment Report (《第五次評估報告》) issued by the Intergovernmental Panel on Climate Change.

2. As at 31 December 2025, the Group's revenue was approximately RMB114 million (2024: RMB129 million).

As gasoline consumption decreased, direct greenhouse gas emissions (Scope 1) decreased accordingly.

As the scale of the Group's property management operations decreased in 2025, carbon emissions from electricity consumption decreased correspondingly. We actively adopted electricity-saving and energy-saving measures to reduce greenhouse gas emissions, including:

- Reducing carbon emissions from vehicle exhaust, the detailed measures for which are described in the section "Exhaust gas emissions — Automobile exhaust" above; and

- At the operational level, actively adopting environmental protection and energy-saving measures, the relevant measures for which are described in the section "Energy consumption" under Aspect A2.

Through the above measures, employees' awareness of emission reduction and carbon reduction has been enhanced.

Sewage discharge

Domestic waste water is the Group's main source of sewage, while the management of production and domestic sewage discharge at construction sites is supervised by the general contractor's management department and handled by the general contractor's coordination management department. The treatment methods for sewage discharge at construction sites are as follows:

- Drainage ditches are installed at construction sites in accordance with applicable standards, and sedimentation tanks are installed at site entrances. Sewage is discharged into the municipal sewerage system after sedimentation;
- During foundation construction, the project team uses appropriate sludge discharge equipment to remove the slurry generated;
- Waste water from washing mixers and transport vehicles at project sites is discharged into municipal pipelines only after sedimentation; and
- On-site cleaning personnel are responsible for regularly inspecting and removing sediment from sedimentation tanks.

Domestic sewage

Waste water generated in daily life is mainly toilet flushing waste water. The Group has designated drainage points and pipelines for domestic washing waste water. Domestic waste water is generally discharged into municipal pipelines and treated centrally by local sewage treatment plants. The relevant sewage treatment methods are as follows:

- Canteens of project teams are required to construct washing sinks, vegetable-washing sinks, sedimentation tanks and grease traps in accordance with relevant requirements. Oily waste water is separated by grease traps before discharge into municipal sewers, and grease traps are cleaned regularly;
- For toilet flushing waste water, septic tanks are installed. Waste water is fermented and separated in the septic tanks before being discharged into local sewage pipelines, while the separated waste is regularly removed by the local environmental sanitation authority;
- Where sewage facilities are damaged, remedial action is taken promptly and damaged drainage facilities are replaced to control and reduce impacts on the surrounding and social environment; and
- Upon receipt of any relevant complaint, the cause is immediately identified, rectification measures are formulated and implemented as required, and the information is communicated to relevant parties for follow-up.

It should be noted that, consistent with the previous reporting year, the ESG disclosure scope for the Reporting Year only covers the Group's property management services. The Directors indicated that they only have control over the subsidiaries listed in the annual report. The Board considers that the Company should not incorporate into the Group the ESG data of subsidiaries that may cause the 2025 ESG Report to be inaccurate, incomplete or misleading.

Waste water discharge performance during the reporting period was as follows:

	2025		2024	
Type of Waste water	Total discharge (cubic metres)	Intensity[1] (cubic metres/ RMB1 million revenue)	Total discharge (cubic metres)	Intensity[1] (cubic metres/ RMB1 million revenue)
Domestic sewage	76,795	667.84	359,281	2,776.94

Note:

1. As at 31 December 2025, the Group's revenue was approximately RMB114 million (2024: RMB129 million).

Waste treatment

The Group identifies and classifies waste, designates responsible personnel to dispose of waste in a timely manner, and maintains cleanliness around collection containers. We have established relevant measures to regulate waste generated during operations, especially waste generated during construction, including the following:

- Construction waste disposal records are established and the implementation of construction waste disposal at construction sites is documented; and
- The Company has established a safety and orderly-site inspection team which, when conducting safety and site inspections, also inspects waste disposal at construction project sites. Non-compliance must be rectified within a prescribed period and rectification notices are issued.

All types of waste must be disposed of strictly in accordance with the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》) and the Administrative Measures for Urban Living Garbage (《城市生活垃圾管理辦法》).

Non-hazardous waste

For non-hazardous waste generated during operations, the Group adopts waste separation and recycling. Recyclable waste such as steel and timber is sorted and stacked separately to facilitate recycling. Construction waste and domestic and office waste generated at construction sites are classified, stacked and disposed of in accordance with requirements, with designated personnel assigned to clean up. Workers must not throw construction waste directly from upper floors when clearing such waste, but must place it at designated locations. Domestic and office waste is collected and removed daily by personnel and vehicles of the environmental sanitation authority and must not be piled up arbitrarily or left for prolonged periods. Leftover food from canteens is placed in designated recycling bins, must not be dumped indiscriminately, and is handled by designated personnel. All personnel are educated to comply with hygiene requirements, and persons who litter may be fined if repeated education proves ineffective.

To further promote waste reduction, we have established the Regulations on the Management of Office Order (《辦公秩序管理規定》). Management departments actively promote paperless office management and exercise refined control over consumables such as printing paper, ink cartridges and toner cartridges. Double-sided printing or photocopying is required to reduce unnecessary resource wastage.

	2025		2024	
Type of Non-hazardous Waste	Total discharge (tonnes)	Intensity[1] (tonnes/ RMB1 million revenue)	Total discharge (tonnes)	Intensity[1] (tonnes/ RMB1 million revenue)
General domestic waste	2,391	20.79	2,181	16.86

Note:

1. As at 31 December 2025, the Group's revenue was approximately RMB114 million (2024: RMB129 million).

Through the above measures and policies, employees' awareness of waste reduction has been enhanced.

Hazardous waste

During operations, we endeavour to reduce or avoid the use of hazardous substances or construction methods that may generate hazardous waste. Corrosive and toxic waste generated at construction sites is subject to effective isolation measures, treated and then disposed of so as to avoid significant environmental pollution. Under normal operations, our offices do not generate hazardous waste. Nevertheless, the Group maintains relevant guidelines for contingencies; for example, hazardous chemicals are stored in accordance with the Hazardous Chemicals Management System (《化學危險物品管理制度》), and other toxic or hazardous office waste arising during operations is handled by designated personnel.

A2. Use of Resources

General Disclosure and KPIs

The Group aims to actively promote the efficient use of resources, monitor the potential environmental impact of business operations, promote a green operating environment, and minimise the adverse environmental impact of the operations of the Group and its subsidiaries. The Group adheres to the rational and efficient use of resources and has formulated the Instructions for Public Energy Consumption Management (《公共能耗管理作業指導書》) to standardise energy consumption statistics, ensure the accuracy of energy consumption data and prompt information feedback, and maintain monitoring of energy consumption. Through data analysis, relevant and effective measures are adopted to reduce energy consumption and costs and improve management standards, while ensuring that the living environment of property owners and users at the projects remains safe, comfortable and convenient.

The Group manages the use of water, electricity, oil, gas and other energy resources and conducts statistical and comparative analyses. As the Group analyses energy consumption statistics every month, when data anomalies occur, the causes of the anomalies are identified promptly, analysed and corrected. Where significant abnormal fluctuations in energy consumption data are identified, personnel are immediately organised to investigate the causes, with particular attention to power transmission lines, water pipelines and energy-consuming equipment, so as to identify problems promptly, take appropriate measures to deal with the abnormal situation, and report to the project manager and the relevant department of the Company.

In addition, the Group has established the Regulations on the Management of Office Order (《辦公秩序管理規定》), requiring employees to switch off their own office equipment promptly when leaving work and to check whether there are any abnormalities in the office equipment of their department. Where overtime work is required, the last person leaving the office area is responsible for switching off the power supply to the Company's common equipment and public lighting and checking that the office doors are locked before leaving. To achieve environmental sustainability, the Group also regularly circulates environmental protection information and practical suggestions on environmentally friendly lifestyles to employees so that they can enhance their environmental awareness during working hours and practise environmentally responsible living.

Energy consumption

In daily production and operations, the Group's main energy consumption is electricity used in production and daily living. The Group implements relevant energy efficiency plans to achieve the objectives of conserving electricity and using electricity efficiently. The specific measures are as follows:

- Lighting, computers, air conditioners, fans and other energy-consuming equipment in offices, dormitories and equipment rooms are switched off when not in use to conserve electricity;
- Energy-saving light sources are generally used in public areas, such as gardens, fire escapes, lift lobbies and car parks;
- Energy-saving lighting and sound-controlled switches are used for tower lighting, with switching times controlled by timers. The timer settings are adjusted according to the season and the minimum operating time required to meet lighting needs in the tower's public areas is adopted;

- Street lighting and basement lighting within the estate are controlled by timers. The timer settings are adjusted according to the season and the minimum operating time required to meet lighting needs in the estate and basements is adopted;

- The fins and filters of air-conditioning fan coil units are cleaned regularly, the insulation of chilled-water pipelines is checked regularly, and cooling towers are cleaned regularly to ensure heat dissipation efficiency and keep the energy consumption of central air-conditioning systems to a minimum; and

- The basement ventilation system is controlled by timers. Basement fans may not be switched on without approval, while the fire linkage function must be capable of taking priority under all circumstances.

In addition, the Group posts energy-saving slogans in prominent locations to integrate energy conservation and environmental protection awareness into every employee's work and daily life and to keep employees environmentally conscious at all times.

It should be noted that, consistent with the previous reporting year, the ESG disclosure scope for the Reporting Year only covers the Group's property management services. The Directors indicated that they only have control over the subsidiaries listed in the annual report. The Board considers that the Company should not incorporate into the Group the ESG data of subsidiaries that may cause the 2025 ESG Report to be inaccurate, incomplete or misleading.

The Group is committed to reducing resource use. For the reasons stated above, the Group's ESG data remains unstable. Once the data has stabilised, the Group will establish targets for energy use.

During the reporting period, the Group's electricity consumption and other energy consumption were as follows:

	2025		2024	
Type of Energy	Consumption (kWh)	Intensity[3] (kWh/ RMB1 million revenue)	Consumption (kWh)	Intensity[3] (kWh/ RMB1 million revenue)
Diesel[1]	17,331	150.71	57,404	443.69
Gasoline[2]	9,440	82.09	6,358	49.14
Electricity	11,265,983	97,973.59	10,962,478	84,730.85

Notes:

1. The actual consumption of diesel was 1,890 litres (2024: 6,260 litres).

2. The actual consumption of gasoline was 1,029 litres (2024: 693 litres).

3. As at 31 December 2025, the Group's revenue was approximately RMB114 million (2024: RMB129 million).

Water management

The Group's water use mainly comprises domestic water used in production and living areas. To improve the Company's water-use efficiency, we adopted the following measures:

- Conserve water and regularly inspect community pipelines and valves for leakage;
- Regularly inspect taps, toilets and other water-using fixtures in public areas of the community for dripping or leakage and repair or replace them promptly;
- Use water-saving fixtures;
- Regularly inspect taps used for landscaping and fountains within the estate to prevent running, dripping, leaking and overflowing water; and
- Where any abnormal condition is identified, the relevant department is notified promptly for action to prevent wastage of water resources.

The Group has also continued to strengthen water-saving publicity and post water-saving slogans to guide employees in the rational use of water. Based on our operating model and the geographical locations of our operating sites and offices, the Group has not encountered any difficulty in sourcing suitable water supplies. The Group is committed to reducing resource use. As the Group's ESG data remains unstable, the Group will establish targets for energy use once the data has stabilised.

Use of packaging materials

Due to the nature of its business, the Group does not use packaging materials in its operations and therefore does not consume a significant amount of packaging materials in its day-to-day operations.

A3. The Environment and Natural Resources

General Disclosure and KPIs

The Group focuses on the impact of its business on the environment and natural resources. In addition to complying with relevant environmental laws and regulations and international standards and appropriately protecting the natural environment, the Group integrates environmental protection concepts into its internal management and day-to-day operations and is committed to achieving environmental sustainability.

The Group has formulated the Operation Guideline on Engineering Quality Control (《工程質量控制作業指引》) and adopts the "Model First" approach in project works. Before large-scale construction, contractors first construct a small-scale sample in the existing building in accordance with the design and the requirements of the Project Engineering Management Department or Engineering Department. Large-scale construction proceeds only after confirmation, so as to ensure that quality meets the intended design effect and to avoid waste arising from rework.

In addition, the Group is mindful of potential environmental impacts during construction and operations and has established relevant guidelines, such as the Special Construction Plan for Noise Pollution Prevention and Control Safety (《噪聲污染防治安全專項施工方案》), the Operation Guidelines on Indoor Environmental Pollution Control (《室內環境污染控制作業指引》) and the Environmental Protection Measures for Construction Projects (《施工項目環保措施》), with a view to reducing the impact of operations on the community, environment and natural resources.

Noise management

The Special Construction Plan for Noise Pollution Prevention and Control Safety (《噪聲污染防治 — 安全專項施工方案》) formulated by the Group sets out various project requirements, including noise control objectives and indicators, matters requiring attention in noise monitoring, control measures and requirements, and humanistic care measures. In addition, a construction noise pollution prevention and control team is established during project construction to reduce noise pollution affecting the community and environment during construction.

In addition, we establish relevant environmental protection plans for projects, including noise control measures such as, but not limited to, the following:

- Project managers organise project personnel to implement noise control management, carry out the relevant management systems and procedures, provide the conditions necessary to prevent noise pollution, and conduct regular noise monitoring;
- Construction processes that generate noise are incorporated into the Environmental Management Plan (《環境管理方案》), with corresponding control methods formulated;
- Noise control records are established to document the implementation of noise control at construction sites; and
- Effective enclosure measures are adopted for equipment and processes that generate relatively high levels of noise pollution to reduce their impact on the surrounding environment.

Indoor environmental pollution control

The Group has formulated the Operation Guidelines on Indoor Environmental Pollution Control (《室內環境污染控制作業指引》) to ensure that construction materials used in projects meet national requirements and to effectively control indoor environmental pollution indicators at various stages of project construction. The guidelines set out the responsibilities of the departments responsible for tendering and procurement and the Engineering Management Centre, and specify the requirements for work procedures including testing of construction and decorative materials, process control (geological survey stage, construction stage and completion acceptance), sales demonstration units, indoor environmental testing institutions and testing reports, so as to reduce indoor environmental pollution.

Green construction

Although the Group's construction works are undertaken by outsourced contractors, we are also mindful of the potential environmental impact of the construction process and have therefore formulated relevant green construction policies, such as the Environmental Protection Measures for Construction Projects (《施工項目環保措施》), the Special Plan for Green Construction (《綠色施工專項方案》) and the Operation Guidelines for Abnormal Event Management (《異常事件管理作業指引》).

The Environmental Protection Measures for Construction Projects (《施工項目環保措施》) contain relevant requirements for the construction process, such as site hardening and the installation of dust and noise monitoring equipment to measure, monitor and control dust; the use of LED lighting to reduce electricity consumption and light pollution; and the treatment of construction wastewater and domestic sewage before discharge.

The establishment of green construction management by construction enterprises is of great significance to environmental protection. Accordingly, each of our projects has a corresponding Special Plan for Green Construction (《綠色施工專項方案》), clearly setting out green construction objectives, the project's green construction management organisation and responsibilities, construction deployment and specific green construction measures. The Group regards the harmonious development of nature and society as a responsibility to be implemented, maximising resource and energy conservation, reducing pollution and ensuring construction safety.

The Group has formulated the Operation Guidelines for Abnormal Event Management (《異常事件管理作業指引》) to identify potential environmental accidents or emergencies of the Group and to provide emergency preparedness measures and responses so as to prevent or reduce associated environmental impacts. The working procedures include the formulation of emergency plans, implementation of preventive measures, handling of emergencies, correction, prevention and continuous improvement. The emergency plans include prevention, response and handling documents for emergencies such as production accidents, mass incidents, theft, fires, floods and accidental leakage of hazardous chemicals. When an emergency occurs, the person discovering it reports orally as soon as possible to the Group's Human Resources Department, the project company office, the responsible department and the supervising leader. An Abnormal Event Report (《異常事件報告》) is submitted to the Group's Human Resources Department or the project company office within 24 hours after the incident.

A4. Climate Change

Governance

The Board ensures that it possesses the skills and capabilities required to oversee climate-related matters through relevant expertise, ongoing training and, where necessary, the engagement of external advisers. As the Company's highest decision-making body, the Board is responsible for coordinating climate change-related matters and meets once a year to assess the principal climate-related risks and opportunities facing the Group, review climate change-related policies and oversee their implementation, so as to ensure effective management of climate-related risks and opportunities in the Group's operations. At the same time, the executive Directors are responsible for assessing climate risks and formulating response policies, and for implementing such policies through planning, resource mobilisation and cross-departmental coordination, thereby mitigating the adverse effects of climate change on the Group's sustainable development.

Strategy

Although the Group's business model and value chain are not exposed to material or concentrated climate-related risks and opportunities, the Group has considered potential climate-related risks and opportunities with reference to the recommendations of the Task Force on Climate-related Financial Disclosures (the "TCFD"). Potential physical and transition risks arising from climate change may have adverse financial impacts on the Group's business. Extreme weather events, such as floods and storms, may give rise to acute physical risks, while sustained high temperatures may give rise to chronic physical risks. Transition risks, by contrast, may arise from changes in climate-related regulations, emerging technologies or shifts in customer preferences.

A summary of potential climate-related risks with reference to the TCFD recommendations is set out below:

Risk Type	Risk	Potential Financial Impact	Short (within the Reporting Period)	Medium (1–3 years)	Long (4–10 years)	Mitigation Strategies
Physical Risk	• Extreme weather, including floods and storms	• Revenue reduction due to business and supply chain disruptions	✓	✓		• Establish emergency response plans and include procedures in the Staff Manual to guide all employees in working safely under extreme weather conditions • Incorporate risks related to extreme weather conditions into the risk management plan • Adopt measures to reduce emissions and conserve energy
	• Sustained increases in temperature or winter storms	• Increased operating expenses or costs associated with greater cooling requirements or the need to replace damaged assets		✓	✓	
Transition Risk	• Changes in climate-related regulations	• Increased operating costs due to new or evolving regulations		✓	✓	• Adopt measures to reduce emissions and conserve energy
	• Emerging technologies	• Increased costs of adopting new technologies, equipment or practices		✓	✓	• Continue to closely monitor the regulatory environment and industry trends and adopt practices aligned with market and customer expectations
	• Shifts in consumer preferences towards products and services incorporating more environmentally friendly concepts	• Reduced revenue due to lower demand for products and services		✓	✓	

Based on the Group's risk assessment, climate-related matters are not expected to have a material impact on the carrying amounts of assets and liabilities in the next reporting period, nor do they require material changes to the Group's core business model and strategy. The Group's existing climate mitigation and adaptation measures, consistent with prior years, continue to be implemented effectively, with related resources allocated through operating budgets. The Group will continue to monitor climate-related matters that could have a material impact on its business and operations and formulate and implement appropriate mitigation measures. This will also support the evolution of the Group's current and anticipated business model, while allocating the resources necessary to manage climate-related risks and capture emerging opportunities.

The Group currently lacks sufficient skills, capabilities and resources to identify and quantify the amounts and proportions of assets or business activities exposed to climate-related risks or aligned with climate-related opportunities, and is also unable to assess the expected impacts and related changes. The Group will continue to build relevant expertise and capabilities and will allocate additional resources where necessary. At present, there are no investment or disposal plans, or committed sources of funding, specifically relating to climate-related risks and opportunities.

To enhance the resilience of its operations to the impacts of climate change, the Group is conducting a preliminary assessment of its climate resilience. There remains significant uncertainty in quantifying potential impacts and their timing. The Group currently does not possess the expertise and capability required to conduct climate-related scenario analysis. The Group's existing business model has operational and planning flexibility that supports strategic adaptability. Going forward, the Group will continue to strengthen internal expertise and resources so that it may, in due course, apply climate-related scenario analysis appropriate to its circumstances, including scenarios consistent with the latest international climate agreements, thereby enhancing its regular risk assessments and reporting on climate-related risks and opportunities.

Risk Management

With reference to the TCFD recommended framework, we identify climate change-related risks and opportunities and explore the challenges and opportunities associated with sustainable development in the context of global warming. In assessing climate risks, we use climate-related scenario analysis and evaluate risks across two dimensions: physical risks and transition risks. Physical risks include, but are not limited to, hurricanes, earthquakes, droughts, extreme cold and heat, landslides and mudslides, and extreme rainfall. Such climate risks may cause acute physical hazards and significant losses. Transition risks include, but are not limited to, the current and potential impacts arising from the implementation and advancement of policies relating to the "dual carbon" strategy, carbon trading markets and green buildings. Such risks may have long-term and far-reaching effects on the business, and we are progressively incorporating them into the Group's strategic planning and exploring response plans and measures. In addition, we ensure that risk assessments and monitoring are conducted regularly to understand the relevant risks and assess whether our risk appetite needs to be updated.

We will continue to assess the potential impacts of climate risks and formulate corresponding measures, progressively clarify climate risk response objectives, develop climate risk response roadmaps and implement measures, thereby comprehensively strengthening climate resilience.

Metrics and Targets

The Group has no capital expenditure, financing or investments relating to climate-related risks and opportunities.

The Group does not use an internal carbon pricing mechanism in its decision-making process. The Group's remuneration policy also does not take climate-related factors into account.

The industry-based metrics disclosed by the Group are applicable to the industry disclosure requirements set out in the Industry-based Guidance on Implementing IFRS S2 and other international ESG reporting frameworks.

We consider the impacts of climate-related risks and opportunities to be relatively low, and scenario analysis indicates low risk under most scenarios. Accordingly, we have not disclosed the amounts and proportions of assets or business activities vulnerable to climate-related physical and transition risks, nor the amounts and proportions of assets or business activities aligned with climate-related opportunities.

We will progressively develop quantitative targets around green buildings and green operations, starting from energy conservation and emission reduction, continuously improve the efficiency of internal resource utilisation, explore the application of green innovative technologies, reduce environmental pollution and mitigate the impacts of climate change.

B. SOCIAL

B1. Employment

General Disclosure and KPIs

Employees are an important cornerstone of the Group's success and prosperity and at the same time provide the Group with a continuous source of innovation. We uphold a "people-oriented" business philosophy, respect and protect the legitimate rights and interests of every employee, standardise labour and employment management, safeguard employees' occupational health and safety, strengthen participatory management, protect employees' vital interests, and fully respect and value the enthusiasm, initiative and creativity of employees. We are committed to building harmonious labour relations.

We have established the Human Resources Management Manual (《人力資源管理程序》) to standardise the Company's human resources management processes, define responsibilities and authority, and achieve scientific human resources management. The procedures set out the responsibilities of department heads, the Human Resources Team of the Integrated Operation Management Center, the personnel departments of project companies, the heads of project companies, direct project management. Each year, the Human Resources Team of the Integrated Operation Management Center develops a human resources work plan, including salary survey analysis and adjustment plans, determining annual staffing and recruitment plans, training plans, and annual corporate culture development plans.

The Company has formulated personnel management policies including the Salary Management Policy (《薪酬管理制度》), the Personnel Recruitment Procedures (《人事招聘流程》), the Regulations on Employee Entry and Exit Procedures and Transfers (《關於員工入和離職流程及調動的規定》) and the Staff Manual (《員工手冊》) to create a healthy, positive and uplifting working atmosphere for employees and to encourage them to integrate their personal aspirations into the Group's long-term development.

During the reporting period, save for certain wage disputes arising from staff layoffs, the Group actively complied with laws and regulations including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》) and the Employment Ordinance (《僱傭條例》) of Hong Kong, and no material non-compliance with laws and regulations relating to human resources was identified.

Many of the Group's employees are young and energetic, with employees under the age of 40 accounting for approximately 49% of the total workforce (2024: 51%). As the workforce structure was further streamlined, the total number of employees decreased by approximately 4.6% compared with 2024.

The number of employees by age group is as follows:

By age group	2025	2024
Under 30	52	58
31–40	120	131
41–50	109	111
Above 50	72	70
Total	353	370

The number of employees by gender is as follows:

By gender	2025	2024
Male	216	229
Female	137	141
Total	353	370

The number of employees by geographical region is as follows:

By geographical region	2025	2024
Mainland China	353	370
Hong Kong	0	0
Total	353	370

Due to the nature of the industry, the Group has more male employees than female employees. Nevertheless, the Company is committed to achieving a more balanced gender mix among employees.

Turnover rate by function and age group

By age group	2025	2024
Under 30	58%	81%
31–40	33%	34%
41–50	28%	36%
Above 50	19%	39%
Total	32%	43%

The number of employees by gender is as follows:

By gender	2025	2024
Male	32%	44%
Female	33%	40%
Total	32%	43%

The number of employees by geographical region is as follows:

By geographical region	2025	2024
Mainland China	32%	43%
Hong Kong	0%	0%
Total	32%	43%

The relatively high employee turnover rate in 2025 was mainly attributable to staff reductions under the Company's cost-planning arrangements.

Note: Turnover rate = number of employees who left during the year/number of employees at year end.

Salary and benefits

The Group has established a relatively fair, reasonable and competitive remuneration system and remunerates employees based on the principles of fairness, competitiveness, incentives, reasonableness and legality. Employee remuneration comprises basic salary, overtime pay, performance-related bonuses and relevant allowances.

The Group enters into and performs labour contracts with employees in accordance with the Labour Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), with a labour contract signing rate of 100%. In accordance with the law, we provide employees with the "five social insurances and one housing fund", namely pension insurance, medical insurance, unemployment insurance, work injury insurance, maternity insurance and the housing provident fund, thereby safeguarding employees' social insurance benefits.

In accordance with national and local laws and regulations such as the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Group effectively protects the legitimate rights and interests of employees, respects employees' rights to rest and leave, and regulates working hours and the various types of rest time and leave to which employees are entitled. All employees of the Group are entitled to annual leave, sick leave, personal leave, marriage leave, maternity and nursing leave, compassionate leave, work injury leave, study or examination leave, and judicial leave (jury service), among other leave entitlements.

The Group has also established a Share Option Scheme (《購股權計劃》) under which share options are granted to employees based on their performance, to promote our long-term objectives, reward employees who continue to contribute to the Group, and attract and retain outstanding talent.

