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Star Group Asia Limited

星星集團亞洲有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1560)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

FINANCIAL HIGHLIGHTS

Revenue and loss attributable to owners of the Company for the year ended 31 December 2025 approximately HK\$192.4 million (for the year ended 31 December 2024: approximately HK\$1,133.1 million) and approximately HK\$268.2 million (for the year ended 31 December 2024: approximately HK\$605.0 million) respectively.

The basic and diluted loss per share for the year ended 31 December 2025 was both approximately HK41.80 cents, as compared to those of approximately HK94.32 cents for the corresponding period last year.

The board (the “**Board**”) of directors (the “**Director(s)**”) of Star Group Asia Limited (formerly known as Star Group Company Limited) (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2025 together with the comparative figures as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue	3	192,357	1,133,074
Cost of sales and services		(150,937)	(1,409,929)
Gross profit/(loss)		41,420	(276,855)
Other income		22,753	30,429
Loss on change in fair value of investment properties		(136,454)	(52,784)
Gain/(loss) on change in fair value of financial liabilities at fair value through profit or loss		3,847	(9,204)
(Loss)/gain on change in fair value of financial assets at fair value through profit or loss		(113)	1,051
Gain on deregistration of subsidiaries		–	241
Gain on disposal of subsidiaries		1,633	–
Loss on derecognition of amount due from an associate		–	(6,476)
Loss on sales of investment properties		(76,458)	–
Impairment loss on investment in an associate		–	(18,892)
Selling expenses		(8,165)	(80,669)
Administrative expenses		(59,888)	(71,451)
Finance costs		(73,555)	(143,423)
Share of results of an associate		(2,164)	17,653
Loss before tax	5	(287,144)	(610,380)
Income tax credit	6	18,059	5,089
Loss for the year		(269,085)	(605,291)
Other comprehensive income			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Exchange differences:			
Exchange differences on translation of foreign operations		3,106	(5,104)
Share of other comprehensive income of an associate		595	(2,412)
		3,701	(7,516)
Total comprehensive income for the year		(265,384)	(612,807)

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss for the year attributable to:			
Owners of the Company		(268,171)	(605,029)
Non-controlling interests		(914)	(262)
		<u>(269,085)</u>	<u>(605,291)</u>
Total comprehensive income attributable to:			
Owners of the Company		(264,470)	(612,545)
Non-controlling interests		(914)	(262)
		<u>(265,384)</u>	<u>(612,807)</u>
Loss per share (in HK cents)			
Basic	7	<u>(41.80)</u>	<u>(94.32)</u>
Diluted	7	<u>(41.80)</u>	<u>(94.32)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2025

	<i>Notes</i>	2025 HK\$'000	2024 <i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		1,028	2,656
Investment properties		484,506	738,379
Investment in an associate		4,747	6,316
Deferred tax assets		1,786	5,627
Loan receivables		–	44,198
Deposits and other receivables	<i>9</i>	3,820	3,880
Amount due from an associate		7,080	3,655
Financial assets at fair value through profit or loss	<i>10</i>	76,962	53,047
		579,929	857,758
CURRENT ASSETS			
Inventories		7,451	11,980
Properties held for sale		1,357,014	1,503,784
Trade and other receivables	<i>9</i>	34,960	46,132
Financial assets at fair value through profit or loss	<i>10</i>	1,011	1,952
Amount due from a related company		3	3
Tax recoverable		29	29
Stakeholders' accounts		–	16,223
Pledged bank deposits		–	10,000
Bank balances and cash		9,545	28,855
		1,410,013	1,618,958
CURRENT LIABILITIES			
Trade and other payables	<i>11</i>	128,847	184,526
Contract liabilities		1,587	13,819
Financial liabilities at fair value through profit or loss		5,357	9,204
Amount due to a director		53,679	74,375
Amounts due to related companies		2	2
Lease liabilities		17,829	16,633
Tax liabilities		260	258
Borrowings		1,117,566	1,224,429
		1,325,127	1,523,246
NET CURRENT ASSETS		84,886	95,712
TOTAL ASSETS LESS CURRENT LIABILITIES		664,815	953,470