In addition, the Group has long been committed to providing thoughtful and comprehensive employee benefits and actively organising a variety of activities. For this purpose, we formulated the Plan for Implementation of Corporate Cultural Activities at the Operation Head Office in 2019 (《2019年營運總部企業文化活動開展方案》), with a view to strengthening employee cohesion and execution through cultural activities and helping employees perform their work more effectively. Annual activities include, but are not limited to, employee birthday parties, regular physical exercise, office environment improvements, annual employee outdoor visits, International Women's Day activities, team-building activities, Mid-Autumn Festival activities, preparations for the annual Spring Festival gathering and other small activities. However, these activities have been reduced over the past two years in order to save costs.

Recruitment, promotion and dismissal

The Group actively implements a talent-driven development strategy and continuously establishes and improves its talent recruitment and selection system. To meet the Company's operational management and business development needs, allocate human resources rationally and standardise recruitment and hiring, the Group has formulated the Operation Guidelines on Recruitment Management (《招聘管理作業指引》). The guidelines set out relevant procedures, including but not limited to recruitment application and approval, recruitment channels such as internal and external recruitment, screening of application materials, interviews, employment confirmation, background checks, employment approval procedures, new employee onboarding procedures and establishment of employee files.

The Group has clear bases and procedures for employee promotion, transfer and demotion, standardises resignation procedures and protects the interests of both employees and the Company. Relevant procedures and detailed rules are set out in documents including the Staff Manual (《員工手冊》), the Operation Guidelines on Promotion Management (《晉升管理作業指引》), the Management Procedures for Employee Comprehensive Evaluation (《員工綜合評估管理程序》) and the Operation Guidelines on Appointments and Confirmation of Employment (《入職與轉正管理作業指引》). In principle, the Company conducts employee promotion assessments and approvals twice a year. We have implemented a fair and open assessment system that comprehensively considers employees' past work performance and overall qualities, including integrity, work capability and compliance awareness, and provides employees with opportunities for promotion and development so as to realise their potential.

At the same time, in order to provide outstanding internal employees with a fair and impartial promotion channel and opportunities to retain talent, the Group selects outstanding young management personnel through internal competition to take up key positions in newly developed projects. To address talent gaps in the Group's core positions, loss of talent in key positions and difficulties in developing talent internally, we have formulated and implemented the Proposal for Formation of Corporate Echelon Talent Pool (《企業梯隊人才庫建設方案》) to optimise our human resources allocation, improve the talent reserve mechanism, and implement succession planning for core positions and talent reserve plans for key positions.

In addition, to further strengthen and improve employee resignation management, we have not only set out relevant resignation procedures in the Staff Manual (《員工手冊》), but also formulated the Operation Guidelines on Termination Management (《離職管理作業指引》) to maintain an orderly flow of personnel and align with actual operations.

Equal opportunities

The Group strictly complies with applicable national and local government laws and regulations, adopts fair, impartial and open recruitment procedures, and has formulated relevant policies to eliminate discrimination in recruitment. No employee is discriminated against on the basis of race, gender, skin colour, age, family background, ethnic tradition, religion, physical condition or nationality. Employees receive fair treatment at all stages of recruitment, remuneration, training and promotion, and the Group endeavours to attract professionals from diverse backgrounds.

B2. Health and Safety

General Disclosure and KPIs

The Group attaches great importance to the health and safety of its employees and is committed to creating a sound working environment and safe production conditions. We strictly comply with relevant laws and regulations, including the Labour Law of the People's Republic of China (《中華人民共和國勞動法》), the Work Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Prevention and Control of Occupational Diseases Law of the People's Republic of China (《中華人民共和國職業病防治法》), the Fire Protection Law of the People's Republic of China (《中華人民共和國消防法》) and the Occupational Safety and Health Ordinance (《職業安全及健康條例》).

Occupational safety and health

The Group has established enterprise occupational health guidelines in accordance with the OHSMS standard system of the Occupational Health and Safety Management System (《職業健康安全管理體系》). The Group is committed to preventing, controlling and eliminating occupational health hazards in the working environment, protecting workers' health, enhancing employees' awareness of safe production, ensuring construction safety and meeting the needs of the enterprise and employees.

The Group stipulates that the principal person in charge of each department is fully responsible for the Company's occupational health management. The Group's Project Management Centre regularly organises the Company's safety management team to inspect safety conditions at projects under construction, and inspection results are reported to the Group's management. We have formulated the Administrative Measures for the Reporting, Investigation and handling of safety production incidents (《安全生產事故報告與調查處理管理辦法》) to standardise the reporting, investigation and handling of safety accidents, implement an accountability system for work safety accidents, and prevent and reduce the occurrence of production safety accidents.

In addition, we have formulated the Operation Guidelines on the Management of Construction Safety and Legitimacy (《安全文明施工管理作業指引》). Through preventive and control measures, the guidelines aim to reduce the likelihood of safety accidents during project construction, improve the image and environment of construction sites, and standardise construction safety management and the handling of safety accidents. Project companies review contractors' safety and orderly construction management measures in accordance with the guidelines, independently inspect, spot-check and monitor all aspects of site safety and orderly construction, notify supervisors and contractors promptly of any problems identified and supervise rectification. The Group's Project Management Centre supervises the implementation of project companies' safety management systems. We require contractors to establish safety education and training systems and to provide regular and seasonal safety technical education.

Occupational safety training and employee health management

As part of preventive measures, safety officers of project companies are responsible for providing safety training and supervision from time to time to personnel in positions that are relatively susceptible to occupational diseases, including checking employees' use of labour protection equipment and inspecting and rectifying workplace and hygiene hazards, so as to reduce the spread of common ailments and ensure construction safety. We also arrange occupational disease examinations for relevant employees who are relatively susceptible to occupational diseases and establish health monitoring records.

There were no work-related fatalities in 2023 or 2025. In 2024, one work-related fatality occurred. In respect of that incident, the Directors confirmed that the Group was not required to bear any legal liability. During the reporting period, the Group recorded one work-related injury incident, mainly involving a hand laceration, resulting in 68 lost workdays. There were no serious accidents resulting in death or serious bodily injury, no claims or compensation were paid to the Group's employees in respect of such incidents, and no material non-compliance with laws and regulations relating to employee health and safety was identified.

B3. Development and Training

General Disclosure and KPIs

The Group attaches importance to establishing an internal management training and development system. It provides diversified training modes, including induction training for new employees, management trainee training, employee policy training, professional skills training, echelon talent training and management personnel training, to meet the different needs of employees at all levels and in all categories, enhance employee skills, and support our sustainable development and employees' personal growth and development.

Training management

To strengthen the Group's operational management and meet the needs of business development, we have formulated the Operation Guidelines on Staff Training Management (《培訓管理作業指引》) and the Operation Guidelines on Staff Internal Transfer (《員工異動管理作業指引》) to plan and manage our training activities. At the end of each year, an annual training plan, including internal and external training, is formulated based on development plans and the operating needs of each department. The progress of training is reviewed at mid-year and the training plan for the second half of the year is adjusted accordingly. All training programmes aim to keep pace with changes in employees' working environments and improve work efficiency.

We regularly arrange internal policy and procedure training and professional skills enhancement training for serving management personnel. At the same time, management personnel are arranged from time to time to attend professional training courses organised by external training institutions. In addition, a company-wide policy assessment is conducted every six months, covering policy examination results and attendance at policy training, with the assessment results incorporated into employees' annual comprehensive evaluations.

In addition, to standardise the selection, assessment, development and motivation of internal trainers and to establish and develop a team of internal trainers that supports the Company's business development and cultural development, we have formulated the Management Measures for Internal Trainers (《內部培訓師管理辦法》). The measures set out in detail the responsibilities, selection procedures, assessment management, development and incentive arrangements for internal trainers and the internal trainer assessment team.

Training courses

The Group's training categories include induction training for new employees, management trainee training, employee policy training, professional skills training, echelon talent training, management personnel training and other specialised training. We regularly provide induction training for new employees, introducing the Group's development history, corporate culture, organisational structure, company rules and policies, office operating platforms and workflows, and Company projects, to help employees adapt to the working environment as quickly as possible, better perform their duties and improve work efficiency.

We have an Echelon Talent Learning Report (《梯隊人才學習報告》) under which employees assess, on a quarterly, semi-annual and annual basis, improvements in management or professional skills, enhancement of personal overall competence, organisational management and suggestions for business improvement. The scope of assessment includes, but is not limited to, management planning, plan control, talent development and supply, team leadership, communication and coordination, execution and self-improvement. In addition, talent mentors and the Human Resources Team complete the sections on talent evaluation and recommendations and opinions from the Human Resources Centre.

During the reporting period, a total of 265 employees of the Group attended staff training, and internal training amounted to 636 hours (2024: 579 hours).

As the high turnover rate of property security personnel results in increased training hours for the property management department, it is preferable to exclude the training hours of such property security personnel to avoid distorting other analytical data. Excluding the training hours of property security guards, the proportions of employees trained by gender and employee category were as follows:

	Percentage of employees trained	Average training hours completed per employee
Male	79%	2.49
Female	69%	2.24
	75%	2.40

	Percentage of employees trained	Average training hours completed per employee
Senior management	0%	0
Middle management	50%	3.86
Other employees	79%	2.27
	75%	2.40

The Group also attaches great importance to production safety training to protect employees' personal safety. The relevant policies are described in detail in the section "Occupational safety and health" under Aspect B2.

B4. Labour Standards

General Disclosure and KPIs

Prevention of child labour or forced labour

The Group has complied with the Convention concerning the Abolition of Forced Labour (《廢止強迫勞動公約》), the Employment Ordinance (《僱傭條例》), the Labour Law of the People's Republic of China (《中華人民共和國勞動法》) relating to the employment of young persons under the age of 16 and their legal rights and interests, and the Provisions on the Prohibition of Using Child Labour (《禁止使用童工規定》) currently in force. During the reporting period, the Group did not identify any material non-compliance with laws and regulations relating to the prevention of child labour or forced labour.

The Group strictly prohibits the employment of any child labour or forced labour in its mainland China operations. We review our employment practices from time to time and inspect contractors' labour employment practices to prevent potential non-compliance. In addition, recruitment notices expressly state that only persons aged 16 or above may be recruited, and employees are required to truthfully complete onboarding forms and provide personal information, including personal résumés, education-related certificates and employment background investigation records. The Human Resources Department and project offices conduct reviews before employment to ensure that the entire recruitment process is lawful. The Group has established a comprehensive recruitment process requiring background checks on candidates and a formal reporting procedure for handling any exceptions. Regular reviews and inspections are also conducted to prevent child labour or forced labour in operations.

In addition, overtime work by the Group's employees is voluntary. Employees must apply for overtime in advance and, after approval by the person in charge of the relevant unit or department, submit it to the designated personnel officer for registration and filing. Compensatory leave or overtime allowance is provided accordingly. No personnel in any department of the Group may withhold an employee's identity card, deposit or wages for any reason.

At the same time, the Group will not engage vendors and contractors known to employ child labour or forced labour in their operations to provide administrative supplies and services.

B5. Supply Chain Management

General Disclosure and KPIs

Most of the Group's project engineering and professional technical services are undertaken by contractors through tendering, and the Group therefore applies stringent criteria when selecting suppliers and technical service providers. As the Group attaches great importance to managing potential environmental and social risks in the supply chain, we have established a stringent and standardised tendering system and supplier selection process and impose environmental and social risk control requirements on suppliers.

Environmental and social risk management of the supply chain

To maintain long-term and stable cooperative relationships with suppliers, the Group is particularly rigorous in supplier selection and maintains a well-managed procurement system and stringent supplier selection process. We have formulated the Supplier Management Program (《供貨商管理程序》) to standardise supplier selection and cooperation management, improve the integration and effectiveness of the Group's external resources, and facilitate the achievement of the objectives of various development projects and the Company's strategy.

The Group supports local procurement and most construction materials are procured locally at project locations. This not only reduces supply chain risks arising from suppliers being unable to meet the Group's needs, but also supports environmental protection by reducing carbon emissions from transporting construction materials.

We have formulated the Operation Guidelines on Management of Supplier Resources Pool (《供應商資源庫管理作業指引》), the Operation Guidelines on Supplier Certification (《供應商認證作業指引》) and the Operation Guidelines on Supplier Assessment (《供應商評估作業指引》) to establish an information management platform for suppliers. Following qualification or on-site assessment, suppliers are classified and graded before being included in the supplier database. Through the establishment and maintenance of the supplier database, supplier resource information is systematically collected and processed to ensure that the Group can efficiently identify suppliers best suited to its needs. As at year end, the Group had 631 suppliers (2024: 651), all of which were located in China.

To standardise the Group's strategic procurement management for engineering works and improve procurement efficiency and transparency, the Group has established a strategic procurement supplier admission and removal review team responsible for approving the admission and removal of strategic procurement suppliers. We use Supplier Inspection Reports (《供方考察報告》) to record basic supplier information and the views of the inspection team. The reports mainly assess the supplier's corporate scale and capability, management standardisation, staff turnover, allocation model for contracting funds and construction site management, and set out the conclusions of the inspection.

At the end of each year, the Contract Tender Management Centre, together with other management centres and project companies, evaluates and screens suppliers to reduce environmental and social risks to the Group's operations arising from suppliers failing to meet performance targets, such as environmental pollution at construction sites or reputational damage caused by the employment of illegal workers. After the review report is approved by the Group's management, supplier grades in the cooperative supplier database are updated according to the review results and unqualified suppliers are removed, ensuring that qualified suppliers remaining on the roster can provide quality assurance.

In addition to environmental risks, we also take measures to assess whether major suppliers and contractors comply with relevant laws and regulations and other required standards in relation to health, safety, forced labour and child labour, and to assess suppliers' awareness in these areas.

Fair and open procurement

The Group attaches great importance to anti-corruption in procurement and related processes. We have formulated the Integrity Agreement (《廉潔協議書》) to prevent commercial bribery in the field of construction, clearly define the responsibilities and obligations of contracting parties, and prevent unlawful or disciplinary misconduct undertaken to obtain improper benefits. The Group's procurement process is conducted openly, fairly and impartially in strict accordance with relevant requirements such as the Law of the People's Republic of China on Tenders and Bids (《中華人民共和國招標投標法》). No supplier is subject to discriminatory treatment, and employees or other individuals with interests in relevant suppliers are not permitted to participate in the relevant procurement activities. The Group also attaches importance to the integrity of suppliers and business partners.

Commercial ethics

The Group also attaches importance to the integrity of suppliers and business partners. We only select suppliers and business partners with good business records and no serious violations of laws or business ethics. The Group adopts a zero-tolerance approach to corruption and bribery and strictly prohibits suppliers and business partners from obtaining procurement contracts or cooperative relationships through any form of improper transfer of benefits. In addition, suppliers that have obtained environmental assessment certification and promote environmental protection are given priority consideration.

B6. Product Responsibility

General Disclosure and KPIs

The Group attaches great importance to product quality and corporate reputation. We actively ensure the quality of products and services through internal controls and actively develop high-quality real estate projects. We also maintain communication with customers to ensure that we understand and meet their needs and expectations and seek to understand customer satisfaction in order to continuously improve the Company's real estate projects and services.

During the reporting period, the Group did not identify any material non-compliance in relation to the health and safety, advertising, labelling or privacy of the products and services provided, and strictly complied with relevant laws and regulations, including but not limited to the Trade Descriptions Ordinance (《商品説明條例》) of Hong Kong, the Law of the People's Republic of China on Product Quality (《中華人民共和國產品質量法》), the Law of the People's Republic of China on the Protection of Consumer Rights and Interests (《中華人民共和國消費者權益保護法》), the Advertising Law of the People's Republic of China (《中華人民共和國廣告法》), the Copyright Law of the People's Republic of China (《中華人民共和國著作權法》), the Patent Law of the People's Republic of China (《中華人民共和國專利法》), as well as the Trademark Law of the People's Republic of China (《中華人民共和國商標法》). No properties sold were required to be returned or exchanged for safety or health reasons.

The Group responds to the development needs of cities and customers and has won recognition from the industry and society in terms of both quality and scale. We uphold integrity and service excellence as the Company's management philosophy, place the market and reputation at the core of our approach, and build our brand through quality products, earning recognition from customers in different regions.

Quality control

The Group attaches great importance to product quality and corporate reputation and fully understands the importance of quality control in production. To ensure that the Company's commercial properties comply with relevant national standards, we have formulated the Operation Guideline on Engineering Quality Control (《工程質量控制作業指引》) to supervise project works for compliance with relevant national specifications and technical standards and the requirements of engineering and service contracts. Project companies review construction plans submitted by contractors, quality control and assurance measures, and the corporate qualifications of subcontractors and suppliers, and conduct site inspections and spot checks on construction quality. The Group's Engineering Management Centre provides technical support to project companies and reviews quality assurance measures.

In addition, the Group has formulated the Operation Guidelines on Indoor Environmental Pollution Control (《室內環境污染控制作業指引》) to ensure that construction materials used in projects comply with national standards and environmental indicators and to ensure effective control of indoor environmental pollution indicators at key stages of construction, thereby preventing products that do not meet requirements from being delivered to customers. When procurement and contracting departments enter into procurement and contracting agreements, they impose requirements for compliance with relevant national standards in accordance with the Group's guidelines. Project companies are responsible for supervising tests of soil radon concentration at construction sites and reviewing the environmental indicators of materials upon delivery, instructing supervision companies to test pollutant content or emission levels of decorative materials that may cause indoor environmental pollution before use, and supervising the testing of indoor environmental pollutant concentrations before completion acceptance.

According to the relevant policies or the contractors' Regulation on the Maintenance of End-Product after Construction (《建築成品保護規定》) monitored by the Group, the engineering departments of project companies procure the main contractors to set up working teams to maintain the quality of the end-products by coordinating independent sub-contractors in such respects to ensure that the end products are completed according to the requirements in the relevant contracts, so as to discharge all parties' responsibilities and imposing penalties.

Processing of non-conforming products

The Group has formulated the Procedure Document for Control of Non-conforming Products (《不合格控制程序文件》) to identify and control non-conformities arising in work and service processes, so that specified requirements are met and unintended use or delivery is prevented. The document defines non-conformities and classifies them, according to their severity and nature, as general non-conformities or serious non-conformities. Project companies conduct inspections and acceptance checks of equipment, materials and construction works in accordance with prescribed requirements. Where any item is found not to comply with requirements, it may be corrected immediately and the non-conformity identified and recorded. The project company may directly issue, or require the supervision company to issue, a Notification of Remediation (《整改通知單》) and require the supplier to submit a quality report. Non-conforming products are handled as follows:

- General non-conformities are identified, reviewed, approved, rectified, tracked and verified by the head of the responsible department;
- For serious non-conformities, the responsible department formulates corrective measures, which are reviewed by the Integrated Operation Management Center and approved by the management representative and Company management. The Integrated Operation Management Center organises follow-up, verification and recording of the corrective actions for serious non-conformities;
- For non-conforming services, measures such as resource reallocation, training, penalties and compensation, or other remedial measures may be adopted;
- Separate handling and adjustment procedures apply, with relevant verification records retained, in the following four circumstances: non-conformities in work processes and products or supplied equipment and materials; non-conforming products or processes during construction; quality accidents; and non-conformities identified during completion acceptance;
- All serious non-conformities are subject to corrective and preventive measures and are handled in accordance with the Control Procedures for Corrective and Preventive Measures (《糾正和預防措施控制程序》); and
- All handling of non-conformities is verified and complete records are retained, with relevant records kept by the relevant departments. Each department and project company maintains a register tracking non-conformities and corrective measures and reports it monthly to the Integrated Operation Management Center. The Integrated Operation Management Center compiles monthly statistics on non-conformities and corrective actions and analyses relevant information and data.

In addition, we have formulated Procedures of Corrective and Preventive Actions Control (《糾正與預防措施控制程序》) to adopt corrective and preventive actions in respect of potential or existing non-conformities, eliminate the causes of potential or actual non-conformities, and prevent their occurrence or recurrence. The procedures set out corresponding processes including methods for identifying non-conformities or potential non-conformities, initiation of preventive measures, analysis of causes of potential non-conformities, formulation and approval of preventive plans, implementation of preventive measures, review of the results of preventive measures, and analysis and filing of implementation results.

Customer service and privacy

The Group firmly believes that customer satisfaction is one of the key factors in the sustainable development of production and business. Accordingly, we have formulated the Monitoring Procedures for Customer Satisfaction Measurement (《顧客滿意度測量監控程序》) to establish procedures for investigating and understanding customers' satisfaction with the work quality, physical quality of projects and services provided by relevant Group units during real estate development, sales and after-sales service. We propose corrective and preventive measures based on the measurement results and continuously improve so as to maintain or enhance customer satisfaction. Our Marketing Management Centre and the marketing management departments of city companies formulate annual customer satisfaction survey plans in their departmental annual work plans. For each development, customer satisfaction surveys commence after handover and are conducted at least once a year. Three years after handover, the property management company takes over implementation. Surveys are conducted through telephone interviews, home visits, online surveys and questionnaires, among other methods, and cover, but are not limited to, planning and design, project quality, property management, sales management and customer service. The Group's Marketing Management Department and the marketing management departments of city companies organise relevant departments and Company management to review customer satisfaction, opinions and suggestions, make recommendations and identify items requiring corrective and preventive action. For items with which customers are dissatisfied, the Marketing Management Department and the marketing management departments of city companies issue Reports on Corrective and Preventive Measures (《糾正和預防措施報告》) to the responsible departments and require improvements.

In addition, in order to improve the standards of the Company's products, services and management, strengthen product quality and meet service requirements, ensure that customer complaints are resolved promptly, accurately and reasonably, and continuously improve the Company's products and services, dedicated customer service hotlines are established at the customer service departments of each project and designated personnel are assigned to answer and monitor the calls. The Group has also established the Code for Customers' Complaint Handling (《顧客投訴處理程序》) to standardise and unify complaint-handling processes so that complaints are dealt with promptly and effectively. In handling complaints, we focus on three "roles" (marketing is the first point of contact for customer service; marketing is the specialist in resolving customer issues; and marketing is the customer's end-to-end adviser), two dimensions (the customer dimension: customer needs and complaints are legitimate and should be considered from the customer's perspective; the customer-service dimension: all customer needs and complaints indicate areas for our improvement), and two tools (the first-inquiry responsibility system and the highest working level). Detailed complaint definitions, classifications, grading and handling procedures, including evidence collection and gathering of sales information, acceptance of complaints, complaint handling, time limits for handling general complaints, replies to complaints, closure of complaints, early warning of complaint escalation and statistical feedback on complaints, are clearly documented.

In addition, the Group manages customer records closely and carefully to avoid disclosure of customer privacy. Customer information and data form part of the Group's resources and must not be sold, shared or disclosed by any person for any purpose. Every employee must protect customer information and data in accordance with Company requirements to avoid leakage of customer information.

Intellectual property

To effectively manage the Group's intellectual property, we have established relevant management procedures. Where we identify infringement of the Group's intellectual property rights, we consult relevant lawyers and expert advisers and protect the Company's intellectual property under their guidance. We may bring proceedings against infringers in accordance with Article 213 of the Criminal Law of the People's Republic of China (《中華人民共和國刑法》) to safeguard the Group's lawful intellectual property rights. In addition, we avoid infringing the intellectual property rights of others. When using words, graphics or combinations thereof that are similar or identical to registered trademarks, we conduct patent novelty searches to avoid intellectual property infringement.

Advertising and labelling

The Group has formulated the Operation Guidelines on Preparation of the Sales Manual, which set out the procedures for the Sales Manual (《銷售手冊》) and standardise sales practices, including but not limited to advertising and labelling matters. The preparation process is as follows:

1. The Marketing Management Centre and the marketing management departments of city companies prepare an outline and seek comments from relevant professional departments. The comments of the relevant departments are returned after being signed and confirmed by the responsible person.

2. The Marketing Management Centre and the marketing management departments of city companies prepare the Sales Manual. For directly managed projects, it is approved by the head of the Marketing Management Centre. For city-company projects, it is submitted to the General Manager of Design and Development and the General Manager of Marketing for review and approved by the chairman of the city company.

3. After approval, the Marketing Management Centre and the marketing management departments of city companies provide training to on-site sales personnel and put the Sales Manual into use.

4. If the content of the Sales Manual is changed or supplemented, the Marketing Management Centre and the marketing management departments of city companies organise the update, which is used after review and approval in accordance with Step 2.

B7. Anti-corruption

General Disclosure and KPIs

Anti-corruption

The Group believes that an integrity-based corporate culture is key to our continued success. The Group therefore attaches great importance to anti-corruption work, policies and systems and is committed to ensuring that all business conducted in its operating environment is free from improper conduct. In addition, honesty, integrity and fairness are core values that all Group employees are required to uphold. To establish these principles, the Staff Manual (《員工手冊》) sets out the measures for dealing with employees who breach integrity requirements. Receiving or providing commercial bribes or benefits in any form from or to business-related parties, including commissions, handling fees, kickbacks, gifts of money, red packets, shopping vouchers and gifts, is regarded as a serious breach of the Group's rules and regulations. The Company will terminate the employment contract of the offender and may pursue the relevant economic and legal liabilities. In addition, we have formulated contract management procedures that strictly prohibit business units and their staff from obtaining direct or indirect economic benefits from contracting parties through improper means such as bribery or kickbacks in the performance of contracts.

During the reporting period, the Group strictly abides by the relevant laws and regulations to prevent bribery, extortion, fraud and money laundering, including but not limited to Prevention of Bribery Ordinance (《防止賄賂條例》), Company Law of the People's Republic of China (《中華人民共和國公司法》), Law of the People's Republic of China on Tenders and Bids (《中華人民共和國招標投標法》), Criminal Law of the People's Republic of China (《中華人民共和國刑法》), Law of the People's Republic of China against Unfair Competition (《中華人民共和國反不正當競爭法》), Interim Provisions on Prohibiting Commercial Bribery (《關於禁止商業賄賂行為的暫行規定》), etc.. Major violations had not been discovered.