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
NON-CURRENT LIABILITIES			
Lease liabilities		30,211	28,673
Other payable		4,254	–
Borrowings		5,408	14,249
Convertible bonds – liability component	<i>12</i>	62,538	60,662
Deferred tax liabilities		26,319	48,417
		<hr/> 128,730 <hr/>	<hr/> 152,001 <hr/>
NET ASSETS		536,085	801,469
CAPITAL AND RESERVES			
Share capital		6,415	6,415
Reserves		546,653	811,123
		<hr/> 553,068 <hr/>	<hr/> 817,538 <hr/>
Equity attributable to owners of the Company		553,068	817,538
Non-controlling interests		(16,983)	(16,069)
		<hr/> (16,983) <hr/>	<hr/> (16,069) <hr/>
TOTAL EQUITY		536,085	801,469
		<hr/> 536,085 <hr/>	<hr/> 801,469 <hr/>

NOTES

1. GENERAL

Star Group Asia Limited (the “**Company**”) is an exempted company with limited liability incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company’s immediate and ultimate holding company is Star Properties Holdings (BVI) Limited, a company incorporated in the British Virgin Islands, and its ultimate controlling party is Mr. Chan Man Fai Joe (“**Mr. Joe Chan**”), who is the chairman of the Board of Directors and an executive director of the Company. The address of its registered office is Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business is Unit 603, 6/F, Tower I, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively the “**Group**”) are principally engaged in property development, property investment, provision of property management and security services, provision of finance and trading of fine wine.

2. ADOPTION OF NEW OR AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”) has issued a number of amendments to HKFRS Accounting Standards that are first effective for the current accounting period of the Group:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosure about Uncertainties in the Financial Statements

The Group has not applied any new or amendments to HKFRS Accounting Standards that is not yet effective for the current year.

None of these new or amendments to HKFRS Accounting Standards has a material impact on the Group’s financial statements.

3. REVENUE

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Revenue from contracts with customers		
Sales of properties	111,615	1,053,803
Provision of property management and security services	13,898	13,921
Provision of cleaning and fitting out works	6,207	6,045
Trading of fine wine	10,234	5,657
	<u>141,954</u>	<u>1,079,426</u>
Revenue from other sources		
Rental income from leasing of:		
– shops and farmland	4,177	1,414
– service apartments	3,499	3,515
– storage	24,564	24,714
– workshop	11,156	13,426
– wine cellars	5,632	7,739
Interest income from provision of finance	1,375	2,840
	<u>50,403</u>	<u>53,648</u>
Total revenue	<u><u>192,357</u></u>	<u><u>1,133,074</u></u>

4. OPERATING SEGMENTS

Information reported to the Company's executive directors, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on types of goods delivered or services provided.

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

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

SEGMENT REVENUE AND RESULTS

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

	Segment revenue		Segment results	
	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Property development	111,615	1,053,803	(58,129)	(536,820)
Property investment	43,396	43,069	(198,837)	(39,295)
Property management services	13,898	13,921	2,363	968
Cleaning and fitting out works	6,207	6,045	928	101
Provision of finance	1,375	2,840	(906)	(3,944)
Wine business	15,866	13,396	(6,992)	(1,000)
	192,357	1,133,074	(261,573)	(579,990)
Unallocated income			1,874	4,357
Unallocated expenses			(22,154)	(28,180)
Unallocated finance costs			(5,291)	(6,567)
Loss before tax			(287,144)	(610,380)

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Segment assets		
Property development	1,398,952	1,606,877
Property investment	461,736	718,283
Property management services	3,578	4,534
Cleaning and fitting out works	2,440	2,381
Provision of finance	43,972	54,443
Wine business	65,654	65,032
	<hr/>	<hr/>
Total segment assets	1,976,332	2,451,550
Unallocated assets	13,610	25,166
	<hr/>	<hr/>
Consolidated total assets	1,989,942	2,476,716
	<hr/> <hr/>	<hr/> <hr/>
Segment liabilities		
Property development	1,023,082	1,065,511
Property investment	340,359	431,901
Property management services	1,018	801
Cleaning and fitting out works	4,540	7,581
Provision of finance	40,418	64,297
Wine business	34,451	30,120
	<hr/>	<hr/>
Total segment liabilities	1,443,868	1,600,211
Unallocated liabilities	9,989	75,036
	<hr/>	<hr/>
Consolidated total liabilities	1,453,857	1,675,247
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For the purposes of monitoring segment performance and allocating resources between segments:

- all assets are allocated to operating segments other than certain financial assets at fair value through profit or loss (“FVTPL”), pledged bank deposit, bank balances and cash, and other corporate assets not attributable to the reportable segments; and
- all liabilities are allocated to operating segments other than certain borrowings, liability component of convertible bonds and other corporate liabilities not attributable to the reportable segments.

OTHER SEGMENT INFORMATION

For the year ended 31 December 2025

	Property development	Property investment	Provision of property management services	Cleaning and fitting out works	Provision of finance	Wine business	Segment total	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results or segment assets:									
Additions to non-current assets	-	22,080	-	-	-	722	22,802	-	22,802
Depreciation of PPE	259	94	-	2	-	848	1,203	12	1,215
Depreciation of ROU	-	1,507	-	-	-	-	1,507	-	1,507
Write down of properties held for sale	36,345	-	-	-	-	-	36,345	-	36,345
Impairment loss recognised on trade receivables	-	(1,926)	3,123	-	-	-	1,197	-	1,197
Loss on change in fair value of IP	-	135,414	-	-	-	1,040	136,454	-	136,454
Interest expenses	48,015	16,402	-	-	2,103	1,745	68,265	5,290	73,555
Loss/(gain) on change in financial assets at FVTPL	(4,865)	564	-	-	-	4,414	113	-	113
Gain on change in financial liabilities at FVTPL	(3,848)	-	-	-	-	-	(3,848)	-	(3,848)
Share of results of an associate	2,164	-	-	-	-	-	2,164	-	2,164

Amounts regularly provided to the CODM but not included in the measure of segment results:

Interest income earned on bank balances	(15)	(7)	-	-	-	(4)	(26)	(132)	(158)
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For the year ended 31 December 2024

	Property development	Property investment	Property management services	Cleaning and fitting out works	Provision of finance	Wine business	Segment total	Unallocated	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Amounts included in the measure of segment results or segment assets:									
Addition to non-current assets	-	14,674	-	-	-	20	14,694	-	14,694
Depreciation of plant and equipment	261	83	-	30	-	184	558	16	574
Depreciation of right-of-use assets	321	1,507	-	-	-	-	1,828	-	1,828
Write down of properties held for sale	185,679	-	-	-	-	-	185,679	-	185,679
Impairment loss/(reversal of impairment loss) on trade receivables	-	38	(256)	-	-	-	(218)	-	(218)
Loss on change in fair value of investment properties	-	49,634	-	-	-	3,150	52,784	-	52,784
Interest expense	102,892	23,639	-	-	7,136	2,765	136,432	6,991	143,423
(Gain)/loss on change in fair value of financial assets at FVTPL	(2,064)	-	-	-	-	-	(2,064)	1,013	(1,051)
Loss on change in fair value of financial liabilities at FVTPL	9,204	-	-	-	-	-	9,204	-	9,204
Loss on derecognition of amount due from an associate	6,476	-	-	-	-	-	6,476	-	6,476
Impairment loss on investment in an associate	18,892	-	-	-	-	-	18,892	-	18,892
Share of results of an associate	(17,653)	-	-	-	-	-	(17,653)	-	(17,653)

Amounts regularly provided to the CODM but not included in the measure of segment results:

Interest income earned on bank balances	(188)	(23)	(2)	(1)	(5)	(7)	(226)	(345)	(571)
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GEOGRAPHICAL INFORMATION

The Group's operations are located on both Hong Kong and South Korea.

For the years ended 31 December 2025 and 2024, the Group's revenue is all derived from operations in Hong Kong.

The Group's non-current assets (excluded financial instruments and deferred tax assets) by geographical location of the assets are detailed below.

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong	485,505	740,969
South Korea	4,776	6,382
	<u>490,281</u>	<u>747,351</u>

INFORMATION ABOUT MAJOR CUSTOMERS

For the years ended 31 December 2025 and 2024, no customer with transactions exceeded 10% of the Group's revenue.