The Group is highly attentive to the potential for bribery and corruption in the procurement process. We have therefore formulated relevant rules and policies to manage such risks, as described in the section "Supply Chain Management" under Aspect B5. The Company provides seminars and leaflets on anti-corruption topics to Directors and employees from time to time to update their understanding of new anti-corruption regulations.

Whistleblowing system

The Group has established a clear whistleblowing system to build and maintain a culture of integrity and transparency. Where an employee is found to have breached integrity requirements, customers or business units may report the matter through channels such as customer complaint and suggestion mailboxes or telephone hotlines.

During the reporting period, there were no concluded legal cases regarding corrupt practices brought against the Company or its employees.

B8. Community Contribution

General Disclosure and KPIs

Corporate social responsibility

The Group believes that the success of an enterprise lies not only in business development, but also in its responsibility to give back to society. Accordingly, while we are committed to promoting business development and achieving better returns for shareholders, we also fulfil our corporate social responsibility through continuous contributions to society.

The Group hopes to cultivate employees' sense of social responsibility and has therefore always encouraged employees to participate in public welfare activities during both working and private time and make greater contributions to society. We believe that encouraging employees to participate in charitable and fundraising activities to express care for society not only enhances employees' values and awareness, but also brings care and support to people in need. We believe that personal participation in activities that give back to society can enhance employees' civic awareness and help them establish sound values.

Independent Auditor's Report



Moore CPA Limited
1001-1010, North Tower, World Finance Centre,
Harbour City, 19 Canton Road,
Tsim Sha Tsui, Kowloon, Hong Kong

大華馬施雲會計師事務所有限公司
香港九龍尖沙咀廣東道19號
海港城環球金融中心北座1001-1010室

T +852 2375 3180
F +852 2375 3828

www.moore.hk

Independent Auditor's Report to the Shareholders of
Skyfame Realty (Holdings) Limited (In liquidation)
(Incorporated in Bermuda with limited liability)

Disclaimer of Opinion

We were engaged to audit the consolidated financial statements of Skyfame Realty (Holdings) Limited (In Liquidation) (the "**Company**") and its subsidiaries (the "**Group**") set out on pages 72 to 169, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Disclaimer of Opinion

Limitation of scope — Deconsolidation of subsidiaries

As disclosed in Notes 2(f), 2(g) and 33 to the consolidated financial statements, the current directors of the Company (the "**Current Board**") and the joint provisional liquidators (the "**JPLs**", and together with the Current Board, the "**Current Management**") have been unable to have access to the accounting books and records and the local management and other personnel, including the finance teams, of certain subsidiaries of the Company (the "**Deconsolidated Subsidiaries**"), which are primarily engaged in property development and property investments in the People's Republic of China (the "**PRC**"). In preparing the consolidated financial statements, the Current Management considered certain events and conditions that occurred during and subsequent to the years ended 31 December 2025 and 2024 which in their opinion resulted in the Group losing control over certain of the Deconsolidated Subsidiaries under HKFRS 10 "Consolidated Financial Statements" ("**HKFRS 10**"). A reassessment of control over the subsidiaries of the Group (the "**Reassessment**") was performed by the Current Management during the course of the preparation of the consolidated financial statements of the Group for the financial year ended 31 December 2024. As a result of the Reassessment, the Current Management determined that the Deconsolidated Subsidiaries shall be deconsolidated from the consolidated financial statements on the basis set out below.

As disclosed in Note 2(g) to the consolidated financial statements, during and subsequent to the years ended 31 December 2025 and 2024, various enforcement actions have been initiated against certain of the Deconsolidated Subsidiaries, which are primarily engaged in property development and property investments in the PRC, due to breaches of loan covenants, defaults in repayment of borrowings and failures to settle outstanding subcontracting obligations.

Basis for Disclaimer of Opinion *(Continued)*

Limitation of scope — Deconsolidation of subsidiaries (Continued)

Pursuant to the enforcement actions, including notices and asset freezing orders issued by the PRC authorities, during and after the years ended 31 December 2025 and 2024 as became aware and known to the Current Management, the operations of these Deconsolidated Subsidiaries have been suspended or have ceased, and substantially all of their assets have been distrained, seized, and are currently subject to judicial auctions or compulsory sales.

Furthermore, certain of these property-development subsidiaries are also subject to the "Guarantee House Delivery" policy implemented by the PRC local government, which imposes additional restrictions on use of those properties.

As disclosed in Note 2(g)(i) to the consolidated financial statements, the Court of First Instance of the High Court of Hong Kong Special Administration Region issued the ruling on 25 September 2024 that the appointment of joint and several receivers and managers of Guangzhou Zhoutouzui Development Limited ("**GZDL**"), an indirect wholly owned Hong Kong subsidiary of the Company, was valid. In the opinion of the Current Management, the Group had no control over GZDL and its operating subsidiary (the "**GZDL Group**") on and after this date.

Due to lack of access to the underlying books and records, and management personnel, of the subsidiaries referred to above, as well as certain of the Deconsolidated Subsidiaries which are primarily investment holding companies and were immaterial to the Group, the Current Management are unable to obtain the requisite information and supporting documents to complete the Reassessment to determine (i) whether the Group retained control over the relevant Deconsolidated Subsidiaries as at 31 December 2025 and 2024, and (ii) if control has been lost as at 31 December 2025 and 2024, the date in 2025 and 2024 on which such loss of control occurred.

Based on the above circumstances, the Current Management, having also considered the supporting legal opinions, have concluded that it is not practicable, as of the date of this report, to apply the requirements of HKFRS 10 that all subsidiaries controlled by the Company and its subsidiaries should be included in the consolidated financial statements up until the respective dates that control over these subsidiaries was lost.

Pursuant to the revised debt restructuring proposal ("**Revised Debt Restructuring Proposal**") prepared and presented by the Company to the Bermuda Court, as disclosed in Note 2(f) to the consolidated financial statements, the legal ownership of the Deconsolidated Subsidiaries would be transferred to a special purpose vehicle ("**SPV**") upon completion of the revised debt restructuring. The Current Management consider the Group is unable to exercise its rights as the major shareholder to control the assets and operations of the Deconsolidated Subsidiaries, and that the Group no longer controls these subsidiaries, as of the date of approval of the consolidated financial statements, and even if control existed as at 31 December 2025 and 2024, these subsidiaries would eventually be transferred to the SPV as described in Note 2(f) to the consolidated financial statements.

After taking into consideration the abovementioned facts and circumstances, the Current Management are of the opinion that the Deconsolidated Subsidiaries shall be deconsolidated from the consolidated financial statements of the Group with effect from 1 July 2024. In the opinion of the Current Management, the financial results and financial position of these subsidiaries should no longer be included in the Group's consolidated financial statements with effect from 1 July 2024, as (i) the Group no longer controls these subsidiaries as of the date of approval of the consolidated financial statements; (ii) the legal ownership over these subsidiaries would eventually be transferred to the SPV as described in Note 2(f) to the consolidated financial statements; and (iii) due to lack of access to the underlying books and records, and management personnel, of these subsidiaries, the Current Management are unable to obtain the requisite financial information and supporting documents of these subsidiaries to consolidate any of them up to any date after 1 July 2024.

Basis for Disclaimer of Opinion *(Continued)*

Limitation of scope — Deconsolidation of subsidiaries (Continued)

As represented by the Current Management, as at the date of this report, the retrieval of copies of the complete books and records and supporting documents and reconstruction of the accounting books and records of the Deconsolidated Subsidiaries remain incomplete. Moreover, the Current Management do not expect that sufficient relevant information and accounting books and records would become available in the foreseeable future to enable the exact dates of loss of control over the Deconsolidated Subsidiaries to be determined and to consolidate, or quantify the impact of deconsolidation with effect from 1 July 2024, all the Deconsolidated Subsidiaries up to and on those respective dates. Consequently, the Current Management have determined that the consolidated financial statements of the Group prepared on the basis that all Deconsolidated Subsidiaries were deconsolidated with effect from 1 July 2024 represented the most complete set of financial information in respect of these Deconsolidated Subsidiaries that have been retained by the Group after the resignation or disappearance of the local management and other personnel as the financial information of the Deconsolidated Subsidiaries that are available to the Group for the purposes of the preparation of the consolidated financial statements are those that were included in the published interim financial information of the Group for the six months ended 30 June 2024 ("**PE2024**").

The deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2024 resulted in the recognition in the consolidated statement of comprehensive income of the Group of a net profit from discontinued operations of approximately RMB3,545,557,000 for the year ended 31 December 2024. This comprised a loss from operations of those Deconsolidated Subsidiaries of RMB482,476,000 for the period from 1 January 2024 to 30 June 2024 and a gain on deconsolidation of the Deconsolidated Subsidiaries of approximately RMB4,028,033,000, all of which were determined based on the financial information of the Deconsolidated Subsidiaries that were included in arriving at the condensed consolidated financial statements included in the published interim financial information of the Group for the PE2024. In addition, the impairment loss of approximately RMB7,585,152,000 and RMB48,951,000 were recognised in the consolidated statement of comprehensive income of the Group for the year ended 31 December 2024 as a result of the recognition of full impairment of the amounts due from the Deconsolidated Subsidiaries and the trade receivables due from the Deconsolidated Subsidiaries as at the date of deconsolidation, respectively.

The deconsolidation of the Deconsolidated Subsidiaries with effect from 1 July 2024 resulted in the exclusion from the consolidated financial statements of the assets, liabilities and reserves of the Deconsolidated Subsidiaries as at 31 December 2025 and 2024, irrespective of whether control of the Deconsolidated Subsidiaries were lost as at 31 December 2025 and 2024, and of the revenue, income, expenses, and cash flows of the Deconsolidated Subsidiaries for the year ended 31 December 2025 and the period from 1 July 2024 to 31 December 2024, irrespective of the date of loss of control. In accordance with the requirements of HKFRS 10, all subsidiaries controlled by the Company and its subsidiaries should be included in the consolidated financial statements up until the respective dates that control over these subsidiaries was lost. The facts and circumstances described above are not sufficient to satisfy us that the Group had lost control over the Deconsolidated Subsidiaries with effect from 1 July 2024. Under HKFRS 10, the Company should have consolidated these Deconsolidated Subsidiaries in its consolidated financial statements for the years ended 31 December 2025 and 2024 up until the date control over these subsidiaries was lost. Had the Deconsolidated Subsidiaries been consolidated up until, and deconsolidated at, the date of loss of control under HKFRS 10, many elements in the consolidated financial statements might have been materially affected.

Basis for Disclaimer of Opinion *(Continued)*

Limitation of scope — Deconsolidation of subsidiaries (Continued)

As a result of the above matters, we were unable to obtain sufficient appropriate audit evidence to ascertain the matters in respect of the deconsolidation of the Deconsolidated Subsidiaries, as follows:

a. The consolidation of the Deconsolidated Subsidiaries up until 30 June 2024 and their deconsolidation on 1 July 2024 was prepared based on the published interim financial information of the Group for PE2024. This determination was made by Current Management based on the availability of the unaudited management accounts of the Deconsolidated Subsidiaries for PE2024 which were consolidated in the Group's interim condensed consolidated financial statements for PE2024 published on 30 September 2024. The financial performance and cash flows of the Deconsolidated Subsidiaries for the period from 1 January 2024 to 30 June 2024 were included in the consolidated statement of comprehensive income and consolidated statement of cash flows, respectively, of the Group for the year ended 31 December 2024 and the financial performance and cash flows of the Deconsolidated Subsidiaries after 30 June 2024 have not been included in the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the years ended 31 December 2025 and 2024. These accounting outcomes would not be in accordance with the requirements of HKFRS 10 referred to above if the control of the respective Deconsolidated Subsidiaries was lost before or after that 30 June 2024 date. Furthermore, the assets, liabilities and reserves of the Deconsolidated Subsidiaries as at 31 December 2025 and 2024, irrespective of whether control over those subsidiaries was lost or retained by the Group as at that date, were not included in the consolidated statement of financial position of the Group as at 31 December 2025 and 2024. This accounting outcome would not be in accordance with the requirements of HKFRS 10 referred to above if the control of the respective Deconsolidated Subsidiaries was not yet lost before that 31 December 2025 and 2024 dates respectively.

   As explained in our auditor's report on the consolidated financial statements of the Group for the year ended 31 December 2024, due to the lack of access to the complete accounting books and records and the local management and other personnel of the respective Deconsolidated Subsidiaries, we were unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves as to whether the Group had lost control over any or all of the Deconsolidated Subsidiaries with effect from 1 July 2024. For the same reasons, we were also unable to perform audit procedures to satisfy ourselves that (i) the revenue, other income, expenses, other losses of the Deconsolidated Subsidiaries for the period from 1 January 2024 to 30 June 2024 as included in the consolidated statement of comprehensive income for the year ended 31 December 2024 and (ii) the carrying amounts of the assets, liabilities and reserves of the Deconsolidated Subsidiaries as at 1 July 2024 that entered into the calculation of the net gain from deconsolidation of the Deconsolidated Subsidiaries and (iii) the profit from discontinued operations presented in consolidated statement of comprehensive income of the Group for the year ended 31 December 2024 of approximately RMB3,545,557,000, as well as the cash flows and related disclosures set out in the notes to the consolidated financial statements in respect of the year ended 31 December 2024, were free from material misstatements as we were unable to perform any satisfactory audit procedures in respect of these items. As such, we were unable to satisfy ourselves that the presentation, classification and disclosure of the loss from operations of the Deconsolidated Subsidiaries of RMB482,476,000 for the period from 1 January 2024 to 30 June 2024 and the gain on deconsolidation of the Deconsolidated Subsidiaries of approximately RMB4,028,033,000 as net profit from discontinued operations for the year ended 31 December 2024 were appropriate as we were unable to be satisfied that the whole component of the Group represented by the Deconsolidated Subsidiaries had been disposed of during the year ended 31 December 2024.

Basis for Disclaimer of Opinion *(Continued)*

Limitation of scope — Deconsolidation of subsidiaries (Continued)

In addition, we were unable to obtain information about the financial effects of the exclusion from the consolidated financial statements of the revenue, other income, expenses, and other losses of the Deconsolidated Subsidiaries for the year ended 31 December 2025 and the period from 1 July 2024 to 31 December 2024, or to the respective dates of loss of control if earlier, and the assets, liabilities and reserves of the Deconsolidated Subsidiaries as at 31 December 2025 and 2024 that have been excluded from the consolidated financial statements in respect of those Deconsolidated Subsidiaries which the Group had not lost control as at 31 December 2025 and 2024.

b. As at 31 December 2025, the gross carrying amounts of amounts due from the Deconsolidated Subsidiaries and trade receivables from the Deconsolidated Subsidiaries were approximately RMB7,438,541,000 (2024: RMB7,685,152,000) and RMB47,681,000 (2024: RMB48,951,000) respectively.

   No relevant information about credit risks of the amounts due from the Deconsolidated Subsidiaries and trade receivables from the Deconsolidated Subsidiaries was available for the purpose of impairment assessments to be carried out in accordance with HKFRS 9 "Financial Instruments" as at 31 December 2025 and 2024. The Current Management have recognised the impairment loss to fully write down the amounts due from the Deconsolidated Subsidiaries and trade receivables due from the Deconsolidated Subsidiaries in consideration of these amounts to be credit-impaired. Due to the circumstances as described herein, we are unable to perform audit procedures to obtain sufficient appropriate audit evidence to satisfy ourselves that the reversal of impairment loss on amounts due from Deconsolidated Subsidiaries and trade receivables from Deconsolidated Subsidiaries recognised in consolidated statement of comprehensive income for the year ended 31 December 2025 of approximately RMB146,611,000 and RMB1,270,000 and the provision for impairment loss on amounts due from Deconsolidated Subsidiaries and trade receivables from Deconsolidated Subsidiaries recognised in consolidated statement of comprehensive income for the year ended 31 December 2024 of RMB7,585,152,000 and RMB48,951,000), respectively, and the credit risk disclosures in relation to these balances, were free from material misstatements.

c. Due to the lack of access to the complete accounting books and records of the Deconsolidated Subsidiaries, we were also unable to obtain sufficient appropriate audit evidence to satisfy ourselves that the Group's disclosures and accounting treatment for contingent liabilities and commitments were complete, accurate and in compliance with applicable accounting standards. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether there existed material amounts of contingent liabilities and commitments in relation to the Deconsolidated Subsidiaries as at 31 December 2025 and 2024.

As described in (a) to (c) above, we have not been able to obtain sufficient appropriate audit evidence to enable us to assess the financial effects of the matters to which the Deconsolidated Subsidiaries relate. Consequently, we were unable to determine the nature and amounts of any adjustments that were necessary in respect of the aforementioned financial effects and disclosures on the consolidated financial statements of the Group for the years ended 31 December 2025 and 2024, of the matters to which the Deconsolidated Subsidiaries relate.

Basis for Disclaimer of Opinion *(Continued)*

Limitation of scope — Deconsolidation of subsidiaries (Continued)

Any adjustment that might have been found to be necessary in respect of the above may have a significant consequential effect on the net liabilities of the Group as at 31 December 2025 and 2024 and its net loss, the elements making up the statement of changes in equity and cash flows for the year then ended and the related disclosures thereof in the consolidated financial statements.

d. As disclosed in Note 31 to the consolidated financial statements, the Company-level statement of financial position as at 31 December 2025 and 2024 included the amounts due from the Deconsolidated Subsidiaries of approximately RMB6,608,061,000 and RMB6,758,962,000 respectively. For the same reasons as described in (b) above, no sufficient documentation of impairment assessment of the amounts due from the Deconsolidated Subsidiaries as at 31 December 2024 was made available to us, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves that the impairment loss of the receivable balances were properly assessed as at 31 December 2025 and 2024. There were no alternative audit procedures that we could perform to satisfy ourselves as to whether the reversal of and provision for impairment losses of approximately RMB6,608,061,000 and RMB6,758,962,000 recognised in respect of these receivable balances for the year ended 31 December 2025 and 2024, respectively, were free from material misstatements.

Any adjustments found to be required may have significant consequential effects on the carrying amounts of the amounts due from subsidiaries and the impairment loss in respect thereof as at 31 December 2025 and 2024 and hence on the net liabilities of the Company as at 31 December 2025 and 2024 and related disclosures in the Company-level statement of financial position and reserves.

Limitation of scope — appropriateness of the going concern basis of preparing the consolidated financial statements

As set out in Note 2(e) to the consolidated financial statements, during the year ended 31 December 2025, the Group incurred a net loss of approximately RMB201,013,000 and as of that date, the Group's net current liabilities and net liabilities amounted to approximately RMB7,860,045,000 and RMB7,852,498,000 respectively. As at 31 December 2025, the Group's total bank and other borrowings (collectively, the "**Borrowings**") and amounts due to the Deconsolidated Subsidiaries amounted to approximately RMB5,242,498,000 and RMB2,470,245,000 respectively, while the Group had total bank balances and cash of approximately RMB18,326,000.

As detailed in our auditor's report on the consolidated financial statements of the Group for the years ended 31 December 2023 and 2022, the JPLs were appointed by the Commercial Court of the Supreme Court of Bermuda (the "**Bermuda Court**") with "light touch" approach and the Group entered into a restructuring support agreement (the "**RSA**") with respective creditors for the proposed debt restructuring scheme.

On 3 February 2025, the Company had terminated the RSA in accordance with the terms of the RSA. On 14 November 2025, the Company was ordered to be wound up by the Bermuda Court.

The conditions described above indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore that the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

Basis for Disclaimer of Opinion *(Continued)*

Limitation of scope — appropriateness of the going concern basis of preparing the consolidated financial statements (Continued)

As further explained in Note 2(e), the Current Management have been taking measures to improve the liquidity and solvency position of the Group. These measures include (i) identified an investor for putting forward a Revised Debt Restructuring Proposal of the Company and provision of loans to the Company; and (ii) putting forward the Revised Debt Restructuring Proposal to the creditors of the Company by way of Scheme of Arrangement (defined in Note 2(f)(vi)); (iii) speeding up the collection of receivables process; and (iv) tightening operating cash outflows through cutting costs and capital expenditures.

The Group continues to seek new business opportunities to improve its profitability and business prospects, consolidate or streamline its existing business, enhance its future business development and strengthen its revenue base, and may diversify into other businesses should suitable opportunities arise.

Notwithstanding the abovementioned, the consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed Scheme of Arrangement of the Company will be supported from the requisite majority of creditors and court sanction as disclosed in Note 2(f), and that, the Group will be discharged from most of the liabilities and continue to meet in full its remaining financial obligations as they fall due in the foreseeable future. The consolidated financial statements do not include any adjustments arising from the winding-up of the Company in Bermuda.

As at the date of approval of the consolidated financial statements, the implementations of the above measures are still in progress. We were advised by the Current Management that the proposed Scheme of Arrangement has not yet obtained the requisite support from the creditors.

Accordingly, we have not been able to obtain sufficient appropriate audit evidence to satisfy ourselves about the appropriateness of the use of the going concern basis of accounting in the preparation of the consolidated financial statements because of the lack of sufficient appropriate audit evidence in relation to the Revised Debt Restructuring Proposal and measures for future actions in its going concern assessment which take into account the uncertainty of outcome of these plans and how variability in outcome would affect the future cash flows of the Group. Because of the significance of the matters above, we are unable to form an opinion as to whether the use of going concern assumption in the preparation of the consolidated financial statements is appropriate.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements and we were unable to determine whether such adjustments might have been found necessary.

RESPONSIBILITY OF CURRENT MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Current Management are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the Current Management 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 Current Management 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 given that certain subsidiaries of the Group are still operating which the Company is currently in liquidation in Bermuda.

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA. Our report is made solely to you, as a body in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the consolidated financial statements.

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.

Moore CPA Limited
Certified Public Accountants

Hung, Wan Fong Joanne
Practising Certificate Number: P05419

Hong Kong, 21 September 2026

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Continuing operations			
Revenue	7	**114,992**	129,380
Cost of sales and services		**(52,220)**	(57,891)
Gross profit		**62,772**	71,489
Other losses — net	8	**(847)**	(2,356)
Sales and marketing expenses		**(203)**	(569)
Administrative and other expenses		**(63,696)**	(57,838)
Reversal/(provision) of impairment loss on amounts due from Deconsolidated Subsidiaries	5.1(b)(iii)	**146,611**	(7,585,152)
Reversal/(provision) of impairment loss of trade receivables from Deconsolidated Subsidiaries	5.1(b)(iii)	**1,270**	(48,951)
Impairment loss of trade receivables, deposits and other receivables (other than Deconsolidated Subsidiaries)	5.1(b)(iii)	**(16,840)**	(23,199)
Operating profit/(loss)		**129,067**	(7,646,576)
Finance costs — net	9	**(330,286)**	(707,300)
Loss before income tax	10	**(201,219)**	(8,353,876)
Income tax credit/(expense)	12	**206**	(5,696)
Loss for the year from continuing operations		**(201,013)**	(8,359,572)
Discontinued operations			
Profit for the year from discontinued operations	23	**–**	3,545,557
Loss for the year		**(201,013)**	(4,814,015)
(Loss)/profit for the year attributable to:			
Owners of the Company			
— From continuing operations		**(201,034)**	(8,359,290)
— From discontinued operations		**–**	3,603,412
		(201,034)	(4,755,878)
Non-controlling interests			
— From continuing operations		**21**	(282)
— From discontinued operations		**–**	(57,855)
		21	(58,137)
		(201,013)	(4,814,015)
(Loss)/earnings per share	13		
From continuing and discontinued operations			
— Basic and Diluted (RMB)		**(0.024)**	(0.563)
From continuing operations			
— Basic and Diluted (RMB)		**(0.024)**	(0.990)

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Loss for the year		**(201,013)**	(4,814,015)
Other comprehensive income/(loss):			
Item that will not be reclassified to profit or loss:			
Exchange difference arising on translation of the Company's financial statements into presentation currency		**3,165**	(11,136)
Other comprehensive income/(loss) for the year, net of income tax		**3,165**	(11,136)
Total comprehensive loss for the year		**(197,848)**	(4,825,151)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		**(197,869)**	(4,767,014)
Non-controlling interest		**21**	(58,137)
		(197,848)	(4,825,151)
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company			
— From continuing operations		**(197,869)**	(8,370,426)
— From discontinued operations		**–**	3,603,412
		(197,869)	(4,767,014)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Property, plant and equipment	*15*	**1,706**	1,894
Deferred tax assets	*20*	**5,841**	1,636
		7,547	3,530
Current assets			
Trade receivables	*16*	**15,712**	18,525
Other receivables, deposits and prepayments	*16*	**3,199**	2,929
Amounts due from deconsolidated subsidiaries	*24(c)*	**–**	–
Restricted cash	*17*	**3,007**	685
Cash and cash equivalents	*17*	**18,326**	14,007
		40,244	36,146
Current liabilities			
Trade payables	*18*	**35,147**	33,367
Accruals and other payables	*18*	**86,603**	73,235
Amounts due to deconsolidated subsidiaries	*24(d)*	**2,470,245**	2,470,202
Bank and other borrowings	*19*	**5,242,498**	5,055,598
Income tax payable		**65,796**	61,924
		7,900,289	7,694,326
Net current liabilities		**(7,860,045)**	(7,658,180)
Total assets less current liabilities and net liabilities		**(7,852,498)**	(7,654,650)

Consolidated Statement of Financial Position

31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Equity			
Share capital	*21*	**26,092**	26,092
Other reserves	*21, 22*	**2,007,599**	2,005,623
Accumulated losses	*22*	**(9,887,551)**	(9,687,706)
Equity attributable to owners of the Company		**(7,853,860)**	(7,655,991)
Non-controlling interests		**1,362**	1,341
Capital deficiency		**(7,852,498)**	(7,654,650)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 72 to 169 were approved by the Board of Directors and the Joint and Several Provisional Liquidators on 21 September 2026 and were signed on its behalf.