5. LOSS BEFORE TAX

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss before tax has been arrived at after charging/(crediting):		
Directors' emoluments	4,835	4,113
Other staff costs, excluding directors' emoluments:		
Salaries and other allowances	27,056	27,164
Retirement benefit scheme contributions	1,296	1,296
	<u>33,187</u>	<u>32,573</u>
Total staff costs		32,573
Auditors' remuneration		
– Annual audit	1,080	1,390
– Others	164	253
Cost of inventories recognised as an expense, including write down of properties held for sale	133,469	1,400,926
Depreciation of owned property, plant and equipment	1,215	574
Depreciation of right-of-use assets	1,507	1,828
Direct operation expenses incurred for provision of services and properties leasing (included in cost of sales and services)	14,097	9,003
Exchange difference, net	369	188
Impairment loss/(reversal of impairment loss) on trade receivables	1,197	(218)
Loss on derecognition of amount due from an associate	–	6,476
Impairment loss on investment in an associate (<i>Note</i>)	–	18,892
Write down of properties held for sale (included in cost of sales and services)	36,345	185,679
Property agency commission (included in selling expenses)	6,963	76,248
Gross rental income from investment properties	(49,028)	(50,808)
Less: direct operating expenses incurred for investment properties that generated rental income (included in cost of sales and services)	5,623	6,635
	<u>(43,405)</u>	<u>(44,173)</u>

Note: During the year, the Group recognised an impairment loss on investment in an associate of HK\$Nil (2024: HK\$18,892,000). In the opinion of the directors, such impairment loss arises due to lower estimated selling price of the project and surge in market interest rate during the year.

6. INCOME TAX CREDIT

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Hong Kong Profits Tax:		
– Current tax	198	172
– Overprovision in prior years	–	(272)
Deferred taxation	<u>(18,257)</u>	<u>(4,989)</u>
	<u><u>(18,059)</u></u>	<u><u>(5,089)</u></u>

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

The group entities in South Korea are subject to Korean Corporate Income Tax which comprises national and local taxes (collectively “**Korean Corporate Income Tax**”). Korean Corporate Income Tax is charged at the progressive rate from 9% to 24% on the estimated assessable profit of eligible entities derived worldwide. No provision on Korean Corporate Income Tax was provided as there is no estimated assessable profits in financial year ended 31 December 2025 (2024: Nil).

7. LOSS PER SHARE

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Loss		
Loss for the year attributable to owners of the Company for the purpose of basic loss per share	(268,171)	(605,029)
Effect of dilutive potential ordinary shares:		
– Fair value change on redemption derivative component (net of tax) (<i>note (b)</i>)	N/A	N/A
– Interest on convertible bonds (net of tax) (<i>note (b)</i>)	<u>N/A</u>	<u>N/A</u>
Loss for the purpose of diluted loss per share	<u><u>(268,171)</u></u>	<u><u>(605,029)</u></u>
	<i>'000</i>	<i>'000</i>
Number of shares		
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>641,498</u>	<u>641,498</u>
Effect of dilutive potential ordinary shares:		
– Outstanding share options issued by the Company (<i>note (a)</i>)	N/A	N/A
– Convertible bonds (<i>note (b)</i>)	<u>N/A</u>	<u>N/A</u>
Weighted average number of ordinary shares for the purpose of diluted loss per share	<u><u>641,498</u></u>	<u><u>641,498</u></u>

Notes:

- (a) The computation of diluted loss per share during the years ended 31 December 2025 and 2024 respectively does not assume the exercise of the Company's all share options because the exercise price of those options was higher than the average market price for shares for the years ended 31 December 2025 and 2024.
- (b) No adjustment has been made to the basic loss per share amount presented for the years ended 31 December 2025 and 2024 in respect of a dilution as the impact of the convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amount presented.

8. DIVIDENDS

The board of directors of the Company does not recommend the payment of a dividend for the years ended 31 December 2025 and 2024.

9. TRADE AND OTHER RECEIVABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables from contracts with customers (<i>note (a)</i>)	5,077	5,968
Lease receivables (<i>note (a)</i>)	<u>6,664</u>	<u>4,004</u>
	11,741	9,972
Less: Allowance for credit losses	<u>(3,123)</u>	<u>(1,926)</u>
	<u>8,618</u>	<u>8,046</u>
Deposits and other receivables, and prepayments		
– Loan receivables	–	9,392
– Loan interest receivables	–	134
– Rental deposits and other receivables (<i>note (b)</i>)	28,431	26,779
– Prepayments	<u>1,731</u>	<u>7,948</u>
	30,162	44,253
Less: Allowance for credit losses	<u>–</u>	<u>(2,287)</u>
	<u>30,162</u>	<u>41,966</u>
	<u>38,780</u>	<u>50,012</u>
Analysis as:		
– Non-current portion	3,820	3,880
– Current portion	<u>34,960</u>	<u>46,132</u>
	<u>38,780</u>	<u>50,012</u>

Notes:

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

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

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
0–30 days	3,045	3,109
31–90 days	2,023	1,445
91–180 days	1,067	1,146
181–365 days	744	1,344
Over 365 days	1,739	1,002
	<u>8,618</u>	<u>8,046</u>

- (b) As at 31 December 2025, the balance included an other receivable with carrying amount of HK\$3,820,000 (2024: HK\$3,880,000). The amount is interest bearing at 0.003% and repayable in November 2032.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<i>Notes</i>	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Unlisted investment fund	<i>(a)</i>	3,635	3,258
Unlisted participation note	<i>(b)</i>	1,519	1,519
Derivative financial instrument – redemption option	<i>(c)</i>	1,011	1,952
Unlisted investment in bond	<i>(d)</i>	54,381	48,270
Key management life insurance policy	<i>(e)</i>	17,427	–
		<u>77,973</u>	<u>54,999</u>
Total		77,973	54,999
Classified as:			
– Non-current		76,962	53,047
– Current		1,011	1,952
		<u>77,973</u>	<u>54,999</u>

Notes:

- (a) The Group subscribed to an unlisted private equity fund at cost of HK\$5,000,000, representing 10% of the total fund size in previous years. The Group has recognised a fair value gain of HK\$377,000 (2024: loss of HK\$383,000) in respect of the fair value changes in the profit or loss.

- (b) As at 31 December 2025, the fair value of unlisted participation note is HK\$1,519,000 (2024: HK\$1,519,000). No change in fair value has been recognised in the profit or loss (2024: Nil).
- (c) The balance represents the redemption derivative component in relation to the convertible bonds (note 12). The Group has recognised a fair value loss of HK\$941,000 (2024: HK\$630,000) in respect of the fair value change in profit or loss.
- (d) On 31 July 2024, the associate of the Group issued profit participation bonds with an aggregate principal amount of KRW59,456,000,000 to its shareholders and an independent third-party investor. The Group subscribed for the profit participation bond with a principal amount of KRW9,926,585,000 (equivalent to HK\$56,110,000). The bond is unsecured and interest-bearing at 4.6% per annum. The principal and interest of the bond are redeemable on 31 December 2027. Furthermore, after full redemption of the bonds and refund of investments made by the shareholders of the associate, the bondholders (including the Group) are entitled to participate in dividends declared by the associate according to ratio of the principal amount of the bonds subscribed by the bondholders and the investments made by the shareholders of the associate. The Group has recognised a fair value gain of HK\$4,865,000 (2024: HK\$2,064,000) in respect of the fair value change in profit or loss.
- (e) The key management life insurance policy was mandatorily classified as financial assets at fair value through profit or loss as the contractual cash flows are not solely payments of principal and interest. Under this life insurance policy (the “**Policy**”) the beneficiary and policy holder is Joe Chan, the Group director and the total insured sum is US\$2,940,000 (equivalent to HK\$22,933,000). The Group paid an upfront premium for the Policy of US\$2,800,000 (equivalent to HK\$21,841,000) and may surrender at any time by filing a written request and receive cash based on the surrender value of the Policy at the date of withdrawal, which is calculated by the insurer. In the opinion of the directors, the surrender value of the Policy provided by the insurance company is the best approximation of its fair value, which is categorised within Level 3 of the fair value hierarchy.

11. TRADE AND OTHER PAYABLES

	2025 <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade payables (<i>note (a)</i>)	489	514
Retention payables (<i>note (b)</i>)	12,813	32,362
Other payables, deposits received and accruals		
– Rental deposits received	17,938	13,817
– Other deposits received	1,394	–
– Accrued construction costs	32,506	57,424
– Accrued bonus	317	1,270
– Accrued agency commission	29,618	48,307
– Accrued building management fees	878	807
– Accrued legal and professional fees	3,356	2,583
– Interest payables	5,029	2,910
– Receipt in advance of rental income	18,756	19,239
– Others	10,007	5,293
	<u>133,101</u>	<u>184,526</u>
Less: non-current portion	<u>(4,254)</u>	<u>–</u>
	<u><u>128,847</u></u>	<u><u>184,526</u></u>