ZHANG Guocheng
Director

So Kit Yee Anita
Joint and Several Provisional Liquidator
acting as agent without personal liabilities

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2025

		Attributable to owners of the Company								
	Notes	Share capital RMB'000	Share Premium# RMB'000	Share-based payment reserve# RMB'000	Foreign exchange reserve# RMB'000	Other reserves# RMB'000	Accumulated losses RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024		26,092	940,898	1,325	–	906,598	(4,763,890)	(2,888,977)	694,183	(2,194,794)
Loss for the year		–	–	–	–	–	(4,755,878)	(4,755,878)	(58,137)	(4,814,015)
Other comprehensive loss		–	–	–	(11,136)	–	–	(11,136)	–	(11,136)
Total comprehensive loss for the year		–	–	–	(11,136)	–	(4,755,878)	(4,767,014)	(58,137)	(4,825,151)
Transaction with owners:										
Reallocation of lapsed options from share-based payment reserve to accumulated losses	*26*	–	–	(136)	–	–	136	–	–	–
Deconsolidation of subsidiaries	*24(b)*	–	–	–	–	168,074	(168,074)	–	(634,705)	(634,705)
At 31 December 2024 and 1 January 2025		26,092	940,898	1,189	(11,136)	1,074,672	(9,687,706)	(7,655,991)	1,341	(7,654,650)
Loss for the year		–	–	–	–	–	(201,034)	(201,034)	21	(201,013)
Other comprehensive loss		–	–	–	3,165	–	–	3,165	–	3,165
Total comprehensive income/(loss) for the year		–	–	–	3,165	–	(201,034)	(197,869)	21	(197,848)
Transaction with owners:										
Reallocation of lapsed options from share-based payment reserve to accumulated losses	*26*	–	–	(1,189)	–	–	1,189	–	–	–
At 31 December 2025		26,092	940,898	–	(7,971)	1,074,672	(9,887,551)	(7,853,860)	1,362	(7,852,498)

These reserve accounts comprise the consolidated other reserve of approximately RMB2,007,599,000 (2024: RMB2,005,623,000) in the consolidated statement of financial position.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 RMB'000	2024 RMB'000
Net cash used in operating activities	27(a)	**(637)**	(12,788)
Cash flows from investing activities			
Interest received		**8**	492
Deconsolidation of subsidiaries, net of cash deconsolidated	24(b)	**–**	(12,136)
Purchases of property, plant and equipment		**(42)**	(1,211)
Proceeds from disposal of property, plant and equipment		**–**	277
Placement of term deposit		**(1,435)**	–
Net cash used in investing activities		**(1,469)**	(12,578)
Cash flows from financing activities			
Proceeds from bank and other borrowings	27(b)	**10,760**	2,000
Repayments of bank and other borrowings	27(b)	**–**	(2,050)
Interest and other borrowing costs paid	27(b)	**–**	(12,992)
Advance to deconsolidated subsidiaries	27(b)	**(4,246)**	–
Net cash generated from/(used in) financing activities		**6,514**	(13,042)
Net increase/(decrease) in cash and cash equivalents		**4,408**	(38,408)
Effect of exchange rate changes on cash and cash equivalents		**(89)**	(279)
Cash and cash equivalents at beginning of year		**14,007**	52,694
Cash and cash equivalents at end of year	17	**18,326**	14,007

1. GENERAL

Skyfame Realty (Holdings) Limited (the "**Company**") was incorporated in Bermuda as an exempted company with limited liability and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The trading in shares of the Company has been suspended since 1 April 2025.

Its registered office in Bermuda is changed to 3 Bermudiana Road, Hamilton, HM08, Bermuda on 25 November 2025 and its principal place of business in the People's Republic of China ("**PRC**") is located at 32nd to 33rd floors of HNA Tower, 8 Linhe Zhong Road, Tianhe District, Guangzhou, Guangdong Province, PRC. Its principal place of business and registered office in Hong Kong is changed to 27/F, One Taikoo Place, 979 King's Road, Quarry Bay, Hong Kong on 14 November 2025.

On 22 August 2023, Mr. Chan Leung Lee of RSM Hong Kong Advisory Limited and Mr. Yuen Tze Chun, Frank of Frank Forensic and Corporate Recovery Limited were appointed by China Securities Limited ("**CSL**") as joint and several receivers over the entire issued shares of Cosmos Tianyu Holdings Limited ("**Cosmos Tianyu**"), the Company's immediate holding company (collectively the "**Charged Shares**") pursuant to a share charge executed by Sharp Bright International Limited ("**Sharp Bright**"), the Company's ultimate holding company as charger in favour of CSL.

The Receivership over the Charged Shares may result in the sale of the Charged Shares to other third-party purchasers. In the opinion of the directors of the Company and the Joint and Several Provisional Liquidators, as at 31 December 2024, its immediately holding company was Cosmos Tianyu, a private company incorporated in the British Virgin Islands and its ultimate holding company was Sharp Bright, a private company incorporated in Hong Kong controlled by Mr. YU Pan ("**Mr. Yu**").

Subsequently on 28 November 2025, CSL ceased business and all the title and associated right to the respective loan and the underlying collaterals had been sold and assigned to an independent third party, Mr. Leung Wai Kei (i.e., the director of CSL).

The Company and its subsidiaries are hereinafter collectively referred to as the "**Group**". The principal activity of the Company continues to be investment holding. As disclosed in Note 33, the subsidiaries of the Company are principally engaged in the provision of property management services and commercial operation in the PRC.

2. BASIS OF PREPARATION AND PRESENTATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with the HKFRS Accounting Standards, which includes all Hong Kong Financial Reporting Standards ("**HKFRSs**"), Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and accounting principles generally accepted in Hong Kong. In addition, the consolidated financial statements include applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(a) Statement of compliance *(Continued)*

The preparation of financial statements in accordance with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 6.

For the preparation of the consolidated financial statements for the year ended 31 December 2025, due to the circumstances set out in Note 2(g) below, certain subsidiaries engaged in property development and property investment businesses were deconsolidated and which are classified as discontinued operation.

(b) Historical cost convention and presentation currency

The functional currency of the Company is Hong Kong dollars ("**HK$**"). The consolidated financial statements are presented in Renminbi ("**RMB**") since most of the companies comprising the Group are operating in RMB environment and the functional currency of most of the companies comprising the Group is RMB. All values are rounded to the nearest thousand except when otherwise indicated. The measurement basis used in the preparation of the consolidated financial statements is the historical costs basis.

(c) Winding-up orders, major changes in directors and the Joint and Several Provisional Liquidators (the "JPLs")

Pursuant to an announcement made on 5 July 2022, in view of the deterioration of the cash position of the Group to a level which resulted in difficulties to meet its liabilities failing due, the former directors (the "**Former Directors**") voluntarily resolved to apply to the Commercial Court of the Supreme Court of Bermuda ("**Bermuda Court**") for a winding up and for an appointment of "light touch" provisional liquidators for the Company for debt restructuring purposes in July 2022 that was approved by the Bermuda Court on 15 August 2022 (Bermuda time). An order in favour of the Company was granted, Joel Edwards of EY Bermuda Ltd. in Bermuda, So Kit Yee Anita and Lau Wun Man both of Ernst & Young Transactions Limited in Hong Kong were appointed as the JPLs on a light touch approach with limited powers for debt restructuring purposes. The Company maintained active communication with creditors and adopted practicable measures to unite the consensus of creditors in order to promote the implementation of the debt restructuring plan (the "**Debt Restructuring Proposal**").

On 29 September 2023, the Company entered into the restructuring support agreement (the "**RSA**") with respective creditors of the Company including the borrowings as set out in Notes 19(c) and (d) in relation to the terms of the debt restructuring. On 27 June 2024, the Company had extended the longstop date from 30 June 2024 to 31 March 2025 in accordance with the terms of the RSA to allow more time to proceed with the Debt Restructuring Proposal.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(c) Winding-up orders, major changes in directors and the Joint and Several Provisional Liquidators (the "JPLs") *(Continued)*

Despite the Group's effort in the years ended 31 December 2023 and 2024, the Group could not obtain any funding to support the restructuring and to resolve the Group's financial problem. Even worse, even if funding for restructuring could be obtained, under the continuous sluggish real estate market in the PRC, the Group's business has deteriorated and would not be able to generate the expected sale proceeds to fulfil its payment obligations under the Debt Restructuring Proposal, so as to provide better return to the Group's creditors.

For the reasons above, it was determined that there was no reasonable prospect of successfully completing the relevant proposal prior to the longstop date of the RSA dated 29 September 2023 which the longstop date subsequently extended from 30 June 2024 to 31 March 2025. Therefore, on 24 January 2025, the resolution was passed to resolve and accordingly inform the JPLs that the Former Directors had no objection to the JPLs not seeking a further adjournment at the Bermuda Court hearing (the "**Hearing**") and would not oppose any winding-up order be made by the Bermuda Court at the Hearing.

On 31 January 2025, Michael Penrose of EY Bermuda Limited in Bermuda, who was further appointed as JPLs.

On 3 February 2025, the board of directors of the Company decided to terminate the RSA accordingly.

On 18 February 2025, certain new directors (the "**Predecessor Directors**") have been appointed as executive directors while Mr. Yu resigned as director and chairman of the Company on 19 February 2025. Following the appointments, the Predecessor Directors acknowledged a change in the Company's stance regarding the restructuring and the winding up petition. This change reflects their renewed commitment to support and actively pursue the proposed restructuring. However, all of them resigned as executive directors of the Company on 1 September 2025.

The current board of directors of the Company ("**Current Board**") was appointed on 28 August 2025 which comprises one executive director, namely Mr. Zhang Guocheng and one non-executive director, namely Mr. Li Jianwen.

On 14 November 2025, the Company was ordered to be wound up by the Bermuda Court. The existing JPLs are empowered by section 175 of the Companies Act 1981. Upon the winding up order was granted by Bermuda Court on 14 November 2025, the JPLs remain on with powers granted pursuant to section 175 of the Companies Act 1981. However, the Current Board still maintains their capacity to fulfill the Company's responsibilities for the preparation of the consolidated financial statements in accordance with HKFRS Accounting Standards, under the supervision and oversight of the JPLs.

The JPLs now have been granted full statutory powers which include to collect, realise, and preserve the Company's assets, with the broader objective of developing, proposing and implementing a financial restructuring of the Company or an orderly winding up of the Company's affairs. Specifically, the JPLs are empowered to, inter alia, take into their custody or under their control all the property and things in action to which the Company is or appears to be entitled, carry on the business of the Company so far as may be necessary, for the beneficial winding up of the Company and bring or defend legal proceedings in the name and on behalf of the Company. Accordingly, whilst the Current Board continues to assist the JPLs in understanding the Group's affairs and day-to-day operations, the ultimate governance, control and statutory authority of the Company rest with the JPLs. As such, the JPLs have continued to actively explore restructuring opportunities with a view to formulating a viable proposal to maximize value for the Company's stakeholders.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(c) Winding-up orders, major changes in directors and the Joint and Several Provisional Liquidators (the "JPLs") *(Continued)*

Up to the date of approval of the consolidated financial statements, the JPLs have conducted a second round of consultation with the creditors in respect of the Revised Debt Restructuring Proposal (as defined in Note 2(e)). As to obtaining the requisite support from the creditors, the JPLs applied to the High Court of Hong Kong for directions to convene a creditors' meeting. The hearing of the application was held on 18 September 2026 and was approved to convene a creditors' meeting.

The winding-up order against the Company will be withdrawn subject to and upon the successful implementation of the Scheme of Arrangement as referred to Note 2(f)(vi) below.

(d) Suspension of trading and listing status of the Company

Since 1 April 2025, the trading of the Company's shares on the Stock Exchange was suspended. According to the announcement dated 31 March 2025, the Company was unable to publish the announcement for the 2024 annual results by the end of March 2025 pursuant to Rule 13.49(1) of the Listing Rules.

According to the announcements dated 18 June 2025, 2 September 2025, 28 October 2025 and 5 December 2025, the Stock Exchange imposed the following resumption guidance (the "**Resumption Guidance**") for the Company:

(i) publish all outstanding financial results required under the Listing Rules and address any audit modifications;

(ii) demonstrate the Company's compliance with Rule 13.24 of the Listing Rules;

(iii) inform the market of all material information for the Company's shareholders and other investors to appraise the Company's position;

(iv) have the winding up order made against the Company withdrawn or dismissed and any liquidators discharged; and

(v) re-comply with Rules 3.10(1), 3.10(2), 3.10A, 3.21, 3.25, 3.27A, 3.28 and 13.92 of the Listing Rules.

The Stock Exchange required the Company to remedy the issues causing its trading suspension and fully comply with the Listing Rules to the Stock Exchange's satisfaction before trading in its securities is allowed to resume and, for this purpose, the Company has the primary responsibility to devise its action plan for resumption. The Stock Exchange also indicated that it may modify or supplement the Resumption Guidance if the Company's situation changes. Under Rule 6.01A(1) of the Listing Rules, the Stock Exchange may cancel the listing of any securities that have been suspended from trading for a continuous period of 18 months. In the case of the Company, the 18-month period will expire on 30 September 2026. If the Company fails to remedy the issue causing its trading suspension, fulfill the Resumption Guidance and fully comply with the Listing Rules to the Stock Exchange's satisfaction and resume trading in its shares by 30 September 2026, the Listing Division of the Stock Exchange will recommend the Listing Committee of the Stock Exchange to proceed with the cancellation of the Company's listing. Under Rules 6.01 and 6.10 of the Listing Rules, the Stock Exchange also has the right to impose a shorter specific remedial period, where appropriate.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(d) Suspension of trading and listing status of the Company *(Continued)*

The Company will take appropriate steps to fully comply with the Listing Rules to the Stock Exchange's satisfaction in order to have trading in the Company's shares resumed. The Company will keep the public informed of developments in this regard by making further announcements as and when appropriate.

A proposal for the resumption of trading (the "**Resumption**") in the Company's shares was submitted to the Stock Exchange (the "**Resumption Proposal**") on 17 September 2026. If the Resumption Proposal does not proceed, the shares of the Company will be delisted by the Stock Exchange and it is likely that the Company would be wound-up.

(e) Going concern basis

During the year ended 31 December 2025, the Group sustained a loss attributable to owners of the Company approximately RMB201.01 million. As at 31 December 2025, the Group had net current liabilities of approximately RMB7,860.05 million and net liabilities of approximately RMB7,852.50 million respectively. The Group's total bank and other borrowings (collectively, the "**Borrowings**") and the amounts due to the Deconsolidated Subsidiaries amounted to approximately RMB5,242.50 million and RMB2,470.25 million which were all overdue, while the Group had total bank balances and cash of approximately RMB18.33 million.

These conditions, together with the winding-up orders as mentioned in Note 2(c) made against the Company, indicate the existence of material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Group has been actively working with its legal and financial advisors and negotiating with onshore and offshore creditors to formulate and implement a practicable debt restructuring proposal for the Group's existing debts. Such plan included (i) identifying the investor for putting forward a revised debt restructuring proposal (the "**Revised Debt Restructuring Proposal**") of the Company and provision of loans to the Company, details of which are set out below; and (ii) putting forward the Revised Debt Restructuring Proposal to the creditors of the Company by way of Scheme of Arrangement (as defined in Note 2(f)(vi)); (iii) speeding up the collection of receivables process; and (iv) tightening operating cash outflows through cutting costs and capital expenditures. Details of plans are set out in Note 2(f) below.

As at the date of approval of the consolidated financial statements, the implementations of these measures are still in progress. The Group continues to seek new business opportunities to improve its profitability and business prospects, consolidate or streamline its existing business, enhance its future business development and strengthen its revenue base.

Having reviewed and considered the revitalised operations and affairs of the Group and the Company, the Current Board and the JPLs (collectively, the "**Current Management**") concluded that, upon the completion of the Revised Debt Restructuring Proposal, including but not limited to the admitted claims of the creditors (the "**Admitted Claims**") against the Company as at winding-up date (including the bank and other borrowings, the tax liabilities and the amounts due to the Deconsolidated Subsidiaries of the Company) will be compromised and discharged in full in accordance with the terms of Scheme of Arrangement. It represents the best means available for the Company to be returned to solvency and to continue the development and enhancement of its business. The Current Management are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(e) Going concern basis *(Continued)*

The consolidated financial statements have been prepared on a going concern basis on the assumption that the proposed Scheme of Arrangement of the Company will be supported from requisite majority of creditors and court sanction, and that, following the implementation of Revised Debt Restructuring Proposal, the Group will continue to meet in full its financial obligations in the foreseeable future.

Should the Group be unable to achieve a successful restructuring and to continue its business as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of assets to their estimated recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

(f) Revised Debt Restructuring Proposal of the Group

References are made to the Company's announcements dated 13 April 2026 and 30 June 2026.

On 10 April 2026, the Company, JPLs acting as the Company's agents without personal liability, and Lion Wealth Management Limited (the "**Investor**") have entered into an exclusivity agreement (the "**Exclusivity Agreement**"). The Company has granted the Investor a six-month exclusivity period from the date of the Exclusivity Agreement (the "**Exclusivity Period**") to facilitate the implementation of a revised debt restructuring (the "**Revised Debt Restructuring**") of the Company to enable the resumption of trading in the shares of the Company on the Stock Exchange. Pursuant to the Exclusivity Agreement, the Investor has paid the exclusivity consideration (the "**Exclusivity Consideration**") of HK$3,000,000 which is non-refundable, in relation to the proposed restructuring for the Exclusivity Period.

The Company, the JPLs and the Investor shall enter into a restructuring agreement (the "**Restructuring Agreement**"), which will set out the Revised Debt Restructuring and other related transactions which shall include, among others, (i) the provision of the credit facility (the "**Facility Loan**") by the Investor; (ii) capital reorganisation ("**Capital Reorganisation**") of the Company (iii) the subscription (the "**Subscription**") of new shares of the Company (the "**Share(s)**"); (iv) acquisition (the "**Acquisition**") and the deeds of release (the "**Deeds of Release**"); (v) the Resumption; (vi) the Scheme of Arrangement; (vii) the asset transfer (the "**Asset Transfer**"); and (viii) placing.

(i) The provision of the Facility Loan by the Investor

On 9 July 2026, the Company (as borrower), the JPLs and the Investor (as lender) entered into the facility loan agreement (the "**Facility Loan Agreement**"), pursuant to which the Investor as lender to provide a credit facility of up to HK$23,000,000 to the Company.

If the Revised Debt Restructuring is completed, the Investor shall capitalise the Facility Loan, together with the Exclusivity Consideration of HK$3,000,000 paid by the Investor under the Exclusivity Agreement into part of the shares to be allotted and issued under the Subscription. Upon the capitalisation of the Facility Loan, the Company will be fully and irrevocably released and discharged from its obligations to repay the amounts advanced under the Facility Loan Agreement.

In case the Revised Debt Restructuring does not complete successfully and the Restructuring Agreement is terminated only the Facility Loan to the extent drawn down by the Company as at the date of termination will be ranked as unsecured ordinary debt of the Company and will be repaid if there is any distribution to unsecured creditors of the Company on a pari-passu basis.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(f) Revised Debt Restructuring Proposal of the Group *(Continued)*

(ii) Capital Reorganisation of the Company

As part of the restructuring, the Company will implement the Capital Reorganisation, comprising share consolidation, share reduction and share subdivision.

The special general meeting of the Company will be convened and held to approve, among other things, the Subscription, the granting of the specific mandate, the Capital Reorganisation and the Scheme of Arrangement.

(iii) The Subscription

The Investor shall further inject into the Company the new Subscription proceeds of HK$24,000,000 by subscribing the Subscription Shares which, together with an aggregate amount of HK$26,000,000 paid under the Exclusivity Agreement and Facility Loan Agreement, shall represent 75% of the enlarged issued share capital of the Company upon completion of the Capital Reorganisation, the Subscription and the allotment and issue of the Scheme Shares as defined in (vi).

Upon the completion of the Subscription, the Company shall utilise part of the net proceeds from the Subscription to pay HK$0.8 million to the Scheme Company as defined in (vii) as the scheme costs.

(iv) The Acquisition and the Deeds of Release

The Group, the Investor and the non-controlling interests, holding 1% effective equity interests in the operating subsidiaries as set out in Note 33 to the consolidated financial statements, shall enter into the cooperation agreement, pursuant to which the non-controlling interests conditionally agreed to sell the Group its 1% effective equity interests at the consideration of approximately RMB2.02 million.

As one of the conditions precedent to completion of the Subscription, the non-controlling interests shall also execute the Deeds of Release about the equity interests in and release the guarantee agreements entered into by the operating subsidiaries as set out in Note 33 to the consolidated financial statements, which were held as a security for a loan provided to one of the Deconsolidated Subsidiaries of the Company. In return, the non-controlling interest will receive the payment of HK$7 million or the shares representing approximately 4% of the enlarged issued share capital of the Company upon completion of the Capital Reorganisation, the Subscription and the allotment and issue of the Scheme Shares (defined in (vi)) by the Investor.

(v) The Resumption

To facilitate the Resumption, each of the Company, the JPLs and the Investor undertakes and agrees to use its best endeavours to procure the compliance with the Resumption Guidance as soon as reasonably practicable in accordance with the terms of the Restructuring Agreement.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(f) Revised Debt Restructuring Proposal of the Group *(Continued)*

(vi) The Scheme of Arrangement

Pursuant to the Restructuring Agreement, the debt restructuring of the Group shall be implemented by way of the scheme of arrangement ("**the Scheme of Arrangement**").

The principal terms of the Scheme of Arrangement are as follows:

Each creditor will be entitled, in settlement of their Admitted Claims, to share in the following on a pari passu and pro rata basis by reference to their Admitted Claims relative to the total Admitted Claims and will have an option to choose:

(a) the Scheme Shares (defined in below), in respect of which the creditor may elect either the Equity Option or the Cash Option (but not both); and

(b) if any, the proceeds and realisations from the Excluded Subsidiaries and the Transferred Claims (as defined in (vii)) held by the Scheme Company.

(a) The Scheme Shares — Equity Option and Cash Option

Up to 15% of the enlarged issued share capital of the Company (the "**Scheme Shares**"), will be made available to the creditors as scheme consideration. Each creditor may elect one of the following options in respect of its entitlement to the Scheme Shares:

(i) the Equity Option — up to total 15% of the enlarged issued share capital of the Company, to be allotted and issued by the Company under the Scheme of Arrangement (the "**Scheme Shares**"); or

(ii) the Cash Option — cash amount realised from the placing of the Scheme shares as described in (viii) below.

(b) Proceeds from the Excluded Subsidiaries and the Transferred Claims (as defined in (vii))

In addition to their entitlement to the Scheme Shares under paragraph (a), the creditors will also be entitled to share, on a pari passu and pro rata basis according to their respective Admitted Claims, in any net proceeds or realisations from the Excluded Subsidiaries and the Transferred Claims (after payment of the scheme cost) transferred to and held by the Scheme Company, as described in the section headed "Asset Transfer" below.

Accordingly, the actual number of Scheme Shares to be transferred to creditors under the Equity Option and the aggregate amount of cash to be paid under the Cash option will depend on the number of creditors electing each option.

Upon the completion of the Scheme of Arrangement, all the liabilities of the Company as at the date of the winding-up order (being 14 November 2025) due to the Creditors, comprising the bank and other borrowings (Note 19), certain other payables and accruals, tax liabilities of the Company and the amounts due to Deconsolidated Subsidiaries (Note 24(d)) of the Group, will be compromised and discharged in full by arrangements contemplated under the Scheme of Arrangement.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(f) Revised Debt Restructuring Proposal of the Group *(Continued)*

(vii) Asset transfer

Save for Skyfame Realty (Holdings) Limited, Skyfame Inno Youth Smart Link Services Limited, Skyfame Inno Youth Limited, and Skyfame Services Limited and its PRC subsidiaries namely Guangzhou Yuchuang Investment Holdings Co. Ltd and Guangzhou Tianyu Property Management Company Limited, the issued shares of Deconsolidated Subsidiaries (defined in Note (g) below) and all other subsidiaries held by the Company (collectively, the "**Excluded Subsidiaries**"), will be directly or indirectly transferred to the Scheme Company (by way of the Scheme of Arrangement or undertakings) at a nominal value which will then be determined of entering into the transfer documents, as part of the Scheme assets to be realized for the benefits of the creditors.

Upon the Completion of Revised Debt Restructuring, the certain retained subsidiaries will remain in the retained group (the "**Remaining Group**") as subsidiaries of the Company immediately after the capitalisation of Facility Loan and the Subscription.

A scheme company (the "**Scheme Company**") is a company to be incorporated in Hong Kong with limited liability, being a special purpose vehicle to be held and controlled by the Scheme Administrators or such other company as may be nominated by the Scheme Administrators, for the purpose of holding the Scheme Shares and cash to be realised from the disposal of the Scheme Shares and the Excluded Subsidiaries (as defined in Note (g) below) and any receivables owed to the Remaining Group (by the Excluded Subsidiaries and the third parties (collectively, the "**Transferred Claims**") for distributions to the creditors with the Admitted Claims, for the settlement of any outstanding restructuring costs and scheme costs and the Admitted Claims.

Upon the effective date of the Scheme of Arrangement, the deed of undertakings (the "**Deed of Undertakings**") will also be executed to procure the Excluded Subsidiaries (as defined in below) to execute deed(s) of assignment, novation, waiver and/or set-off, such that no further receivables or payables shall be owed by the Remaining Group to the Excluded Subsidiaries.

(viii) Placing

As one of the conditions precedent to completion of the Subscription and to fund the cash option elected by the creditor, the Scheme Shares attributable to those creditors electing the Cash Option will be placed out under a placing. Pursuant to a placing agreement to be entered into, Scheme Shares will be placed by a placing agent to not less than six independent placees at a placing price of HK$0.7104 per Scheme Share, on a fully underwritten basis. The gross proceeds from the Placing will be applied towards the cash payable to the Creditors electing the Cash option.

A meeting for the Creditors for the purpose of considering and, if thought fit, approving (with or without modification) the Scheme proposed to be made between the Company and the Creditors will be convened pursuant to the orders of the High Court of Hong Kong Special Administrative Region under Section 670 of the Companies Ordinance.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(g) Deconsolidation of subsidiaries

The Current Management considered the control over the subsidiaries as set out in Note 24(a) were lost and given the circumstances as described below, the consolidated financial statements have been prepared based on the available books and records as maintained by the Company and its subsidiaries (Note 33). The results, assets and liabilities of the following subsidiaries were deconsolidated from the consolidated financial statements of the Group with effect from 1 July 2024 on the basis as explained below.

Loss of control of deconsolidated subsidiaries

The following events trigger reassessment of control over subsidiaries ("**Reassessment**") and the Current Management have carried out the Reassessment when preparing the consolidated financial statements.

Save for subsidiaries engaging in the property management services as set out in Note 33, the Current Management considered the Group was unable to exercise its rights as the major shareholder either to control the assets and operations of the subsidiaries discussed below (the "**Deconsolidated Subsidiaries**") or to exercise the decision-making rights over them, on the basis that the Group no longer has: (a) power; (b) exposure, or rights, to variable returns from its involvement; or (c) the ability to use its power to affect the amount of the Company's returns.

(i) *Receivership over a subsidiary during the year ended 31 December 2024*

Reference was made to the announcements of the Company dated 26 June 2022, 10 July 2023 and 26 September 2024.

As detailed in the consolidated financial statements of the Group for the year ended 31 December 2023, on 10 July 2023, the Company was informed by Alvarez & Marsal Asia Limited that the joint and several receivers and managers (the "**Receivers**") have been appointed over the shares of Guangzhou Zhoutouzui Development Limited ("**GZDL**"), an indirect wholly owned Hong Kong subsidiary of the Company, for the breach of loan agreement due to default in repayments of loan with an outstanding principal of approximately HK$340 million and the accrued but unpaid interest thereon.

Notwithstanding the provisional view of The Court of First Instance of the High Court of Hong Kong Special Administrative Region (the "**Court**") that the appointment of the Receivers was valid, the Company was of the view that the appointment was being contested and hence there had not yet been any final and conclusive determination on the validity of the appointment of the Receivers. On 25 September 2024, the Company was informed that the Court has found and ruled, inter alia, that the appointment and removal of directors of GZDL, caused by the Receivers were valid. The Current Management considered that the Company no longer has control over GZDL and its wholly-owned subsidiary on and after 25 September 2024.

(ii) *Enforcement actions against certain subsidiaries in the PRC*

The Current Management became aware of several civil rulings and judgements made during and subsequent to the years ended 31 December 2025 and 2024, which ordered, inter alia, the enforcement of certain subsidiaries which are mainly engaged in the property development and investment business, for the breach of loan agreements due to default in repayments or being as guarantors and the breach of subcontracting agreements due to failure in settlement.

In accordance with the enforcement notices issued by the PRC government, certain subsidiaries' operations were suspended or ceased, assets were all sealed up and distrained and subject to auctioned or sold. The Current Management considered that the Group had lost control over these certain subsidiaries since respective dates of losing control.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(g) Deconsolidation of subsidiaries *(Continued)*

***Loss of control of deconsolidated subsidiaries** (Continued)*

(iii) Freezing orders or government measures against certain subsidiaries in the PRC

The Current Management became aware that certain subsidiaries were involved in various legal proceedings and for some of the subsidiaries, their shares and/or some significant assets, were even subject to freezing orders obtained by the creditors in the PRC during and subsequent to the years ended 31 December 2025 and 2024, for the breach of loan agreement due to default in repayments or being as guarantors and the breach of subcontracting agreements due to failure in settlement. In some circumstances, certain subsidiaries engaged in the property development business were subject to the "Guarantee House Delivery" policy implemented by the PRC local government.

In accordance with the court orders or correspondences with the regulators, certain subsidiaries' operations were suspended and/or the management of the corresponding subsidiaries might be restrained from participating in the affairs of certain subsidiaries.

After the Reassessment, the Current Management consider that it is inappropriate for the Group to consolidate the financial results and financial position of the above subsidiaries into the Group as the Group no longer can exercise its rights as a shareholder to direct the relevant activities.

(iv) In addition, the financial performance and cash flows, the assets and liabilities of the small-sized or inactive subsidiaries were not included in the consolidated financial statements of the Group since 1 July 2024. The Current Management considered that the exclusion of these subsidiaries from the consolidated financial statements would not significantly affect the results and state of affairs of the Group and this was not cost-effective to obtain all these information.

However, because of (i) the departure of Former Directors, key management and accounting personnel of the Company (collectively, "**Former Management**"), (ii) the non-responsiveness of the local management and other personnel of these subsidiaries, the Current Management had been unable to obtain and gain access to their complete books and records, and supporting documents. The Current Management do not have sufficient books and records and supporting documents which enable them to determine the dates of loss of control for each of the Deconsolidated Subsidiaries and to prepare the consolidation of these subsidiaries up to the respective dates of losing control.

Incomplete books and records of certain Deconsolidated Subsidiaries

Reference was also made to the announcements dated 11 February 2025, 13 March 2025 and 30 June 2025.

The Group had drastically reduced its head counts by approximately 30% each year during the years ended 31 December 2023 and 2024 because of its liquidity pressure and deteriorated financial position. The low level of cash and cash equivalents held by the Group was being deployed towards maintaining its basic operating activities. In view of the low level and inadequacy of funding, the Company was unable to secure certain supporting functions including book-keeping and accounting functions, especially for its property development and investment segments, significant number of management members and staff in the PRC and Hong Kong resigned.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(g) Deconsolidation of subsidiaries *(Continued)*

***Incomplete books and records of certain Deconsolidated Subsidiaries** (Continued)*

The Predecessor Directors and Current Board were appointed in February 2025 and August 2025, respectively and were in the process of understanding the operations and affairs of the Group. Following their respective appointment, the Predecessor Directors and the Current Management immediately demanded the Former Management to return to the Company information and documents of the Group, including financial documents crucial for the preparation of the 2024 Annual Report. Nonetheless, their efforts were in vain. Despite repeated requests, the Former Management failed to provide any meaningful updates regarding the progress and state of preparation of 2024 Annual Report and only limited information and documents were returned to the Company. As announced on 27 January 2026, disciplinary action against one of the Former Directors, Mr. Yu, was imposed by the Stock Exchange as Mr. Yu failed to:

- cooperate in any investigation conducted by the listing division of the Stock Exchange and/or the Securities and Futures Commission;
- promptly and openly answer any questions addressed to the director;
- promptly attend before any meeting at which the director is requested to appear; and
- provide up-to-date contact information to the Stock Exchange for a period of three years from the date on which the Director ceases to be director, failing which any documents/notices sent by the Stock Exchange to the last known address on record shall be deemed to have been served on the director.

Following the JPLs being granted with the full power in November 2025, the Current Management had initiated and tried to establish communications to all subsidiaries of the Group requesting for their cooperation to provide the relevant information and documents.

The Current Management explained to the local management and other personnel of these subsidiaries on their duties to provide relevant information and documents and explain and validate the true state of the affairs of the subsidiaries for the preparation of the consolidated financial statements for the years ended 31 December 2025 and 2024. Notwithstanding, the subsidiaries, either controlled by Former Management or received/enforced/frozen as discussed above, did not fully respond to requests of the Current Management.

Though the Current Management have actively sought to retrieve necessary financial documents from the Former Management as well as the local management and other personnel of the above subsidiaries through legal demands and communications, only limited and insufficient documents were provided, and they refused to provide the complete set of relevant information and documents.

Moreover, considering the following actions being taken, including visiting the above subsidiaries and communicating and negotiating with the local management and other personnel of the above subsidiaries and/or the Former Management, the Current Management are of the view that they were unable to ascertain the current situation of the above subsidiaries as to whether the businesses were still in operation and what assets are in the possession of the above subsidiaries, coupled with the scattered, incomplete, unreliable and selective information and documents provided by the local management and other personnel of the above subsidiaries.

The Group has initiated formal legal procedures to change the relevant senior management members of certain subsidiaries above. After taking legal advice from the PRC legal advisers, the implementation of such changes may take a prolonged time and cause undue delay. Up to the date of approval of the consolidated financial statements, the relevant legal procedures to change the senior management members are still in progress.

2. BASIS OF PREPARATION AND PRESENTATION *(Continued)*

(g) Deconsolidation of subsidiaries *(Continued)*

Excluding Deconsolidated Subsidiaries with effect from 1 July 2024

Because of the aforementioned incomplete books and records, the Current Management therefore considered that the information of the Deconsolidated Subsidiaries obtained may not be sufficient to establish an accurate and reliable view of the historical transactions, trading and financial position. Therefore, the Company is unable to prepare the consolidated financial statements of the Group with the inclusion of financial information of the Deconsolidated Subsidiaries.

Furthermore, as disclosed in Note 2(f)(vi), as part of the Scheme of Arrangement, these Deconsolidated Subsidiaries would be transferred to the SPV and the Group would no longer have control over them upon the successful completion of the Scheme of Arrangement.

Accordingly, the Current Management determined to exclude the Deconsolidated Subsidiaries from the consolidated financial statements with effect from 1 July 2024 ("**Deconsolidation**"). This determination was made based on the availability of the unaudited management accounts of the Deconsolidated Subsidiaries for the six-month period ended 30 June 2024 which were consolidated in the Group's condensed consolidated financial statements for the six months ended 30 June 2024. As such, the financial performance and cash flows of the Deconsolidated Subsidiaries for the year ended 31 December 2025 and the period from 1 July 2024 to 31 December 2024 were not included in the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the years ended 31 December 2025 and 2024 respectively, and the assets and liabilities of the Deconsolidated Subsidiaries as at 31 December 2025 and 2024 were not been included in the consolidated statement of financial position of the Group as at 31 December 2025 and 2024 respectively. In the opinion of the Current Management, the consolidated financial statements of the Group as at and for the years ended 31 December 2025 and 2024 prepared on the aforementioned basis is the most appropriate and practical way of presenting the results and state of affairs of the Group more fairly in light of the aforesaid incomplete books and records of the Deconsolidated Subsidiaries.

As of the date of approval of the consolidated financial statements of the Group, the Current Management are satisfied that the Group have used its best efforts, to the extent commercially practicable, to attempt to obtain the accounting records of the Deconsolidated Subsidiaries for the years ended 31 December 2025 and 2024, applying the best estimates and judgement based on the information of the Group that are available. In the opinion of the Current Management, any reconstruction of the correct accounting records would be impracticable as it will be necessary to verify the information with external and independent sources and such sources may not be available or may be unreliable due to their connections with the local management and other personnel of the Deconsolidated Subsidiaries or those responsible for the financial information within and outside of the Group.

Given the abovementioned circumstances, the Current Management were unable to obtain sufficient documentary information regarding whether the Deconsolidation is complied with the requirements of HKFRS 10 "Consolidated Financial Statements" as well as the transactions and balances related to the Deconsolidated Subsidiaries. Accordingly, the Current Management were unable to ascertain the impact of the Deconsolidation and make proper and adequate disclosures related to the Deconsolidated Subsidiaries in the consolidated financial statements.

Further details of the Deconsolidated Subsidiaries are set out in Note 24 to the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

3.1 Amendments to HKFRS Accounting Standards in issue and effective

In the current year, the Group has applied, for the first time, the following amendments to an HKFRS Accounting Standard issued by the HKICPA, which is mandatorily effective for the accounting period beginning on 1 January 2025 for the preparation of the Group's consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability

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

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

The following are new or amendments to HKFRS Accounting Standards that have been issued, but are not yet effective and have not been early applied by the Group.

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 Accounting Standards	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]
Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency[3]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 20	Regulatory Assets and Regulatory Liabilities[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]

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 Accounting Standard mentioned below, the Group has already commenced an assessment of the related impact to the Group of the above new or amendments to HKFRS Accounting Standards. So far, it has concluded that the above new and amendments to HKFRS Accounting Standards will be applied at the respective effective dates and the application of them is unlikely to have a significant impact on the consolidated financial statements of the Group in the foreseeable future.

3. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(Continued)*

3.2 New or amendments to HKFRS Accounting Standards in issue but not yet effective *(Continued)*

HKFRS 18 Presentation and Disclosure in Financial Statements

This standard introduces the following three sets of new requirements to improve entities' reporting of financial performance and give investors a better basis for analysing and comparing entities:

- Presentation of new defined subtotals in the statement of profit or loss;
- Disclosures about management-defined performance measures; and
- Enhanced requirements for grouping (aggregation and disaggregation) of information.

HKFRS 18 supersedes HKAS 1 "Presentation of Financial Statements". Requirements in HKAS 1 that are unchanged have been transferred to HKFRS 18 and other HKFRS Accounting Standards. HKFRS 18 is effective for annual periods beginning on or after 1 January 2027 with earlier application permitted.

The Group is still currently assessing all impacts that HKFRS 18 will have on the presentation of and disclosures in the Group's consolidated financial statements. The initial expected material impacts on the Group's consolidated financial statements are as follows:

- There will be changes in the structure and presentation of the consolidated statement of comprehensive income based on new defined subtotals; and
- New disclosures will be added for the Group's management-defined performance measures.

4. MATERIAL ACCOUNTING POLICY INFORMATION

4.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries).

Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. Control is achieved when the Company has power over the investee, that expose or give rights to variable returns from its involvement with the investee, and the Company is able to use its power to affect the amount of returns from the investee. Generally, control is achieved with a shareholding of more than one half of the voting rights over the relevant activities of the investee. The existence and effect of potential voting rights that are exercisable or convertible are considered when assessing whether the Company controls another entity. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.1 Basis of consolidation *(Continued)*

Consolidation

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

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated in preparing the consolidated financial statements. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from the Group's perspective.

Non-controlling interests

The Group recognises any non-controlling interests in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS Accounting Standards.

Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the equity holders of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.1 Basis of consolidation *(Continued)*

Disposal of subsidiary

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any investment retained; and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. The Group's share of components previously recognised in other comprehensive income is reclassified to the profit or loss or accumulated losses, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Separate financial statements

Subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

4.2 Foreign currency translation

(a) Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**Functional Currency**").

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'finance costs — net'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other income and gains — net'.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.2 Foreign currency translation *(Continued)*

(c) Group entities

The results and financial positions of the Group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet of the Group's entities are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated statement of comprehensive income of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

4.3 Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purpose are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable cost of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. Depreciation on Property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values over their estimated useful lives as follows:

Buildings	12–30 years
Furniture, fixtures and equipment	2–10 years
Motor vehicles	3–10 years

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.3 Property, plant and equipment *(Continued)*

Furniture, fittings and equipment include assets received in the form of free store fit outs are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

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 asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 15).

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued used of the asset. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other losses — net' in the consolidated statement of comprehensive income.

4.4 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 consolidated statement of 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.

The comparative figures in the consolidated statement of comprehensive income should be re-presented as if the operations that have been discontinued during the reporting year had been discontinued at the beginning of the comparative year.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.5 Impairment of non-financial assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those 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 is 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.

In addition, the Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, corporate assets are also allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

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.

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. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. 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. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or 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.

4.6 Lease

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. The Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

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 and liabilities at fair value through profit or loss) are added to the fair value of the financial assets and liabilities, as appropriate, on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date/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.

Classification and subsequent measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("**FVOCI**") and fair value through profit or loss ("**FVPL**").

The Group assesses the classification and measurement of a financial asset based on the contractual cash flows characteristics of the asset and the Group's business model for managing the asset.

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 fair value.

Financial assets at amortised cost

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to the expected credit loss ("**ECL**") assessment.

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. 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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial instruments *(Continued)*

***Financial assets** (Continued)*

Classification and subsequent measurement of financial assets (Continued)

Financial assets at amortised cost *(Continued)*

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

Interest income which are derived from the Group's ordinary course of business are presented as other income and gains — net.

Impairment under ECL model

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade receivables, contract assets, deposits and other receivables and bank balances). The amount of ECL is updated at the end of each reporting period 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 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 end of the reporting period as well as the forecast of future conditions.

The Group always recognises simplified approach and recorded lifetime ECLs for trade receivables and contract assets (if any) that result from transactions within the scope of HKFRS 15 and the ECL on these assets are assessed individually for debtors with significant balances.

For all other instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on financial assets has not increased significantly since initial recognition, the Group measures the loss allowance for that financial asset at an amount equal to 12-month ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in this likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial assets being credit-impaired at the reporting date or an actual default occurring.

(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 as at the reporting period with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward- looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports, financial analysts, government bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial instruments *(Continued)*

***Financial assets** (Continued)*

Impairment under ECL model (Continued)

(i) Significant increase in credit risk (Continued)

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;
- 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; and
- past due information.

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

Depending on the nature of the financial assets, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial assets are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

Despite the foregoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. The Group considers a financial instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial instruments *(Continued)*

***Financial assets** (Continued)*

Impairment under ECL model (Continued)

(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 trade receivable is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

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

When assessing the likelihood of the borrower to pay its credit obligation, the Group takes into account both quantitative and qualitative indicators. Qualitative indicator, such as the breach of covenants, and quantitative indicators, such as overdue status and non-payment on another obligation of the same counterparty are key inputs in this analysis. The Group uses a variety of sources of information to assess credit-impaired which are either developed internally or obtained from external sources.

It may not be possible to identify a single discrete event — instead, the combined effect of several events may have caused financial assets to become credit- impaired. The Group reassesses whether the financial assets measured at amortised cost are credit-impaired at each reporting date.

(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.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial instruments *(Continued)*

***Financial assets** (Continued)*

Impairment under ECL model (Continued)

(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. As for the exposure at default, for financial assets, these are represented by the assets' gross carrying amount at the reporting date.

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.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- nature of financial instruments (i.e. the Group's trade receivables, deposits and other receivables are each assessed as a separate group);
- past-due status; and
- external credit ratings where available.

The maximum period considered when estimating ECL is the maximum contractual period over which the Group is exposed to credit risk.

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

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gains or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial instruments *(Continued)*

***Financial assets** (Continued)*

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either 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

A financial liability is a contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group or a contract that will or may be settled in the Group's own equity instruments and is a non-derivative contract for which the Group is or may be obliged to deliver a variable number of its own equity instruments, or a derivative contract over own equity that will or may be settled other than by the exchange of a fixed amount of cash (or another financial asset) for a fixed number of the Group's own equity instruments.

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

Financial liabilities subsequently measured at amortised cost

After initial recognition, the financial liabilities are subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.7 Financial instruments *(Continued)*

***Financial liabilities and equity instruments** (Continued)*

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by a group entity are recognised as financial liability at the time the guarantee is issued, and are initially measured at their fair values, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of:

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

The fair value of financial guarantee is determined based on the present value of the differences in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Derecognition of financial liabilities

The Group derecognises the 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 of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

4.8 Trade receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.9 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4.10 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

4.11 Cash and cash equivalents and restricted cash

Cash and cash equivalents includes cash in hand and at banks and deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less.

Bank deposits which are restricted to use are included in 'Restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.12 Provisions and contingent liabilities

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. Provisions are not recognised for future operating losses.

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 the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

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.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

4.13 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new share are shown in equity as a deduction, net of tax, from the proceeds.

Where any entity of the Group purchases the Company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to owners of the Company.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.14 Equity-settled share-based payment transactions

The Group operates a share option scheme for remuneration of its employees (including the directors of the Company) and other eligible participants.

The employee services received in exchange for the grant of any share options are measured at their fair value and recognised as expenses. The total amounts to be expensed is determined by reference to the fair value of the options or shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

All services received in exchange for the grant of share options is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in "Share-based payment reserve" within equity. If service or non-market performance conditions apply, the expense is recognised over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market performance and service conditions are included in assumptions about the number of share options that are expected to vest. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. 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 share-based payment 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.

At the time when the share options are exercised, the amount previously recognised in share-based payment reserve and the proceeds received net of any directly attributable transaction costs up to the nominal value of the share issued are reallocated to share capital with any excess being recorded as share premium. When the 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.

Where a grant of share options is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the grant is recognised immediately. This includes any grant where non-vesting conditions within the control of either the Group or the employee are not met.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.15 Employee benefits

(a) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("**MPF Scheme**"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

4.16 Revenue recognition

Revenue is recognised to depict the transfer of promised services to customers in an amount the reflects the consideration to which the entity expects to be entitled in exchange for those services.

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 customers.

(a) Property management

Property management services mainly include security, cleaning, repair and maintenance services to owners or tenants of properties. For revenue from the property management services is recognised in the accounting period in which the services are rendered as the customers simultaneously receives and consumes the benefits provided by the Group's performance when the Group performs. The Group bills a fixed amount for services provided on a monthly basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed. Accordingly, revenue is recognised on a straight-line basis over the specified period unless there is evidence that some other methods better represents the stage of completion, and the cost of services is recognised as incurred in connection with performing such services.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.16 Revenue recognition *(Continued)*

(a) Property management (Continued)

The property management services income from properties managed are charged at lump sum basis since the Group acts as principal and is primarily responsible for providing the general property management services to the property owners by on-site staff which the labour costs are borne by the Group. Other expenses associated with general management services are borne by the Group. If the amount of general property management fees received is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners to pay the Group the shortfall. The Group recognises the fee received or receivable from property owners as its revenue and all related property management costs as its cost of services.

Deposits and instalments received from customers prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities as contract liabilities and are not recognised as revenue.

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

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

(b) Commercial operation

Revenues from commercial operations are recognised in the accounting period in which the related services are rendered.

(c) Other sources

Interest income on financial assets at amortised cost is recognised in the consolidated statement of comprehensive income within 'Other income and gains — net', on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.17 Income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Outside basis differences

Deferred income tax is provided on taxable temporary differences arising from investments in subsidiaries and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

4. MATERIAL ACCOUNTING POLICY INFORMATION *(Continued)*

4.18 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 key management personnel of the Group or the parent of the Company.

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

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

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

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

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

(v) The entity is a post-employment benefit plan for the benefit of the employees of 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 key management personnel of the entity (or of a parent of the entity); or

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

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

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

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

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to ensure that adequate resources are available to manage the above risks and to create value for its shareholders.

As the Current Management consider that the Group's exposure to market risk is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes.

5.1 Financial risk factor

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk refers to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's businesses are principally conducted in RMB. The Group has transactional currency exposures. Such exposures arise from financing and operating activities of the Group's entities conducted in currencies other than the functional currency. At the end of the reporting period, major non-RMB assets and liabilities are cash and cash equivalents and restricted cash and bank and other borrowings, which are denominated in HK$ or United States dollar ("**US$**"). Fluctuation of the exchange rate of RMB against HK$ or US$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The carrying amounts of the Group's monetary assets/(liabilities) which are denominated in currencies other than the functional currencies of the respective Group's entities at the end of the reporting period are as follows:

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents and restricted cash		
— US$	**5,131**	6
Bank and other borrowings		
— US$	**(2,310,985)**	(2,205,072)
— HK$	**(2,931,513)**	(2,850,526)

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

*(a) **Market risk** (Continued)*

(i) Foreign exchange risk (Continued)

The following table demonstrates the effect of sensitivity to reasonably possible changes in US$ and HK$ exchange rates, with all other variables held constant, on the Group's loss after income tax in the next accounting period:

	2025		2024	
	Change in exchange rate %	**Decrease/ (increase) in loss after income tax RMB'000**	Change in exchange rate %	Decrease/ (increase) in loss after income tax RMB'000
If US$ weakens against RMB	**4%**	**69,176**	4%	66,152
If US$ strengthens against RMB	**4%**	**(69,176)**	4%	(66,152)
If HK$ weakens against RMB	**4%**	**87,941**	4%	85,512
If HK$ strengthens against RMB	**4%**	**(87,941)**	4%	(85,512)

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the reporting dates and that all other variables remain constant. The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date.

(ii) Cash flow and fair value interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises primarily from deposits at banks and bank and other borrowings which bore interests at fixed and floating interest rates. Bank and other borrowings arranged at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively.

The Group manages interest rate risk by monitoring its interest rate profile on an ongoing basis. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

As at 31 December 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's loss after income tax for the year by approximately RMB1,384,000 (2024: RMB1,872,000). The assumed changes have no impact on the Group's other components of equity.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk (Continued)

The assumed changes in interest rates are considered to be reasonably possible changes on observation of current market conditions and represent management's assessment of a reasonably possible change in interest rates over the next twelve month period.

The calculation is based on a change in average market interest rates for each period, and the financial instruments held at each reporting date that are sensitive to changes in interest rates. All other variables are held constant. The sensitivity analysis for the year ended 31 December 2024 has been prepared on the same basis.

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a loss to the Group. The credit risk of the Group mainly arises from trade receivables, deposits and other receivables, amounts due from Deconsolidated Subsidiaries and cash and cash equivalents.

The Group's maximum exposure to credit risk in the event of the counterparties failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statement of financial position.

The management has a credit policy in place and the exposures to these credit risks are monitored and controlled on an ongoing basis. The Group accounts for its credit risk by appropriately providing for ECL on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for available reasonable and supportive forward looking macroeconomic data. The loss allowance provision for the Group's financial assets as at the end of each reporting period:

(i) Trade receivables

For the trade receivables arising from property management, the Group managed the credit risk by maintaining close monitoring of the outstanding balances, requiring deposits or prepayment, where appropriate, issuing periodic invoices or demand notes, and following up promptly on overdue accounts. Credit evaluations may be performed for significant customers or contracts.

The Group does not have any major concentration of credit risk related to any individual customer or counterparty. The Group does not hold any collateral over the balances.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

As part of the Group's credit risk management, the Group applies internal credit rating for its customers by reference to past default experience and current past due exposure of the debtor, and an analysis of the debtor's current financial position. The Group applies simplified approach to measure the ECL which uses a lifetime expected loss allowance for all trade receivables. The Group performs impairment assessment under ECL model on trade receivables individually or based on provision matrix.

Except for Deconsolidated Subsidiaries and the customers with significant balances or credit-impaired, which are assessed for impairment individually, the remaining trade receivables, representing larger number of small customers are grouped under a provision matrix based on shared credit risk characteristics by reference to the repayment history over past five years and the corresponding historical credit losses experienced within the period. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated. The historical loss rates were adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group had considered that the PRC's gross domestic product growth and unemployment rate are to be the most relevant factor, and accordingly, adjusted the historical loss rates based on expected changes of this factor.