Notes:

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

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

	2025 HK\$'000	2024 HK\$'000
0–30 days	28	5
31–90 days	1	21
91–180 days	–	43
181–365 days	–	–
Over 365 days	460	445
	<hr/> 489	<hr/> 514
	<hr/> 489	<hr/> 514

- (b) As at 31 December 2025, retention payables of HK\$nil (2024: HK\$6,046,000) and HK\$12,813,000 (2024: HK\$26,316,000) are aged within one year and more than one year respectively. All retention payables as at 31 December 2025 and 2024 were expected to be paid or settled in less than twelve months from the end of the corresponding reporting period.

12. CONVERTIBLE BONDS

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

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

The convertible bonds that contain liability, redemption option and conversion option components were classified separately into their respective items on initial recognition. The fair value of various components was determined based on the valuation conducted by Jones Lang LaSalle Corporate Appraisal and Advisory Limited at the issue date (i.e. 22 October 2020). At each reporting date, the fair value of the convertible bonds as a whole is determined by using the Binomial Option Pricing Model. The fair value of the liability component of the bonds is calculated using cash flows discounted at a rate based on an equivalent market interest rate for equivalent non-convertible bonds. The fair value of the redemption option is determined by the difference between the fair value of equivalent convertible bonds with redemption option and without redemption option.

The initial carrying amount of the equity component was determined by deducting the fair values of the liability and redemption option components from the fair value of the convertible bonds as a whole and was included in equity as convertible bonds – equity component.

The effective interest rate of the liability component on initial recognition and the subsequent recognition of interest expense on the convertible bonds was calculated using effective interest rate of 7.87% per annum.

There was no redemption and conversion of the convertible bonds since its issuance.

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

	Redemption derivative component <i>HK\$'000</i>	Liability component <i>HK\$'000</i>	Equity component <i>HK\$'000</i>	Total <i>HK\$'000</i>
As at 1 January 2024	2,582	(95,151)	(313,698)	(406,267)
Effective imputed interest expense recognised	–	(5,570)	–	(5,570)
Change in fair value	(630)	–	–	(630)
Interest repayment	–	40,059	–	40,059
	<u>1,952</u>	<u>(60,662)</u>	<u>(313,698)</u>	<u>(372,408)</u>
As at 31 December 2024 and 1 January 2025	1,952	(60,662)	(313,698)	(372,408)
Effective imputed interest expense recognised	–	(4,968)	–	(4,968)
Change in fair value	(941)	–	–	(941)
Interest repayment	–	3,092	–	3,092
	<u>–</u>	<u>3,092</u>	<u>–</u>	<u>3,092</u>
As at 31 December 2025	1,011	(62,538)	(313,698)	(375,225)

EXTRACT OF INDEPENDENT AUDITOR’S REPORT

The following is an extract of the independent auditor’s report on the Group’s consolidated financial statements for the year ended 31 December 2025:

“OPINION

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

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw your attention to Note 3 to the consolidated financial statements, which indicates that for the year ended 31 December 2025, the Group incurred a loss of HK\$269,085,000. As at 31 December 2025, although the Group’s current assets exceeded current liabilities by HK\$84,886,000, the current assets mainly comprised properties held for sale of HK\$1,357,014,000 and the borrowings as at 31 December 2025 that are repayable within twelve months after the reporting date amounted to HK\$1,117,566,000, while its cash and cash equivalents amounted to HK\$9,545,000 only. As stated in Note 3, these conditions along with other matters as set forth in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL RESULT

For the year ended 31 December 2025, the Group's revenue and loss attributable to owners of the Company amounted to approximately HK\$192.4 million (for the year ended 31 December 2024: approximately HK\$1,133.1 million) and approximately HK\$268.2 million (for the year ended 31 December 2024: approximately HK\$605.0 million), respectively.

FINAL DIVIDENDS

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

BUSINESS REVIEW

The Company is principally engaged in property development; property investment for sale, rental or capital appreciation; provision of property management and security services; cleaning and fitting out works; provision of finance; fund investment and fund management; and wine business which includes operation of wine cellar and trading of fine wine. The various lifestyle businesses are operating under the brand name of "Metropolitan".

The Group's revenue for the year ended 31 December 2025 amounted to approximately HK\$192.4 million (for the year ended 31 December 2024: approximately HK\$1,133.1 million), which represented a decrease of approximately HK\$940.7 million compared with last year. Loss attributable to owners of the Company for the year ended 31 December 2025 was approximately HK\$268.2 million (for the year ended 31 December 2024: approximately HK\$605.0 million). The narrowing of the loss of approximately HK\$336.8 million was mainly due to (i) a return to the gross profit from sale of property units (excluding write down of properties held for sale) amounting to approximately HK\$10.1 million for the year ended 31 December 2025 as compared to gross loss of approximately HK\$155.7 million for the year ended 31 December 2024; and (ii) a decrease in finance costs (after deducting amount capitalised in cost of qualifying assets) by approximately HK\$69.8 million from approximately HK\$143.4 million for the year ended 31 December 2024 to approximately HK\$73.6 million for the for the year ended 31 December 2025 attributed to a slightly reduction in loan balances and a decline in the HIBOR rate since the second quarter of 2025. However, the loss was mainly due to the (i) the write down of properties held for sale by approximately HK\$36.3 million (31 December 2024: HK\$185.7 million); (ii) the loss on change in fair value of investment properties by approximately HK\$136.5 million (31 December 2024: HK\$52.8 million).

The basic loss per share for the period was approximately HK\$41.80 cents as compared to loss per share of approximately HK\$94.32 cents for the corresponding period of last year. An overview of the individual business segments of the Group is set out below.

PROPERTY DEVELOPMENT

Revenue was recognised in this business segment for the year ended 31 December 2025 was approximately HK\$111.6 million (for the year ended 31 December 2024: HK\$1,053.8 million). As at 31 December 2025, the Group had three completed projects, namely, (a) The Rainbow; (b) The Cloud; and (c) After the Rain; and two projects pending for development, namely, (d) Kwun Tong Site Project and (e) Big Triangle Project (held by an associate of the Group). A general summary and update of the property development projects of the Group during the year ended 31 December 2025 are listed below:

Hong Kong Projects:

- (a) **The Rainbow:** During the year ended 31 December 2025, the sales of completed units and the temporary rental income from properties held for sale recognised was amounted to approximately HK\$2.1 million and HK\$10.5 million, respectively (for the year ended 31 December 2024: approximately HK\$21.1 million and HK\$9.6 million, respectively).
- (b) **The Cloud:** The Group redeveloped a new building in light of the new initiatives of the revitalization of industrial building announced in the Policy Address by the Chief Executive in the fourth quarter of 2018. The Cloud was completed in 2022 and revenue recognition has taken place in the second quarter of 2022. During the year ended 31 December 2025, revenue of approximately HK\$13.6 million was recognised from completion and delivery of 6 property units of the project (for the year ended 31 December 2024: HK\$8.2 million and 4 property units, respectively).
- (c) **After The Rain:** The Group developed a luxury and stylish condominium residential complex targeting at young residents pursuing high quality and design driven lifestyle. The Project provides 335 residential units, 5 ground floor shops and 65 parking spaces. The pre-sales consent was granted in February 2023. The occupation permit and certificate of compliance was granted in April 2023 and October 2023 respectively. The completion and revenue recognition has taken place in the second half of 2023. During the year ended 31 December 2025, revenue of approximately HK\$95.9 million was recognised from completion and delivery of 5 residential units, 45 carpark units and 1 shop unit of the project (for the year ended 31 December 2024: HK\$1,024.5 million and 168 residential and carpark units, respectively).
- (d) **Kwun Tong Site Project:** The Group continues to advance the Kwun Tong Site (are of around 12,600 sq.ft) redevelopment to optimise the site's premium location and Victoria Harbour vistas; in Q4 last year The Town Planning consent was granted to change the land use right to commercial hotel and planning approval was obtained for a total of 988 rooms, and the Education Bureau has provided formal endorsement for the proposed "**hostel in the city**" scheme. The approved land-use change and regulatory support are expected to reduce project risk, enhance marketability and asset value, and deliver stable recurring revenue streams to the Group.

South Korea, Seoul Project:

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

PROPERTY INVESTMENT

The Group is engaged in property investment for sale, rental or capital appreciation. Partial of the rental revenue is generated from provision of serviced apartments; co-working spaces and storage under the brand of "Metropolitan".