Deconsolidated Subsidiaries and individual customers with significant balances are assessed individually for the credit risk and risk of default. The Group has used the financial information of counterparties to assess whether credit risk has been increased significantly since initial recognition. The ECLs are estimated based on assumptions about risk of defaults and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward looking information at the end of each reporting period. In assessing forward-looking information, the Group consider macroeconomic factors, industry risks and changes in debtor's conditions.

The Group rebutted the presumption of default under ECL model for trade receivables over 90 days past due based on the good repayment records for those customers with continuous partial settlement.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

(b) Credit risk (Continued)

(i) Trade receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables with third parties at the end of each reporting period:

Trade receivables with third parties	Expected credit loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
As at 31 December 2025			
Within 30 days	**26.2%**	**3,675**	**(963)**
Over 30 days and within 90 days	**35.5%**	**6,016**	**(2,136)**
Over 90 days and within 365 days	**50.3%**	**16,084**	**(8,097)**
Over 365 days	**91.6%**	**13,493**	**(12,360)**
		39,268	**(23,556)**
As at 31 December 2024			
Within 30 days	8.6%	4,044	(348)
Over 30 days and within 90 days	14.5%	6,250	(905)
Over 90 days and within 365 days	32.9%	14,126	(4,642)
Over 365 days	100%	821	(821)
		25,241	(6,716)

For the trade receivables with Deconsolidated Subsidiaries, as the amounts were overdue with no settlement was recorded up to the date of approval of the consolidated financial statements, the ECLs on these balances amounted to approximately RMB47,681,000 (2024: RMB48,951,000) were fully provided.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a long period. The Group made no write-off of trade receivables during the year ended 31 December 2025 (2024: Nil).

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously impaired are credited against the same line item.

The movement of allowance for impairment of trade receivables is separately disclosed in Note 5.1(b)(iii) below.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

(b) Credit risk (Continued)

(ii) Other financial assets at amortised cost

The deposits and other receivables are mainly amounts due from Deconsolidated Subsidiaries.

For the deposits and other receivables other than balances with Deconsolidated Subsidiaries, they are closely monitored for recoverability and collectability and the Group maintains close communications with the counterparties. The Group uses the past-due information of counterparties to assess whether credit risk has increased significantly since initial recognition.

Deconsolidated Subsidiaries are assessed individually for the credit risk and risk of default. The Group has used the financial information of counterparties to assess whether credit risk has been increased significantly since initial recognition. The ECLs are estimated based on assumptions about risk of defaults and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment assessment, based on the Group's past history, existing market conditions as well as forward looking information at the end of each reporting period. In assessing forward-looking information, the Group consider factors macroeconomic factors, industry risks and changes in debtor's conditions.

Besides, the management also regularly reviews the recoverability of the rest of the receivables and follow up the disputes or amounts overdue, if any. As at the reporting date, except for the balances with Deconsolidated Subsidiaries and past due balances, the rest of balances are not past due, and based on historical experience, majority of these balances were settled shortly upon maturity and within business operating cycle, hence the associated credit risk is minimal. For the balances with Deconsolidated Subsidiaries and certain past due other receivables, as the amounts were overdue with no settlement was recorded up to the date of approval of the consolidated financial statements, the ECLs on these balances amounted to approximately RMB7,438,541,000 and RMB16,483,000, respectively (2024: RMB7,585,152,000 and RMB16,483,000, respectively), were fully provided.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

(b) Credit risk (Continued)

(ii) Other financial assets at amortised cost (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for deposits and other receivables at the end of each reporting period:

Deposits and other receivables	Expected credit loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
As at 31 December 2025			
Amounts due from Deconsolidated Subsidiaries	100%	7,438,541	(7,438,541)
Deposits and other receivables from other third parties	84.4%	19,444	(16,483)
		7,457,985	(7,455,024)
As at 31 December 2024			
Amounts due from Deconsolidated Subsidiaries	100%	7,585,152	(7,585,152)
Deposits and other receivables from other third parties	85.9%	19,199	(16,483)
		7,604,351	(7,601,635)

Cash and cash equivalents

The Group expects that there is no significant credit risk associated with cash and cash equivalents and time deposits, since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. The management does not expect that there will be any significant losses from non-performance by these counterparties.

Financial guarantee contracts

As at 31 December 2025, the Company has provided guarantees to banks and other financial institutions on behalf of certain Deconsolidated Subsidiaries for their loan facilities and may be liable for any outstanding indebtedness in the event of default by these Deconsolidated Subsidiaries. The Current Management considered that the loss allowances on such guarantees at 31 December 2025 were insignificant to the Group as these will be compromised and discharged in full in accordance with the terms of Scheme of Arrangement (2024: Same). Detailed disclosure of these guarantees is made in Note 25.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

(b) Credit risk (Continued)

(iii) The movement of loss allowance provision for the Group's financial assets as follows:

	Trade Receivables - Third parties RMB'000	Trade receivables - Deconsolidated Subsidiaries RMB'000	Loan receivables RMB'000	Deposits and other receivables RMB'000	Amounts due from non-controlling interest RMB'000	Amounts due from Deconsolidated Subsidiaries RMB'000	Total RMB'000
At 1 January 2024	20,016	–	161,357	47,473	275,402	–	504,248
Amounts derecognised upon the deconsolidation	(20,016)	–	(161,357)	(47,473)	(275,402)	–	(504,248)
Provision for impairment during the year	6,716	48,951	–	16,483	–	7,585,152	7,657,302
At 31 December 2024 and 1 January 2025	6,716	48,951	–	16,483	–	7,585,152	7,657,302
Provision for/(reversal of impairment during the year	16,840	(1,270)	–	–	–	(146,611)	(131,041)
At 31 December 2025	**23,556**	**47,681**	**–**	**16,483**	**–**	**7,438,541**	**7,526,261**

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

Internal credit rating	Description	Trade receivables	Other financial assets
Performing	The counterparty has a low to moderate risk of default and does not have any past-due amounts	Lifetime ECL – not–credit impaired	12-month ECL
Underperforming	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
Non-performing	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit impaired	Lifetime ECL – credit impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

(b) Credit risk (Continued)

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

	Notes	Internal credit rating	12-month or lifetime ECL	**Gross carrying amount 2025 RMB'000**	Gross carrying amount 2024 RMB'000
Financial assets at amortised cost:					
Trade receivables with third parties	*16*	Performing	Lifetime ECL (not credit-impaired)	**25,775**	24,420
		Non-performing	Lifetime ECL (credit-impaired)	**13,493**	821
Trade receivables with Deconsolidated Subsidiaries	*16*	Non-performing	Lifetime ECL (credit-impaired)	**47,681**	48,951
Amounts due from Deconsolidated Subsidiaries	*24(c)*	Non-performing	Lifetime ECL (credit-impaired)	**7,438,541**	7,585,152
Deposits and other receivables, excluding prepayments and goods and services tax receivables	*16*	Performing	12-month ECL	**2,961**	2,716
		Non-performing	Lifetime ECL (credit-impaired)	**16,483**	16,483
Restricted cash	*17*	N/A	12-month ECL	**3,007**	685
Cash and cash equivalents	*17*	N/A	12-month ECL	**18,326**	14,007

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

(c) Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

Management of the Group aims to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing.

As detailed in Note 19, all the bank and other borrowings were defaulted for repayments respectively as at the end of reporting period and/or on the approval date of the consolidated financial statements. The Current Management closely monitor the cash flows of the Group and the Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options based on its assessment of relevant future costs and benefits.

The table below analyses the non-derivative financial liabilities and lease liabilities of the Group into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows and the earliest date the Group can be required to pay. Balances within 1 year other than bank and other borrowings and lease liabilities, equal their carrying balances as impact from discounting is not significant.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.1 Financial risk factor *(Continued)*

(c) Liquidity risk (Continued)

		Total undiscounted cash flow						
		Less than 3 months and on demand RMB'000	3 to 12 months RMB'000	1 to 2 years RMB'000	2 to 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
As at 31 December 2025								
Trade payables		35,147	–	–	–	–	35,147	35,147
Other payables, excluding taxes and surcharges and accrued salaries payable		24,600	–	–	–	–	24,600	24,600
Amounts due to Deconsolidated Subsidiaries		2,470,245	–	–	–	–	2,470,245	2,470,245
Bank and other borrowings	*Note*	5,242,498	–	–	–	–	5,242,498	5,242,498
Guarantee for loan facilities for Deconsolidated Subsidiaries		10,064,346	–	–	–	–	10,064,346	–
		17,836,836	–	–	–	–	17,836,836	7,772,490
As at 31 December 2024								
Trade payables		33,367	–	–	–	–	33,367	33,367
Other payables, excluding taxes and surcharges and accrued salaries payable		13,493	–	–	–	–	13,493	13,493
Amounts due to Deconsolidated Subsidiaries		2,470,202	–	–	–	–	2,470,202	2,470,202
Bank and other borrowings	*Note*	5,055,598	–	–	–	–	5,055,598	5,055,598
Guarantee for loan facilities for Deconsolidated Subsidiaries		7,739,737	–	–	–	–	7,739,737	–
		15,312,397	–	–	–	–	15,312,397	7,572,660

Note: Interest on bank and other borrowings is calculated on borrowings held as at 31 December 2025 (2024: Same). Floating-rate interest is estimated using the current interest rate as at 31 December 2025 (2024: Same).

The Group has not recognised in the consolidated financial statements the corporate guarantees issued for the facilities issued as disclosed in Note 25. The amounts included above for loan facilities for Deconsolidated Subsidiaries are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amounts if these amounts are claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee that the guaranteed financial receivables held by the counterparty suffer credit losses.

5. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(Continued)*

5.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to owners, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years.

5.3 Fair value estimation

Financial instruments not measured at fair value

Except as detailed in Note 19(e), the Current Management consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statement of financial position approximate to their fair values.

5.4 Summary of financial assets and financial liabilities by category

	2025 RMB'000	2024 RMB'000
Financial assets		
At amortised cost		
— Trade receivables	**15,712**	18,525
— Deposits and other receivables	**2,961**	2,716
— Amounts due from Deconsolidated Subsidiaries	**–**	–
Restricted cash	**3,007**	685
Cash and cash equivalents	**18,326**	14,007
	40,006	35,933
Financial liabilities		
At amortised cost		
— Trade payables	**35,147**	33,367
— Accruals and other payables	**24,600**	13,493
— Amounts due to Deconsolidated Subsidiaries	**2,470,245**	2,470,202
— Bank and other borrowings	**5,242,498**	5,055,598
	7,772,490	7,572,660

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the consolidated financial statements requires the Current Management to make judgements, estimates and assumptions that affect the adoption of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

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

Critical accounting judgement

(a) Deconsolidation of subsidiaries

The Deconsolidated Subsidiaries had been excluded from the consolidated financial statements of the Company since 1 July 2024 as described in Note 2(g).

In making their judgement, the Current Management considered the criteria for the consolidation of an entity as set out in HKFRS 10 Consolidated Financial Statements issued by the HKICPA. In light of the circumstances mentioned, the Current Management are of the opinion that the Group can no longer exercise its ownership rights in the Deconsolidated Subsidiaries, and accordingly, deconsolidated the Deconsolidated Subsidiaries from the consolidated financial statements of the Group since 1 July 2024.

The details of the Deconsolidated Subsidiaries are disclosed in Notes 2(g) and 24.

Critical accounting estimates

(b) Estimates of current tax and deferred tax

The Group is subject to income tax in the PRC. Significant judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provision in the period in which such determination is made.

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with most of local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC land appreciation taxes based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

6. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

Critical accounting estimates *(Continued)*

(b) Estimates of current tax and deferred tax (Continued)

Deferred tax assets relating to certain temporary differences and tax losses are recognised as management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred tax expense in the periods in which such estimate is changed. The outcome of their actual utilisation may be different.

(c) Loss allowance for trade receivables

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

The provision rate is initially based on the Group's historical observed default rates. The Group will calibrate the rates to adjust historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The information about the ECLs on the Group's trade receivables is disclosed in Notes 5.1(b) and 16.

(d) Loss allowance for other receivables (including the amounts due from Deconsolidated Subsidiaries)

In determining the ECLs, the management has taken into account the historical default experience and the financial positions of the debtors, adjusted for factors that are specific to the debtor and general economic conditions of the industry in which the related companies and non-controlling interests operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

The information about the ECLs on the Group's other receivables are disclosed in Notes 5.1(b), 16 and 24(c).

(e) Impairment of investments in subsidiaries

The Company follow the guidance of HKAS 36 in determining whether an investment in subsidiaries are impaired. This determination requires significant judgement which involves estimation uncertainty. The Company evaluates, among other factors, the extent to which the recoverable amount of an investment is less than its carrying amount and the financial health of and near-term business outlook for the investment, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amount of investment in subsidiaries, at the end of the financial year is disclosed in Note 33.

7. REVENUE AND SEGMENT REPORTING

The accounting policies of the operating segments are the same as the Group's accounting policies described in Note 4. The former executive directors, as the former chief operating decision-makers ("**CODM**") of the Group, review the Group's internal reporting in order to assess performance and allocate resources. The former CODM determined the operating segments based on these reports. The Group's operating segments were strategic business units that offer different services. They were managed separately because each business requires different marketing strategies.

The Group was originally organised into four business segments: property development, property investment, property management and commercial operation. Revenue consists of sales of properties, income of property management services, rental income of investment properties and commercial operation.

As a result of the circumstances as stated in Note 2(g), the Group has excluded the Deconsolidated Subsidiaries which engaged in property development and property investment businesses during the year ended 31 December 2024, the entire "Property Development" and "Property Investment" segments were then accounted for as a discontinued operation. The segment information reported below does not include any amounts of the discontinued operations and details of which are disclosed in Note 23.

Since then, the Group's financial performance was reviewed by the Current Management, the Current CODM, as a whole, which comprising the property management services and commercial operation services provided by the Group to customers and determined in accordance with the Group's accounting policies, for resource allocation and performance assessment. No other discrete financial information is provided other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

Geographical information

All of the Group's consolidated revenue and results are attributable to the market in the PRC and the Group's consolidated assets are substantially located in the PRC, no geographical information is presented.

Information about major customers

The Group had a large number of customers and none of whom contributed 10% or more of the Group's revenue for the year ended 31 December 2025 (2024: Same).

	2025	2024
	RMB'000	RMB'000
Continuing operations:		
Revenue recognised over time		
— Property management services	**114,191**	127,481
— Commercial operation	**801**	1,899
	114,992	129,380

The Group applies the practical expedient in paragraph 21 of HKFRS 15 and does not disclose information about remaining performance obligations that have original expected duration of one year or less.

8. OTHER (LOSSES)/GAINS – NET

	2025 RMB'000	2024 RMB'000
Continuing operations:		
Other income	40	–
Other losses	(887)	(2,356)
	(847)	(2,356)

9. FINANCE COSTS — NET

	2025 RMB'000	2024 RMB'000
Continuing operations:		
Interest expenses for bank and other borrowings	(440,842)	(467,326)
Default interest	(140,907)	(77,539)
	(581,749)	(544,865)
Foreign exchange gain/(loss) on financing activities – net	251,455	(162,458)
	(330,294)	(707,323)
Finance income: Bank interest income	8	23
Finance costs – net	(330,286)	(707,300)

10. LOSS BEFORE INCOME TAX

	Notes	2025 RMB'000	2024 RMB'000
Continuing operations:			
Direct costs (including cleaning fees, repair and maintenance, security service fees and etc.)		**52,220**	57,891
Legal and professional fees		**16,783**	23,575
Depreciation charged on property, plant and equipment		**230**	172
Staff costs (including directors' emoluments) comprise of:	*11*		
Basic salaries		**36,885**	31,364
Bonuses and other benefits		**1,729**	1,749
Contributions to defined contribution pension plans		**6,526**	5,640
Staff costs charged to the profit or loss		**45,140**	38,753
Auditor's remunerations		**720**	940
– audit services		**720**	940
– non-audit services		**–**	–
Short-term lease payments		**60**	42

11. STAFF COSTS

(a) Directors and chief executive emoluments

The remuneration of each director (emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking) for the years ended 31 December 2025 and 2024 are set out below:

	Fees RMB'000	Salaries and other benefits RMB'000 *(Note (i))*	Bonuses RMB'000 *(Note (ii))*	Contributions to defined contribution pension plan RMB'000	Total RMB'000
Year ended 31 December 2025					
Executive directors					
Mr. Yu (resigned on 19 February 2025)	–	–	–	–	–
Jin Zhifeng (resigned on 3 January 2025)	–	–	–	–	–
Wang Shou Kun (appointed on 3 January 2025 and resigned on 19 February 2025)	–	–	–	–	–
Sit Hon Wing (appointed on 18 February 2025 and resigned on 1 September 2025)	734	–	–	–	734
Liang Zhenjie (appointed on 18 February 2025 and resigned on 1 September 2025)	734	–	–	–	734
Chou Wah Hung (appointed on 18 February 2025 and resigned on 1 September 2025)	734	–	–	–	734
Zhang Guo Cheng (appointed on 28 August 2025)	–	–	–	–	–
Non-executive director					
Li Jian Wen (appointed on 28 August 2025)	–	–	–	–	–
Independent non-executive directors					
Wen Xiaojing (resigned on 12 February 2025)	–	–	–	–	–
Cui Yuan (resigned on 12 February 2025)	–	–	–	–	–
Fong Wai Ho (appointed on 28 April 2025 and resigned on 26 August 2025)	–	–	–	–	–
Cheung Wing Ka (appointed on 28 April 2025 and resigned on 26 August 2025)	–	–	–	–	–
Huang Ping (appointed on 28 April 2025 and resigned on 26 August 2025)	–	–	–	–	–
	2,202	–	–	–	2,202

11. STAFF COSTS *(Continued)*

(a) Directors and chief executive emoluments *(Continued)*

	Fees RMB'000	Salaries and other benefits RMB'000 *(Note (i))*	Bonuses RMB'000 *(Note (ii))*	Contributions to defined contribution pension plan RMB'000	Total RMB'000
Year ended 31 December 2024					
Executive directors					
Mr. Yu (resigned on 19 February 2025)	–	–	–	–	–
WANG Chenghua (resigned on 2 June 2023)	–	–	–	–	–
JIN Zhifeng (resigned on 3 January 2025)	–	–	–	–	–
Wang Shoukun (appointed on 3 January 2025 and resigned on 19 February 2025)	–	–	–	–	–
Sit Hon Wing (appointed on 18 February 2025 and resigned on 1 September 2025)	–	–	–	–	–
Liang Zhenjie (appointed on 18 February 2025 and resigned on 1 September 2025)	–	–	–	–	–
Chow Wah Hung (appointed on 18 February 2025 and resigned on 1 September 2025)	–	–	–	–	–
Zhang Guo Cheng (appointed on 28 August 2025)	–	–	–	–	–
Non-executive directors					
WANG Kailing (resigned on 24 June 2024)	–	–	–	–	–
Li Jian Wen (appointed on 28 August 2025)	–	–	–	–	–
Independent non-executive directors					
WEN Xiangjing (resigned on 12 February 2025)	–	–	–	–	–
CUI Yuan (resigned on 12 February 2025)	–	–	–	–	–
TANG Yu (resigned on 12 February 2025)	–	–	–	–	–
Fong Wai Ho (appointed on 28 April 2025 and resigned on 26 August 2025)	–	–	–	–	–
Cheung Wing Ka (appointed on 28 April 2025 and resigned on 26 August 2025)	–	–	–	–	–
Huang Ping (appointed on 28 April 2025 and resigned on 26 August 2025)	–	–	–	–	–
	–	–	–	–	–

Notes:

(i) Salaries and other benefits included basic salaries, housing and other allowances and benefits-in-kind.

(ii) Bonuses were not contractual but were discretionarily provided based on the Directors' performance. The amount of entitlement was subject to approval by the Remuneration Committee of the Company.

11. STAFF COSTS *(Continued)*

(a) Directors and chief executive emoluments *(Continued)*

Notes: (Continued)

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

(iv) Fees, salaries, allowances and benefits-in-kind paid to or for the executive directors of the Company are generally emoluments paid or receivable in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

(v) Certain directors agreed to waive any remuneration (2024: All directors agreed to waive all remuneration during the year).

(vi) During the year, no emoluments were paid by the Group to the directors as inducement to join or upon joining the Group, or as compensation for loss of office (2024: Nil).

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2025 and 2024 did not include any directors, whose emoluments were reflected in the analysis shown in the Note 11(a) above. The emoluments paid and payable to the remaining 5 (2024: 5) highest paid individuals during the year are as follows:

	2025 RMB'000	2024 RMB'000
Basic salaries and other benefits	1,798	2,690
Contributions to defined contribution pension plans	289	293
	2,087	2,983

Their emoluments are within the following bands:

	Number of individuals	
	2025	2024
Nil to HK$1,000,000	5	5

(c) Defined contribution pension plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of certain percentage of eligible employees' relevant aggregate income, with a maximum cap per employee per month.

12. INCOME TAX (CREDIT)/EXPENSE

The amount of taxation in the consolidated statement of comprehensive income represents:

	2025 RMB'000	2024 RMB'000
Continuing operations:		
Current year		
PRC corporate income tax expense	**3,983**	6,094
Under-provision in prior years		
— PRC corporate income tax	**16**	1,238
Deferred tax		
— PRC corporate income tax *(Note 20)*	**(4,205)**	(1,636)
Total income tax (credit)/expense	**(206)**	5,696

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which entities in the Group are domiciled and operated.

PRC corporate income tax

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group's entities located in the PRC is 25%.

Certain PRC subsidiaries of the Group, which are small size and low-profit enterprise under the Law of the PRC on Enterprise Income Tax ("**EIT Law of PRC**"), are entitled to effective PRC corporate income tax of 5% for first RMB3 million of their annual taxable income with effective period from 1 January 2023 to 31 December 2027.

PRC withholding income tax

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. The relevant overseas holding companies have successfully obtained endorsement from the PRC tax bureau to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group.

Overseas income tax

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax under these jurisdictions.

12. INCOME TAX (CREDIT)/EXPENSE *(Continued)*

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year (2024: Nil).

The income tax expense for the year can be reconciled to the loss before income tax from continuing operations per the consolidated statement of comprehensive income as follows:

	2025 RMB'000	2024 RMB'000
Loss before income tax	(201,219)	(8,353,876)
Tax at the applicable tax rate of 25%	(50,305)	(2,088,469)
Tax effect of expense not deductible	88,235	2,094,058
Tax effect of non-taxable income	(36,970)	–
Tax effect of tax relief or concessionary tax rate granted to PRC subsidiaries	(282)	(117)
Tax loss not recognised	12	8
Utilisation of tax loss not recognised	(912)	(1,022)
Under-provision in prior years	16	1,238
	(206)	5,696

13. (LOSS)/EARNINGS PER SHARE

	2025 RMB'000	2024 RMB'000
(Loss)/profit for the year attributable to owners of the Company:		
From continuing operations	(201,034)	(8,359,290)
From discontinued operations	–	3,603,412
	(201,034)	(4,755,878)

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

	Number of shares	
	'000	'000
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per share	**8,446,331**	8,446,331
(Loss)/earnings per share		
From continuing and discontinued operations		
Basic and diluted (expressed in RMB)	**(0.024)**	(0.563)
From continuing operations		
Basic and diluted (expressed in RMB)	**(0.024)**	(0.990)
From discontinued operations		
Basic and diluted (expressed in RMB)	**–**	0.427

Basic (loss)/earnings per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

Diluted (loss)/earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

As at 31 December 2025, there were no potential ordinary shares in issue (2024: the dilutive potential ordinary shares of the Company are share options (Note 26)). The calculation of share options is determined by the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The calculation of the diluted (loss)/earnings per share is based on the (loss)/profit for the year attributable to owners of the Company and the weighted average number of ordinary shares after adjustment for the effect of the exercise of the Company's outstanding share options (2024: Same).

As the Group incurred loss attributable to owners of the Company from continuing operations for the year ended 31 December 2025, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive (2024: Same).

For the year ended 31 December 2024, the assumed conversion of potential ordinary shares in relation to the share option has anti-dilutive effect to the basic earnings per share from discontinued operations as the average market price of ordinary shares lower than the exercise price of the share options during the year.

14. DIVIDENDS

No dividend for the year ended 31 December 2025 (2024: Nil) has been proposed by the Current Management.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Furniture, fixtures and equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2025				
Opening net book amount	459	1,337	98	1,894
Additions	–	42	–	42
Depreciation *(Note 10)*	(23)	(188)	(19)	(230)
Closing net book amount	436	1,191	79	1,706
At 31 December 2025				
Cost	488	3,858	319	4,665
Accumulated depreciation	(52)	(2,667)	(240)	(2,959)
Net book amount	436	1,191	79	1,706
Year ended 31 December 2024				
Opening net book amount	55,667	5,993	1,026	62,686
Additions	–	1,211	–	1,211
Disposals	–	(284)	–	(284)
Depreciation *(Notes 10 and 23)*	(1,996)	(170)	(21)	(2,187)
Amounts derecognised upon Deconsolidation *(Note 24)*	(53,214)	(5,413)	(907)	(59,534)
Exchange differences	2	–	–	2
Closing net book amount	459	1,337	98	1,894
At 31 December 2024				
Cost	488	3,825	319	4,632
Accumulated depreciation	(29)	(2,488)	(221)	(2,738)
Net book amount	459	1,337	98	1,894

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	2025 RMB'000	2024 RMB'000
Trade receivables			
— Third parties, gross		**39,268**	25,241
Less: Loss allowance		**(23,556)**	(6,716)
		15,712	18,525
— Deconsolidated Subsidiaries, gross	*24(c)*	**47,681**	48,951
Less: Loss allowance		**(47,681)**	(48,951)
		–	–
	(a)	**15,712**	18,525
Other receivables, deposits:			
Other receivables and deposits, gross	*(b)*	**19,444**	19,199
Less: Loss allowance		**(16,483)**	(16,483)
		2,961	2,716
Prepayments		**238**	213
Total other receivables, deposits and prepayments		**3,199**	2,929

As at 1 January 2024, trade receivables from contract with customers amounted to approximately RMB144,934,000 including those under discontinued operations.

Note 5.1(b)(i) and (ii) provides details about the exposure to credit risk exposure of trade and other receivables and deposits.

16. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS *(Continued)*

Notes:

(a) The majority of the Group's trade receivables were derived from property management services. Proceeds in respect of property management services are to be received in accordance with the terms of related service contracts. All trade receivables are due from independent third parties and Deconsolidated Subsidiaries.

The ageing analysis of gross trade receivables as at the respective balance sheet date, based on the date of services provided and the revenue recognised is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	**3,675**	4,044
Over 30 days and within 90 days	**6,016**	6,287
Over 90 days and within 365 days	**17,386**	14,268
Over 365 days	**59,872**	49,593
	86,949	74,192

As at 31 December 2025, the fair value of trade receivables approximated their carrying amounts (2024: Same).

(b) All balances of other receivables are from independent third parties. The carrying amounts of other receivables approximate their fair values.

As at 31 December 2024, allowance for ECLs were fully made for other receivables that due for more than one year which was approximately RMB16,483,000 and recognised in the consolidated statement of comprehensive income for the year ended 31 December 2024. No further impairment made for the year ended 31 December 2025.

17. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

		2025 RMB'000	2024 RMB'000
Short-term bank deposits		**1,435**	–
Cash at bank and in hand		**19,898**	14,692
		21,333	14,692
Less: Restricted cash		**(3,007)**	(685)
Cash and cash equivalents		**18,326**	14,007
Denominated in:			
— RMB	*Note*	**16,071**	14,555
— US$		**5,131**	6
— HK$		**131**	131
		21,333	14,692

Note:

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

18. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES

	Notes	2025 RMB'000	2024 RMB'000
Trade payables			
— Deconsolidated Subsidiaries	*24(d)*	**14,008**	10,064
— Third parties		**21,139**	23,303
	(a)	**35,147**	33,367
Accruals and other payables			
Accrued taxes and surcharges		**827**	765
Other payables and accruals			
— Third parties		**24,600**	13,493
Receipt in advance, rental and other deposits from residents and tenants			
— Deconsolidated Subsidiaries		**22**	24
— Third parties	*(b)*	**49,470**	51,753
Accrued staff salaries and bonuses		**11,684**	7,200
		86,603	73,235

Notes:

(a) The ageing analysis of trade payables, based on the transaction date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	**7,876**	9,767
Over 30 days and within 90 days	**3,610**	7,402
Over 90 days and within 365 days	**3,037**	4,493
Over 365 days	**20,624**	11,705
Total trade payables	**35,147**	33,367

18. TRADE PAYABLES, ACCRUALS AND OTHER PAYABLES *(Continued)*

Notes: (Continued)

(b) Included receipt in advance amounted to approximately RMB24,024,000 (2024: RMB25,982,000) from third parties comprise of the advance payments made by customers while the property management services are yet to be provided.

Movement of the above receipts in advance is as follows:

	2025 RMB'000	2024 RMB'000
As at beginning of the year	**25,982**	25,727
Revenue recognised in relation to property management services business that was included in the receipt in advance at the beginning of the year	**(25,982)**	(25,727)
Increase due to receipts in advance from customers during the year	**24,024**	25,982
As at end of the year	**24,024**	25,982

The Group's trade payables, accruals and other payables are mainly denominated in RMB and the fair value approximate their carrying amounts.

19. BANK AND OTHER BORROWINGS

	Notes	2025 Contractual interest rate (%)	2025 Original maturity	2025 RMB'000	2024 Contractual interest rate (%)	2024 Original maturity	2024 RMB'000
Current							
Bank borrowing — Secured	*(a)*	**HIBOR+8%**	**2022**	**369,130**	HIBOR+8%	2022	499,248
Other borrowing — Unsecured	*(b)*	**5%**	**2026**	**10,908**	N/A	N/A	–
Note — Secured	*(c)*	**13.00%**	**2022**	**2,300,076**	13.00%	2022	2,205,072
Bonds — Unsecured	*(d)*	**7.00%–12.50%**	**2024–2034**	**2,562,384**	7.00%–12.50%	2024–2034	2,351,278
Total				**5,242,498**			5,055,598

19. BANK AND OTHER BORROWINGS *(Continued)*

Notes:

(a) Bank borrowing

As at 31 December 2025, a bank borrowing with principal amount of approximately RMB161,860,000 (2024: RMB320,725,000), carried variable interest rate at HIBOR plus a specified margin of 800 BP per annum, and became immediately repayable because of default in payment of the outstanding principal in previous years. The accrued unpaid interest of approximately RMB207,270,000 (2024: RMB178,523,000) were immediately repayable. The total outstanding amounts as at 31 December 2025 are approximately RMB369,130,000 (2024: RMB499,248,000).

The effective interest rates of the bank borrowing are ranging from 8.73% to 12.18% (2024: 11.94% to 12.99%) per annum).

In 2023, a bank in Hong Kong initiated certain legal actions against the Group in respect of a bank borrowing which was defaulted in 2022 with an outstanding principal amount of HK$180,376,000 (approximately RMB161,860,000) and the interest and default interest payables of approximately HK$230,982,000 (approximately RMB207,270,000) as at 31 December 2025 (2024: an outstanding principal amount of HK$340,000,000 (approximately RMB320,725,000) and the interest and default interest payables of approximately HK$189,253,000 (approximately RMB178,523,000)).

The bank borrowing was mainly secured by certain properties located in the PRC which were held by a deconsolidated subsidiary incorporated in the PRC and 100% equity interest of a deconsolidated subsidiary incorporated in Hong Kong which is the immediate holding company of the company holding the said properties (2024: Same).

The legal actions mainly include (i) an arbitration in the PRC initiated by the bank which resulted in a legal proceeding with the Guangdong Province Guangzhou City Intermediate People's Court of the PRC; and (ii) an appointment of joint and several receivers and managers (the "**Receiver**"), as explained in Note 2(g)(i), over Charged Shares which could be registered under the names of the Receiver, pursuant to the powers contained in the respective loan agreement.

During the year ended 31 December 2025, Guangdong Province Guangzhou City Intermediate People's Court of the PRC has initiated and completed an enforcement proceeding which had auctioned all the pledged properties of the aforementioned deconsolidated subsidiary. Based on the distribution plan, the bank has entitled a total amount of approximately RMB162,440,000. During the year ended 31 December 2025, the bank has received approximately RMB150,900,000 as settlement of the bank borrowing. For the remaining unsettled amounts, as disclosed in Note 2(f)(vi), the Current Management concluded that upon the completion of the proposed Scheme of Arrangement, the Admitted Claims against the Company (including all the bank and other borrowings of the Group) will be compromised and discharged in full in accordance with the terms of Scheme of Arrangement.

(b) Other borrowing

As at 31 December 2025, the Group had an unsecured other borrowing from an independent third party which was not a financial institution with aggregated principal amount of approximately RMB10,477,000 (equivalent to USD1,500,000). The other borrowing carried fixed interest rate of 5% per annum and repayable in March 2026. As at 31 December 2025, the accrued unpaid interests thereon amounting to approximately RMB431,000 (equivalent to approximately USD62,000). Subsequent to the reporting period, the amount remained unsettled and as disclosed in Note 2(f)(vi), the Current Management concluded that upon the completion of the proposed Scheme of Arrangement, the Admitted Claims against the Company (including all the bank and other borrowings of the Group) will be compromised and discharged in full in accordance with the terms of Scheme of Arrangement.

(c) 13% senior note

The 13% senior note issued by the Company, with maturities in 2022 listed on Singapore Exchange Securities Trading Limited. The remaining carrying amount of respective notes, which were classified as current liabilities as they became immediately repayable as a result of the event of cross default.

19. BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(c) 13% senior note (Continued)

Key terms of respective senior notes are as follows:

Nominal amount:	US$274,000,000
Nominal amount:	RMB1,908,300,000
Issue date:	2019/7/8–2019/11/14
Security code:	ISIN: XS2022224047
Interest rate:	13% per annum, which is repayable semi-annually in arrears on January 8 and July 8 of each year, commencing 8 January 2020
Effective interest rate:	13.15%–13.26%
Final maturity date:	8 July 2022
Collateral:	the collateral securing the notes, consists of a share charge of the entire shareholding interest over Winprofit Investment Enterprises Limited, one of the Deconsolidated Subsidiaries
Redemption option of 2022 Note:	At any time prior to the final maturity date, the Company or the issuer may at its option redeem the notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes plus an applicable premium as of, and accrued and unpaid interest, if any, to the redemption date. At any time and from time to time prior to the final maturity date, the Company or the issuer may redeem up to 35% of the aggregate principal amount of the notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.0% of the principal amount of the notes, plus accrued and unpaid interest, if any, to the redemption date; provided that at least 65% of the aggregate principal amount of the notes issued on the original issue date of the notes remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.
Repurchase option of 2022 Note:	The Company or the issuer shall, at the option of any holder of the notes, repurchase all of the notes held by such holder, or any portion of the principal thereof that is equal to US$200,000 or integral multiples of US$1,000 in excess thereof on the put option settlement date at 100% of the principal amount of the notes plus accrued interests.

19. BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(d) Bonds

The remaining carrying amount of respective bonds, with maturities ranging from 2023 to 2034, as at the end of each reporting date are as follows:

	2025 RMB'000	2024 RMB'000
Unsecured		
2023/2024 Bonds	**245,308**	214,894
2024–2033 Bonds	**1,651,064**	1,522,272
2027/2034 Bonds	**666,012**	614,112
	2,562,384	2,351,278

2024-2033 Bonds were listed on the Stock Exchange. As at 31 December 2025, the trading of the 2024-2033 Bonds was suspended (2024: Same).

The entire balance as at 31 December 2025 and 2024 were classified as current liabilities as they became immediately repayable as a result of the event of cross default.

As at 31 December 2025, the Group is required to repay the outstanding principal and interest thereon (with the default interest at range from 13.98% to 20% per annum (2024: 13.98% to 20% per annum) accrued up to the date of full settlement. As at 31 December 2025, the accrued but unpaid interests thereon amounting to approximately RMB211,505,000 (2024: RMB99,599,000).

Key terms of respective bonds are as follows:

	2023/2024 Bonds	2024/2025/2026 2031/2032/2033 Bonds ("2024–2033 Bonds")	2027/2034 Bonds
Nominal amount:	HK$155,300,000	HK$3,290,000,000	HK$1,890,000,000
Nominal amount:	RMB138,729,000	RMB2,938,957,000	RMB1,688,337,000
Issue date:	2020/05/13–2022/9/15	2014/10/22–2017/6/2	2017/6/20–2018/6/15
Security code:	N/A	ISIN: XS1130150391 XS1323898707 XS1397876258 XS1525845985 XS1558627771 XS1142114278 XS1304503268 XS1341411822 XS1525848575 XS1558627342	N/A

19. BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(d) Bonds (Continued)

	2023/2024 Bonds	2024/2025/2026 2031/2032/2033 Bonds ("2024–2033 Bonds")	2027/2034 Bonds
Interest rate:	7.0% at the first anniversary, 8.0% from the first anniversary to the second anniversary, and 12.5% from second anniversary to maturity, payable quarterly.	7.5%–8.0% per annum prepaid, and 0.1% payable annually	7.5%–8.0% per annum prepaid, and 0.1% payable annually
Effective interest rate:	13.00%	11.55%–12.38%	11.27%–12.19%
Final maturity date:	14 September 2024	14 November 2033	16 June 2034
Collateral:	N/A	N/A	N/A
Redemption option:	Note(d)(ii)	Note(d)(iii)	Note(d)(iii)
Repurchase option:	Nil	Note(d)(iii)	Note(d)(iii)

(i) At any time after the issue date but prior to the maturity date, the issuer may, at its option, redeem the whole or any part of the outstanding bonds, by a minimum of US$2,000,000, by giving not less than 30 days (or such shorter period as the bondholder may agree) prior irrevocable notice of redemption to the bondholder. The notice of redemption shall specify the date upon which such redemption is to be made. The corresponding principal amount, together with any accrued but unpaid interests and a make whole amount, shall become due and payable upon such date for redemption as specified in the notice.

(ii) The bondholder may, at any time during the period between the first day immediately after the second anniversary of the issue date of such bond and the last day immediately preceding the maturity date by depositing the bondholder redemption notice with the issuer at least forty-five days before the date of redemption, request the issuer to redeem all or any part of the outstanding principal amount of such bond in the denomination of HK$1,000,000 or in integral multiples of HK$100,000 above thereof at an amount equivalent to the sum of the outstanding principal amount of the bond to be redeemed and any accrued but unpaid interest up to the redemption date.

(iii) Bondholders have the right to require the Company to redeem the bonds either after 8th anniversary date from the issue of the bonds or at any time with agreed notice period within one month, depending on the relevant bonds. The Company has the right to repurchase the 2031 Bonds, 2032 Bonds, 2033 Bonds and 2034 Bonds on specific dates or periods.

19. BANK AND OTHER BORROWINGS *(Continued)*

Notes: (Continued)

(e) The maturity and fair value of the borrowings are as follows:

	Secured bank borrowings RMB'000	Secured senior notes RMB'000	Unsecured bonds RMB'000	Unsecured other borrowings RMB'000	Total RMB'000
As at 31 December 2025					
— Within 1 year or on demand	**369,130**	**2,300,076**	**2,562,384**	**10,908**	**5,242,498**
Carrying amount	**369,130**	**2,300,076**	**2,562,384**	**10,908**	**5,242,498**
Fair value	**369,130**	**–**	**2,562,384**	**10,908**	**2,942,422**
As at 31 December 2024					
— Within 1 year or on demand	499,248	2,205,072	2,351,278	–	5,055,598
Carrying amount	499,248	2,205,072	2,351,278	–	5,055,598
Fair value	499,248	–	2,351,278	–	2,850,526

(f) As at 31 December 2025, the Group's borrowings were denominated in the following currencies:

	2025 RMB'000	2024 RMB'000
HK$	**2,931,514**	2,850,526
US$	**2,310,984**	2,205,072
	5,242,498	5,055,598

(g) As at 31 December 2025 and 2024, the Group's certain loan facilities were secured by:

— Certain properties held by Deconsolidated Subsidiaries;

— Personal guarantee provided by Mr. Yu or together with his spouse (Note 30(b)); and

— A share charge of the entire shareholding interest over Winprofit Investment Enterprises Limited, a deconsolidated subsidiary.

(h) As disclosed in Note 2(f)(vi), the Current Management concluded that upon the completion of the proposed Scheme of Arrangement, the Admitted Claims against the Company (including all the bank and other borrowings of the Company) will be compromised and discharged in full in accordance with the terms of Scheme of Arrangement.

20. DEFERRED TAX ASSETS

The analysis of deferred income tax assets is as follows:

	2025 RMB'000	2024 RMB'000
Deferred income tax assets		
To be realised within 12 months	5,841	1,636
	5,841	1,636

The net movements on the deferred income tax are as follows:

	2025 RMB'000	2024 RMB'000
At 1 January	1,636	(67,557)
Tax debit to consolidated statement of comprehensive income for continuing operations	4,205	1,636
Tax debit to consolidated statement of comprehensive income for discontinued operations	–	98
Derecognition upon the Deconsolidation	–	67,459
At 31 December	5,841	1,636

20. DEFERRED TAX ASSETS *(Continued)*

The movement in deferred income tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax losses RMB'000	Temporary difference on land appreciation tax RMB'000	Impairment losses on properties under development and properties held for sale RMB'000	Impairment losses on trade receivables RMB'000	Others RMB'000	Total RMB'000
As at 1 January 2025	–	–	–	1,636	–	1,636
Credited to consolidated comprehensive income	–	–	–	4,205	–	4,205
As at 31 December 2025	–	–	–	5,841	–	5,841
As at 1 January 2024	28,633	217,204	90,839	–	6,788	343,464
(Charged)/credited to consolidated comprehensive income	–	–	–	1,636	(31)	1,605
Derecognition upon the Deconsolidation	(28,633)	(217,204)	(90,839)	–	(6,757)	(343,433)
As at 31 December 2024	–	–	–	1,636	–	1,636

As at 31 December 2025, the Group has estimated unutilised tax losses of approximately RMB13,558,000 (2024: RMB17,157,000) for offsetting against future assessable profits. None out of the tax losses has been recognised as deferred tax assets as at 31 December 2025 (2024: Same).

20. DEFERRED TAX ASSETS *(Continued)*

The unrecognised tax losses of approximately RMB13,558,000 (2024: RMB17,157,000) will expire in five years.

Year	2025 RMB'000	2024 RMB'000
2025	–	961
2026	796	2,446
2027	12,691	13,681
2028	7	36
2029	15	33
2030	49	–
	13,558	17,157

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries. The relevant overseas holding companies have successfully obtained endorsement from the PRC tax bureau to enjoy the treaty benefit of 5% withholding income tax rate on dividends received from the PRC subsidiaries of the Group. As at 31 December 2025, the Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as they do not have a plan to distribute these earnings out of the PRC in the foreseeable future (2024: Nil).

21. SHARE CAPITAL AND SHARE PREMIUM

	Number of shares of ordinary share capital '000	Nominal value of ordinary share capital HK$'000	Equivalent nominal value of ordinary share capital RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
At 31 December 2024, 1 January 2025 and 31 December 2025	90,000,000	300,000	311,316		
Issued and fully paid:					
At 31 December 2024, 1 January 2025 and 31 December 2025	8,446,331	28,234	26,092	940,898	966,990

22. RESERVES

	Notes	Share-based payment reserve RMB'000	Foreign exchange reserves RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2024		1,325	–	906,598	(4,763,890)	(3,855,967)
Reallocation of lapsed options from share-based payment reserve to retained profits	*26*	(136)	–	–	136	–
Deconsolidation of subsidiaries		–	–	168,074	(168,074)	–
Loss for the year		–	–	–	(4,755,878)	(4,755,878)
Other comprehensive loss for the year		–	(11,136)	–	–	(11,136)
At 31 December 2024 and at 1 January 2025		**1,189**	**(11,136)**	**1,074,672**	**(9,687,706)**	**(8,622,981)**
Reallocation of lapsed options from share-based payment reserve to retained profits	*26*	**(1,189)**	**–**	**–**	**1,189**	**–**
Loss for the year		**–**	**–**	**–**	**(201,034)**	**(201,034)**
Other comprehensive income for the year		**–**	**3,165**	**–**	**–**	**3,165**
At 31 December 2025		**–**	**(7,971)**	**1,074,672**	**(9,887,551)**	**(8,820,850)**

(a) The following describes the nature and purpose of each reserve within owners' equity:

Share-based payment reserve	The reserve comprises the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in Note 4.14.
Foreign exchange reserve	The amount represents gains/losses arising from the translation of the financial statements of foreign operations.

23. DISCONTINUED OPERATION

As disclosed in Note 7, the results of the Group's property development segment and investment property segment, as a result of the derecognition of the Deconsolidated Subsidiaries (Note 2(g)), for the period from 1 January 2024 to 30 June 2024 were presented as discontinued operations in the consolidated statement of comprehensive income for the year ended 31 December 2024.

The profit/(loss) from the discontinued operations is analysed as follows:

	2024 RMB'000
Loss from discontinued operations	(482,476)
Gain on Deconsolidation *(Note 24(b))*	4,028,033
	3,545,557

The results of the discontinued operations for the period from 1 January 2024 to 30 June 2024, which have been included in the consolidated statement of comprehensive income, are as follows:

	2024 RMB'000
Revenue	394,393
Cost of sales and services	(517,359)
Gross loss	(122,966)
Other gains — net	3,882
Sales and marketing expenses	(25,850)
Administrative and other expenses	(59,963)
Operating loss	(204,897)
Finance costs — net	(268,632)
Loss before income tax	(473,529)
Income tax expense	(8,947)
Loss for the period	(482,476)

23. DISCONTINUED OPERATIONS *(Continued)*

Revenue from discontinued operations represented by:

	2024 RMB'000
Sales of properties recognised at a point in time	385,453
Rental income of investment properties recognised over time	8,940
	394,393

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

	2024 RMB'000
Cost of properties sold — including construction cost, land cost and capitalised interest expenses	510,365
Advertising costs	25,850
Taxes and levies	5,445
Direct operating expenses arising from investment properties	1,549
Legal and professional fees	7,072
Depreciation and amortisation	
— Property, plant and equipment	2,015
— Right-of-use assets	5,580
Interest expense on lease liabilities (included in finance costs)	10,008
Staff costs (including directors' emoluments) comprise:	
Basic salaries	37,557
Bonuses and other benefits	3,321
Contributions to defined contribution pension plans	6,572
	47,450
Less: Amount capitalised as properties under development	(10,100)
Staff costs charged to profit or loss	37,350
Short-term lease payments	850

24. DECONSOLIDATION OF SUBSIDIARIES

(a) The following is a list of the subsidiaries which have been deconsolidated from 1 July 2024:

Name of deconsolidated subsidiaries	Place of incorporation/ establishment/ operation	Principal activities
Blooming Crystal Limited	BVI	Dormant
Charm Max Investments Limited	Hong Kong	Investment holding
重慶核盛房地產開發有限公司 (Chongqing Hesheng Real Estate Development Company Limited)*	PRC	Property development in the PRC
重慶譽盛房地產開發有限公司 (Chongqing Yusheng Real Estate Development Company Limited)*	PRC	Property development in the PRC
Double Blessings Investments Limited	BVI	Investment holding
Fine Luck Group Limited	BVI	Investment holding
Fortunate Start Investments Limited	BVI	Investment holding
Gold City Investments Limited	Hong Kong	Dormant
Golden Faith Investments Limited	Hong Kong	Dormant
Graceful China Limited	Hong Kong	Investment holding
廣西眾擎易舉投資有限公司 (Guangxi Zhongqing Yiju Investment Company Limited)*^	PRC	Property development in the PRC
廣州創富置業有限公司 (Guangzhou Chuangfu Realty Company Limited)*	PRC	Investment holding
廣州市創豪譽置業有限公司 (Guangzhou Chuanghaoyu Realty Company Limited)*	PRC	Investment holding and property leasing in the PRC
廣州市創景置業有限公司 (Guangzhou Chuangjing Realty Company Limited)*	PRC	Dormant

24. DECONSOLIDATION OF SUBSIDIARIES *(Continued)*

(a) The following is a list of the subsidiaries which have been deconsolidated from 1 July 2024: *(Continued)*

Name of deconsolidated subsidiaries	Place of incorporation/ establishment/ operation	Principal activities
廣州市創澳置業有限責任公司 (Guangzhou Chuangao Realty Company Limited)*	PRC	Dormant
廣州市創譽置業有限公司 (Guangzhou Chuangyu Realty Company Limited)*	PRC	Investment holding
廣州市創粵置業有限公司 (Guangzhou Chuangyue Realty Co. Ltd)*	PRC	Investment holding
廣州市創越置業有限公司 (Guangzhou Chuangyue Realty Company Limited)*	PRC	Investment holding
廣州市豐譽置業有限責任公司 (Guangzhou Fengyu Realty Company Limited)*	PRC	Investment holding
廣州海涌房地產有限公司 (Guangzhou Haiyong Property Limited)*	PRC	Property development in the PRC
廣州市豪浚置業有限責任公司 (Guangzhou Haojun Realty Company Limited)*	PRC	Investment holding
廣州恆圖投資有限公司 (Guangzhou Hengtu Investment Company Limited)*	PRC	Investment holding
廣州市坤創置業有限責任公司 (Guangzhou Kunchuang Realty Company Limited)*	PRC	Investment holding
廣州盛享商務服務有限公司 (Guangzhou Shengxiang Business Services Company Limited)*	PRC	Dormant
廣州市天鳳有限責任公司 (Guangzhou Tianfeng Company Limited)*	PRC	Property development in the PRC
廣州天譽共享服務有限公司 (Guangzhou Tianyu Sharing Services Company Limited)*	PRC	Provision of property development project management services in the PRC

24. DECONSOLIDATION OF SUBSIDIARIES *(Continued)*

(a) The following is a list of the subsidiaries which have been deconsolidated from 1 July 2024: *(Continued)*

Name of deconsolidated subsidiaries	Place of incorporation/ establishment/ operation	Principal activities
廣州市譽城房地產開發有限公司 (Guangzhou Yucheng Real Estate Development Company Limited)*	PRC	Property development in the PRC
廣州市譽恆置業有限公司 (Guangzhou Yuheng Realty Company Limited)*	PRC	Investment holding
廣州市譽華置業有限公司 (Guangzhou Yuhua Realty Company Limited)*	PRC	Dormant
廣州譽浚諮詢服務有限公司 (Guangzhou Yu Jun Consulting Service Company Limited)*	PRC	Investment holding and provision of property development project management services in the PRC
廣州市譽勝置業有限公司 (Guangzhou Yusheng Realty Company Limited)*	PRC	Investment holding
廣州洲頭咀發展有限公司 (Guangzhou Zhoutouzui Development Limited)@	Hong Kong	Investment holding in Hong Kong
桂林荔蒲天譽文旅投資有限公司 (Guilin Lipu Tianyu Wenlu Investment Company Limited)*	PRC	Property development in the PRC
江西新好景實業發展有限公司 (Jiangxi Xinhaojing Industrial Development Company Limited)*	PRC	Property development in the PRC
昆明創澳置業有限公司 (Kunming Chuangao Realty Company Limited)*	PRC	Property development in the PRC
Lead Wealth Group Limited	BVI	Investment holding
Long World Trading Limited	BVI	Investment holding
Lucky Noble Investments Limited	Hong Kong	Dormant
Mass Joy Investment Enterprises Limited	BVI	Investment holding
Max Leader Investments Limited	Hong Kong	Investment holding

24. DECONSOLIDATION OF SUBSIDIARIES *(Continued)*

(a) The following is a list of the subsidiaries which have been deconsolidated from 1 July 2024: *(Continued)*

Name of deconsolidated subsidiaries	Place of incorporation/ establishment/ operation	Principal activities
Moon City Holdings Limited	BVI	Investment holding
南寧天譽巨成置業有限公司 (Nanning Tianyu Jucheng Realty Company Limited)*	PRC	Property development in the PRC
南寧天譽巨榮置業有限公司 (Nanning Tianyu Jurong Realty Company Limited)* ("**Tianyu Jurong**")	PRC	Property development in the PRC
南寧天譽新景置業有限公司 (Nanning Tianyu Xinjing Realty Company Limited)*	PRC	Property development in the PRC
南寧天譽譽浚投資有限公司 (Nanning Tianyu Yujun Investment Company Limited)*	PRC	Investment holding
New Aim Investments Limited	BVI	Investment holding
Nice Future Investments Limited	Hong Kong	Dormant
Rich Apex Limited	Hong Kong	Investment holding
深圳前海迪創投資管理有限公司 (Shenzhen Qianhai Dichuang Investment Management Company Limited)*	PRC	Investment holding
深圳譽馬企業管理有限公司 (Shenzhen Yuma Enterprise Management Co., Ltd.)*	PRC	Dormant
深圳市新圍房地產開發有限公司 (Shenzhen Xinwei Property Development Company Limited)*	PRC	Property development in the PRC
Sky Crown International Limited	Hong Kong	Dormant
Sky Double Development Limited	Hong Kong	Dormant

24. DECONSOLIDATION OF SUBSIDIARIES *(Continued)*

(a) The following is a list of the subsidiaries which have been deconsolidated from 1 July 2024: *(Continued)*

Name of deconsolidated subsidiaries	Place of incorporation/ establishment/ operation	Principal activities
天譽諮詢服務有限公司 Skyfame Consultancy Services Company Limited	Hong Kong	Investment holding
Skyfame International Holdings Limited	BVI	Provision of financing
Skyfame Investments Management Limited	Hong Kong	Provision of management services to group entities and investment holding in Hong Kong
Smart Aim Investments Limited	Hong Kong	Dormant
Smart Rainbow Investments Limited	Hong Kong	Dormant
Smart Sail Group Limited	BVI	Investment holding
Solar Apex Investments Limited	BVI	Investment holding
Sun Region Investments Limited	Hong Kong	Dormant
天津創豪譽企業管理諮詢有限公司 (Tianjin Chuanghaoyu Enterprise Management Consulting Company Limited)*	PRC	Dormant
Top Max Development Limited	Hong Kong	Investment holding
Trenco Holdings Limited	Hong Kong	Investment holding
True Bliss Developments Limited	BVI	Investment holding
Waymax Investments Limited	Hong Kong	Investment holding
Well Top Development Limited	Hong Kong	Dormant
Winprofit Investment Enterprises Limited	BVI	Investment holding
徐州嘉譽置業有限公司 (Xuzhou Jiayu Realty Company Limited)*	PRC	Property development in the PRC

24. DECONSOLIDATION OF SUBSIDIARIES *(Continued)*

(a) The following is a list of the subsidiaries which have been deconsolidated from 1 July 2024: *(Continued)*

Name of deconsolidated subsidiaries	Place of incorporation/ establishment/ operation	Principal activities
徐州譽城置業有限公司 (Xuzhou Yucheng Realty Company Limited)*	PRC	Property development in the PRC
徐州建譽置業有限公司 (Xuzhou Jianyu Realty Company Limited)*	PRC	Property development in the PRC
雲南安化房地產開發有限責任公司 (Yunnan Anhua Real Estate Development Company Limited)*	PRC	Property development in the PRC
永州天譽旅遊發展有限公司 (Yongzhou Tianyu Tourism Development Company Limited)*	PRC	Property development in the PRC
中山市天譽萬利房地產開發有限公司 (Zhongshan Tianyu Wanli Property Development Company Limited)*	PRC	Property development in the PRC
珠海市豪浚房地產開發有限公司 (Zhuhai Haojun Property Development Company Limited)*	PRC	Property development in the PRC

* English name is for identification purpose only

@ Company under receivership

24. DECONSOLIDATION OF SUBSIDIARIES *(Continued)*

(b) The assets and liabilities of the Deconsolidated Subsidiaries on the date of Deconsolidation, which is based on the management accounts adopted in preparation of last published interim condensed consolidated financial statements and the calculation of the gain arising thereon were as follows:

	Note	1 July 2024 RMB'000
Property, plant and equipment	*15*	59,534
Right-of-use assets		199,348
Investment properties		2,626,600
Financial assets at fair value through other comprehensive income		75,023
Properties under development		11,126,723
Deferred tax assets		194,113
Properties held for sale		2,290,532
Trade receivables		161,475
Other receivables, deposits and prepayments		3,543,991
Amounts due from the existing group		2,470,202
Contract costs		90,998
Restricted cash		131,681
Cash and cash equivalents		12,136
Trade payables		(7,634)
Accruals and other payables		(5,742,029)
Amounts due to the existing group		(7,585,152)
Contract liabilities		(2,353,680)
Lease liabilities		(184,772)
Bank and other borrowings		(8,557,811)
Income tax payable		(1,683,034)
Deferred tax liabilities		(261,572)
Net liabilities disposed of		(3,393,328)
Reversal of non-controlling interests upon derecognition		(634,705)
Gain on Deconsolidation		4,028,033
Deemed consideration on Deconsolidation *(Note 2(f))*		–
Net cash flows arising on Deconsolidation		
Cash and cash equivalents of the Deconsolidated Subsidiaries		(12,136)

24. DECONSOLIDATION OF SUBSIDIARIES *(Continued)*

(c) Trade receivables with/Amounts due from the Deconsolidated Subsidiaries

	31 December 2025 RMB'000	1 July and 31 December 2024 RMB'000
Trade receivables with Deconsolidated Subsidiaries, gross *(Note 16)*	**47,681**	48,951
Less: Loss allowance	**(47,681)**	(48,951)
	–	–
Amounts due from Deconsolidated Subsidiaries, gross	**7,438,541**	7,585,152
Less: Loss allowance	**(7,438,541)**	(7,585,152)
	–	–

At 31 December 2025 and 2024, the balances are unsecured, interest free and repayable on demand.

As disclosed in Note 2(f), the amounts owed to the Remaining Group by any of the Excluded Subsidiaries shall be transferred to the Scheme Company, thus no amount shall be owed to the Remaining Group by the Excluded Subsidiaries upon the effective date of the Scheme of Arrangement.

(d) Trade payables with/Amounts due to the Deconsolidated Subsidiaries

At 31 December 2025 and 2024, the balances are unsecured, interest free and repayable on demand.

As disclosed in Note 2(f), the Current Management concluded that upon the completion of the proposed Scheme of Arrangement, the Admitted Claims against the Company (including the trade payables and the amounts due to the Deconsolidated Subsidiaries of the Group) will be compromised and discharged in full in accordance with the terms of Scheme of Arrangement. Following the execution of Deed of Undertakings, there would be no amount shall be owed by the Group to the Excluded Subsidiaries.

25. FINANCIAL GUARANTEE CONTRACT

	2025 RMB'000	2024 RMB'000
Guarantees given to banks and other financial institutions for loan facilities granted to Deconsolidated Subsidiaries *(Note)*	**10,064,346**	7,739,737

Note:

The Company has provided guarantees to banks and other financial institutions on behalf of certain Deconsolidated Subsidiaries for their loan facilities and may be liable for any outstanding indebtedness in the event of default by these Deconsolidated Subsidiaries.

As disclosed in Note 2(f), the Current Management concluded that upon the completion of the proposed Scheme of Arrangement, the Admitted Claims against the Company (including the bank and other borrowings of these Deconsolidated Subsidiaries) will be compromised and discharged in full in accordance with the terms of Scheme of Arrangement. Accordingly, no material provision of ECL has been recognised in respect of these financial guarantees as at 31 December 2025 and 2024.

26. SHARE OPTION SCHEME

Pursuant to a resolution passed on 9 June 2015, a new share option scheme was adopted (the "**2015 Scheme**").

The Company operates the 2015 Scheme for the purposes of continuing the provision of incentives or rewards to eligible participants. The Board may at its discretion, grant share options to any of the eligible participants. Eligible participants of the 2015 Scheme include (i) any employee or proposed employee; and (ii) any directors of any member of the Group or any invested entity, and for the purpose of the 2015 Scheme, share options may be granted to any company wholly owned by one or more persons belonging to any of the above classes of participants. The 2015 Scheme became effective on 9 June 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The exercise price in respect of any particular option shall be such price as determined by the Board in its absolute discretion but in any case the exercise price shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the daily quotation sheets of the Stock Exchange on the date of grant; (ii) the average of the closing prices of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant; and (iii) the nominal value of the shares of the Company.

As at 31 December 2025, no share options (2024: share options of 67,394,933) granted under 2015 scheme were outstanding.

26. SHARE OPTION SCHEME *(Continued)*

Details of the movement of the share options are as follows:

Date of grant	Exercise period	Exercise price per share before the completion of share sub-division	Adjusted exercise price per share	Number of options outstanding at 1 January 2024	Options exercised	Options lapsed/ cancelled	Number of options outstanding at 31 December 2024 and 1 January 2025	Options exercised	Options lapsed/ cancelled	Number of options outstanding at 31 December 2025
26 June 2015	26 June 2016 to 25 June 2025	HK$1.0820	HK$0.3607	5,020,500	–	–	5,020,500	–	(5,020,500)	–
26 June 2015	26 June 2017 to 25 June 2025	HK$1.0820	HK$0.3607	2,816,600	–	–	2,816,600	–	(2,816,600)	–
26 June 2015	26 June 2018 to 25 June 2025	HK$1.0820	HK$0.3607	8,985,233	–	–	8,985,233	–	(8,985,233)	–
26 June 2015	26 June 2019 to 25 June 2025	HK$1.0820	HK$0.3607	11,958,500	–	–	11,958,500	–	(11,958,500)	–
26 June 2015	26 June 2021 to 25 June 2025	HK$1.0820	HK$0.3607	11,426,600	–	–	11,426,600	–	(11,426,600)	–
26 June 2015	26 June 2022 to 25 June 2025	HK$1.0820	HK$0.3607	14,071,500	–	(429,000)	14,071,500	–	(13,642,500)	–
26 June 2015	26 June 2022 to 25 June 2025	HK$1.0820	HK$0.3607	13,971,000	–	(426,000)	13,971,000	–	(13,545,000)	–
				68,249,933	–	(855,000)	68,249,933	–	(67,394,933)	–
Weighted average exercise price				HK$0.3607	–	HK$0.3607	HK$0.3607		HK$0.3607	–
Directors and other employees				68,249,933	–	(855,000)	68,249,933		(67,394,933)	–

As at 31 December 2025, no options are outstanding and exercisable (2024: 67,394,933 of options outstanding and exercisable with weighted average remaining contractual life of 0.48 years).

The fair value of option granted on 26 June 2015 was HK$0.58 which was determined using Binomial Model by an independent valuer.

The share options granted on 26 June 2015 are subject to the following vesting schedules and the vesting condition is that the individual remains a director or an employee of the Group at the time of exercise the options:

Option Exercise Period	2015 Scheme Number of share options exercisable
From 26/6/2016 to 25/6/2025	14.30%
From 26/6/2017 to 25/6/2025	14.30%
From 26/6/2018 to 25/6/2025	14.30%
From 26/6/2019 to 25/6/2025	14.30%
From 26/6/2020 to 25/6/2025	14.30%
From 26/6/2021 to 25/6/2025	14.30%
From 26/6/2022 to 25/6/2025	14.20%
	100.00%

26. SHARE OPTION SCHEME *(Continued)*

The fair value of share options granted is recognised as employee costs with a corresponding increase in share-based payment reserve within equity over the relevant vesting periods. No equity-settled share-based payment expenses was recognised during the years in relation to share options granted by the Company.

During the year ended 31 December 2025, share options reserve of approximately RMB1,189,000 (2024: RMB136,000) were transferred to accumulated losses of the Group for share options lapsed or cancelled.

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Reconciliation of profit before income tax to net cash from operating activities

	Note	2025 RMB'000	2024 RMB'000
Loss before income tax			
from continuing operations		**(201,219)**	(8,353,876)
from discontinued operations	*23*	**–**	(473,529)
		(201,219)	(8,827,405)
Adjustments for:			
Finance costs — net		**330,286**	975,932
Depreciation of property, plant and equipment		**230**	2,187
Depreciation of right-of-use assets		**–**	5,580
Impairment loss of trade receivables, deposits and other receivables		**16,840**	23,199
(Reversal of)/provision for impairment loss of trade receivables from Deconsolidated Subsidiaries		**(1,270)**	48,951
(Reversal of)/provision for impairment loss of amounts due from Deconsolidated Subsidiaries		**(146,611)**	7,585,152
Loss on disposal of property, plant and equipment		**–**	284
Operating profit/(loss) before working capital changes		**(1,744)**	(186,120)
Decrease in properties under development		**–**	97,196
Decrease in properties held for sale		**–**	25,222
Increase in trade receivables		**(12,757)**	(90,733)
Increase in deposits and other receivables		**(270)**	(25,131)
Increase in trade payables		**1,780**	17,233
Increase in accruals and other payables		**13,368**	436,728
Increase in contract costs		**–**	23,100
(Increase)/decrease in restricted cash		**(887)**	78,445
Decrease in contract liabilities		**–**	(385,453)
Cash used in operations		**(510)**	(9,513)
PRC corporate income tax paid		**(127)**	(3,207)
PRC land appreciation tax paid		**–**	(68)
Net cash used in operating activities		**(637)**	(12,788)

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(b) Reconciliation of liabilities arising from financing activities

	Notes	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Amounts due to Deconsolidated Subsidiaries RMB'000	Total RMB'000
As at 1 January 2025		5,055,598	–	2,470,202	7,525,800
Financing cash flows:					
Proceeds from other borrowing		10,760	–	–	10,760
Advance to Deconsolidated Subsidiaries		–	–	(4,246)	(4,246)
Total changes from financing cash flows		10,760	–	(4,246)	6,514
Other changes:					
Discharge of a portion of the bank borrowings through enforcement of collateral held by a deconsolidated subsidiary	*19, (i)*	(150,900)	–	–	(150,900)
Interest expenses	*9*	581,749	–	–	581,749
Foreign exchange, net and other		(254,709)	–	–	(254,709)
Reclassification from amounts due from Deconsolidated Subsidiaries		–	–	4,289	4,289
Total other changes		176,140	–	4,289	180,429
As at 31 December 2025		5,242,498	–	2,470,245	7,712,743
As at 1 January 2024		12,620,489	229,716	–	12,850,205
Financing cash flows:					
Proceeds from bank and other borrowings		2,000	–	–	2,000
Repayments of bank and other borrowings		(2,050)	–	–	(2,050)
Interest paid		(12,992)	–	–	(12,992)
Total changes from financing cash flows		(13,042)	–	–	(13,042)
Other changes:					
Interest expenses		880,576	10,008	–	890,584
Foreign exchange, net and other		125,386	(54,952)	–	70,434
Deconsolidation of subsidiaries	*24*	(8,557,811)	(184,772)	2,470,202	(6,272,381)
Total other changes		(7,551,849)	(229,716)	2,470,202	(5,311,363)
As at 31 December 2024		5,055,598	–	2,470,202	7,525,800

27. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS *(Continued)*

(c) Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows: Expenses related to short-term leases	60	892
Total cash outflow for leases	60	892

28. COMMITMENTS

(a) Operating leases commitments

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable short-term operating leases in respect of office premises and staff quarters which fall due as follows:

	2025 RMB'000	2024 RMB'000
Within one year	204	89

29. LITIGATIONS, PROVISION AND CONTINGENT LIABILITIES

Save as disclosed elsewhere in the consolidated financial statements, as at 31 December 2025, the Group has been involved in several lawsuits, provision has been made for the probable losses to the Group based on management's assessment on the outcome of the lawsuits and none of these is expected to have a significant effect on the consolidated financial statements of the Group. Other than those disclosed elsewhere in the financial statements, the Group has no other significant contingent liabilities.

Up to the date of approval of the consolidated financial statements, the number of pending litigations relating to the daily operations payables and other matters with a total subject amount of approximately RMB4,245,000. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations after taking the internal legal advice.

30. RELATED PARTY TRANSACTIONS

(a) Transactions with a related party

During the year ended 31 December 2025, the Group had rental income of approximately RMB11,000 (2024: RMB11,000) received from a related party. Other than the aforementioned, there were no other material transactions with related party.

(b) Personal guarantee by the ultimate controlling shareholder

As at 31 December 2024 and 2025, Mr. Yu and his spouse had provided guarantee to banks in respect of the loan facilities extended to the Company as disclosed in Note 19(g).

(c) Compensation of key management personnel

The remuneration of members of senior management, including Directors' emoluments as disclosed in Note 11, incurred during the year is as follows:

	2025 RMB'000	2024 RMB'000
Short-term benefits	2,934	1,566
Other long-term benefits	102	130
	3,036	1,696

31. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	Notes	2025 RMB'000	2024 RMB'000
Non-current assets			
Interests in subsidiaries	*33*	**11,138**	11,138
Amounts due from subsidiaries	*33*	**–**	–
		11,138	11,138
Current assets			
Amounts due from subsidiaries	*33(c)*	**–**	–
Other receivables and prepayments		**–**	–
Cash and cash equivalents		**5,229**	104
		5,229	104
Current liabilities			
Amounts due to subsidiaries	*33(c)*	**1,806,178**	1,806,178
Accruals and other payables		**21,213**	7,348
Bank and other borrowings		**5,242,498**	5,055,598
Income tax payable		**55,830**	55,830
		7,125,719	6,924,954
Net current liabilities		**(7,120,490)**	(6,924,850)
Total assets less current liabilities		**(7,109,352)**	(6,913,712)
Net liabilities		**(7,109,352)**	(6,913,712)
Capital and reserves			
Share capital	*21*	**26,092**	26,092
Other reserves	*32*	**2,045,123**	2,043,147
Accumulated losses	*32*	**(9,180,567)**	(8,982,951)
Total deficits		**(7,109,352)**	(6,913,712)

ZHANG Guocheng
Director

So Kit Yee Anita
Joint and Several Provisional Liquidator acting as agent without personal liabilities

32. RESERVES OF THE COMPANY

	Notes	Share premium RMB'000	Contributed surplus reserve RMB'000	Share-based payment reserve RMB'000	Foreign exchange reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2024		940,898	1,112,196	1,325	–	(4,281,060)	(2,226,641)
Reallocation of lapsed options from share-based payment reserve to accumulated losses	26	–	–	(136)	–	136	–
Loss for the year		–	–	–	–	(4,702,027)	(4,702,027)
Other comprehensive loss		–	–	–	(11,136)	–	(11,136)
As at 31 December 2024 and at 1 January 2025		940,898	1,112,196	1,189	(11,136)	(8,982,951)	(6,939,804)
Reallocation of lapsed options from share-based payment reserve to accumulated losses	26	–	–	(1,189)	–	1,189	–
Loss for the year		–	–	–	–	(198,805)	(198,805)
Other comprehensive loss		–	–	–	3,165	–	3,165
At 31 December 2025		940,898	1,112,196	–	(7,971)	(9,180,567)	(7,135,444)

33. SUBSIDIARIES

	Notes	2025 RMB'000	2024 RMB'000
Interests in subsidiaries — non-current portion			
Unlisted investments, at cost		101,470	101,470
Less: Provision for impairment loss	(a)	(90,332)	(90,332)
	(b)	11,138	11,138
Amounts due from subsidiaries			
Amounts due from subsidiaries	(c)	6,608,061	6,758,962
Less: Provision for impairment loss		(6,608,061)	(6,758,962)
		–	–
		11,138	11,138

33. SUBSIDIARIES *(Continued)*

Notes:

(a) The interests in subsidiaries included interests in the Deconsolidated Subsidiaries amounting to approximately RMB90,332,000 which were fully impaired during the year ended 31 December 2024. No further impairment was made for the year ended 31 December 2025.

(b) Details of the Company's operating subsidiaries as at 31 December 2025 and 2024 are as follows:

Name of subsidiaries	Place of incorporation/ establishment/ operation	Particulars of issued ordinary shares/paid-up capital		Percentage of equity interest held by the Company				Principal activities
		2025	2024	2025 Directly	2025 Indirectly	2024 Directly	2024 Indirectly	
Skyfame Inno Youth Smart Link Services Limited	Cayman Island	US$1	US$1	100%	–	100%	–	Investment holding
Skyfame Inno Youth Limited	BVI	US$1	US$1	–	100%	–	100%	Investment holding
Skyfame Services Limited	Hong Kong	HK$1	HK$1	–	100%	–	100%	Investment holding
廣州譽創投資控股有限公司 (Guangzhou Yuchuang Investment Holdings Co. Ltd)*	PRC	RMB2,334,500	RMB2,334,500	–	99%	–	99%	Investment holding
廣州市天譽物業管理有限公司 (Guangzhou Tianyu Property Management Company Limited)*£	PRC	RMB53,000,000	RMB53,000,000	–	99%	–	99%	Property management services in the PRC
廣州市天譽科技創新投資有限公司 (Guangzhou Tianyu Technology Innovative Company Limited)*^	PRC	RMB800,000	RMB800,000	–	99%	–	99%	Property management services in the PRC
廣州市天譽房產經紀有限公司 (Guangzhou Tianyu Property Agency Company Limited)*^	PRC	–	–	–	99%	–	99%	Property management services in the PRC
廣州市譽享家生活服務有限公司 (Guangzhou Yuxiang Jiashenghuo Services Company Limited)*^	PRC	–	–	–	99%	–	99%	Property management services in the PRC
南寧魚窩企業孵化器有限公司 (Nanning Yuwo Qiye Fuhuaqi Company Limited)*^	PRC	–	–	–	99%	–	99%	Commercial operation in the PRC
廣州魚窩孵化器管理有限公司 (Guangzhou Yuwo Fuhuaqi Management Company Limited)*^	PRC	–	–	–	99%	–	99%	Commercial operation in the PRC
重慶魚窩企業孵化器管理有限公司 (Chongqing Yuwo Qiye Fuhuaqi Management Company Limited)*^	PRC	–	–	–	99%	–	99%	Commercial operation in the PRC

33. SUBSIDIARIES *(Continued)*

Notes: (Continued)

(b) Details of the Company's operating subsidiaries as at 31 December 2025 and 2024 are as follows: *(Continued)*

Name of subsidiaries	Place of incorporation/ establishment/ operation	Particulars of issued ordinary shares/paid-up capital		Percentage of equity interest held by the Company				Principal activities
		2025	2024	2025 Directly	2025 Indirectly	2024 Directly	2024 Indirectly	
重慶魚先生商業運營管理有限公司 (Chongqing Yuxiansheng Business Operations Management Company Limited)*^	PRC	–	–	–	99%	–	99%	Property management services in the PRC
重慶市家譽物業管理有限公司 (Chongqing Jiayu Property Management Co., Ltd.)*^	PRC	–	–	–	99%	–	99%	Property management services in the PRC
徐州市天譽物業管理有限公司 (Xuzhou Tianyu Property Management Company Limited)*^	PRC	–	–	–	99%	–	99%	Property management services in the PRC
廣東天譽物業管理有限公司 (Guangdong Tianyu Property Management Company Limited)*^ (Incorporated on 21 November 2025)	PRC	–	–	–	99%	–	N/A	Inactive
佛山市天譽物業管理有限公司 (Foshan Tianyu Property Management Co., Ltd.)* (Deregistered on 20 June 2025)	PRC	–	–	–	N/A	–	99%	Inactive
廣州市興譽物業管理有限公司 (Guangzhou Xingyu Property Management Co., Ltd.)* (Deregistered on 24 February 2025)	PRC	–	–	–	N/A	–	99%	Inactive

* English name is for identification purpose only

^ The subsidiaries will be subsequently to be included in the Scheme of Arrangement as stated in Note 2(f).

£ During the year ended 31 December 2025, the equity interests in these subsidiaries were pledged for the loan provided by the non-controlling interests to one of the Deconsolidated Subsidiaries (2024: Same). Deeds of Release are expected to be entered into by the Group, the Investor and the non-controlling interests, pursuant to the terms of the cooperation agreement as set out in Note 2(f)(iv).

33. SUBSIDIARIES *(Continued)*

Notes: (Continued)

(c) The amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand.

The amounts due from Deconsolidated Subsidiaries amounting to approximately RMB6,608,061,000 (2024: RMB6,758,962,000) which were fully impaired during the year ended 31 December 2025. The balances will be transferred to the Scheme Company as disclosed in Note 2(f).

The amounts due to the Deconsolidated Subsidiaries amounting to approximately RMB1,804,794,000 as at 31 December 2025 and 2024 will be compromised and discharged in full in accordance with the Deed of Undertakings as disclosed in Note 2(f).

34. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 21 September 2026.

35. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in elsewhere to the consolidated financial statements, there were no other significant events that may affect the business operation and/or the financial position of the Group subsequent to 31 December 2025.

Five Year Financial Summary

The following table summarises the results, assets and liabilities of the Group:

	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS					
For the year ended 31 December					
Continuing and discontinued operations:					
Revenue	**114,992**	523,773	1,632,355	2,069,989	7,662,876
(Loss)/profit before income tax	**(201,219)**	(4,799,372)	(3,573,415)	(3,844,379)	683,447
Income tax (expense)/credit	**206**	(14,643)	(280,611)	249,690	(573,979)
(Loss)/profit for the year	**(201,013)**	(4,814,015)	(3,854,026)	(3,594,689)	109,468
Attributable to					
– Owners of the Company	**(201,034)**	(4,755,878)	(3,489,387)	(3,491,272)	(284,209)
– Non-controlling interests	**21**	(58,137)	(364,639)	(103,417)	393,677
	(201,013)	(4,814,015)	(3,854,026)	(3,594,689)	109,468
FINANCIAL POSITION					
At 31 December					
Total assets	**47,791**	39,676	20,790,405	25,965,211	30,776,471
Total liabilities	**(7,900,289)**	(7,694,326)	(22,985,199)	(24,258,100)	(25,156,763)
Net (liabilities)/assets	**(7,852,498)**	(7,654,650)	(2,194,794)	1,707,111	5,619,708
Non-controlling interests	**(1,362)**	(1,341)	(694,183)	(1,106,701)	(1,392,364)
(Capital deficiency)/equity attributable to owners of the Company	**(7,853,860)**	(7,655,991)	(2,888,977)	600,410	4,227,344