Revenue recognised in this business segment during the year ended 31 December 2025 amounted to approximately HK\$43.4 million (for the year ended 31 December 2024: approximately HK\$43.1 million), reflecting a slight increase of approximately HK\$0.3 million from the corresponding period of prior year. Below are the breakdown of revenue generated from property investment activities, including serviced apartment, storage and workshops:

METROPOLITAN APARTMENT

Metropolitan Apartment is principally engaged in the operation of serviced apartments in Hong Kong which offering fully furnished suites with flexible monthly renewal terms. The target clientele of Metropolitan Apartment includes short-term overseas employees, local residents, and college students. Revenue recognised from this segment for the year ended 31 December 2025 amounted to approximately HK\$3.5 million (for the year ended 31 December 2024: approximately HK\$3.5 million). Although there is no significant change between the years, the Group intends to place greater emphasis on this segment in the future, given the anticipated substantial demand for student hostels in Hong Kong in the coming years.

METROPOLITAN STORAGE

Metropolitan Storage offers and operates 24 hour storage services to the public in Hong Kong. Revenue was HK\$24.7 million for the year ended 31 December 2024 and HK\$24.6 million for the year ended 31 December 2025, effectively similar and demonstrating stability in this part of the business. The modest year on year change reflects steady occupancy and resilient demand from both residential and commercial customers despite broader market softness. Management has sustained competitiveness through targeted pricing strategies, improved customer service, enhanced security and facility maintenance, and selective marketing to capture small to medium sized business accounts and relocating households. These measures have helped preserve margins and maintain cash flows, supporting ongoing operation and potential selective expansion when market conditions improve.

METROPOLITAN WORKSHOP

Metropolitan Workshop provides 24 hour co working spaces, including private rooms, shared offices, dedicated desks, hot desks, virtual offices and multi location memberships, with flexible pricing and fully equipped facilities designed for freelancers, entrepreneurs, small businesses and corporate clients. Revenue for the segment fell from HK\$13.4 million for the year ended 31 December 2024 to HK\$11.2 million for the year ended 31 December 2025, primarily due to stronger competition that compressed pricing and lowered occupancy. The decline was also affected by a strategic closure of one cluster during the year, undertaken to improve cost efficiency, streamline operations and preserve the segment's overall profitability.

As at 31 December 2025, the total carrying value of the Group's portfolio of investment properties, amounted to approximately HK\$484.5 million (31 December 2024: approximately HK\$738.4 million), which comprised floors and units in industrial and commercial buildings and farmland located in Hong Kong of HK\$435.2 million (31 December 2024: approximately HK\$693.2 million), and right-of-use assets ("ROU") that meet the definition of investment properties of HK\$49.3 million (for the year ended 31 December 2024: HK\$45.2 million).

Among all of the investment properties, the total carrying value categorized under Property Investment segment, amounted to approximately HK\$448.6 million (31 December 2024: HK\$697.9 million), which comprised floors and units in industrial and commercial buildings and farmland located in Hong Kong of HK\$404.7 million (31 December 2024: HK\$659.2 million); and ROU that meet the definition of investment properties of HK\$43.9 million (31 December 2024: HK\$38.7 million). The remaining investment properties were categorized under Wine Business segment.

The Group will also consider if there is any purchase opportunity for investment property or if any of the development properties have appreciation potential to be converted as investment properties, which allow more stable rental income to be generated.

PROVISION OF PROPERTY MANAGEMENT SERVICES

The Group offers property management and security services for five completed projects – The Galaxy, The Star, The Rainbow, The Cloud, and After the Rain – as well as two commercial buildings in Sheung Wan and a residential building in Happy Valley. Revenue recognised from this segment for the year ended 31 December 2025 was approximately HK\$13.9 million, compared to around HK\$13.9 million for the same period in 2024. This slight stabilization in revenue demonstrates the strength of our brand in the market. The Group is confident that by providing comprehensive, high-quality property management and security services will enhance our brand recognition further. As we expand our services to additional property owners and developers, we anticipate growth in this segment, positioning the Group for long-term stable income generation.

PROVISION OF FINANCE

The Group provides credit facilities to individual and corporate clients for its own commercial and industrial development projects. Revenue generated from this segment for the year ended 31 December 2025 amounted to approximately HK\$1.4 million (for the year ended 31 December 2024: HK\$2.8 million), representing an decrease of approximately HK\$1.4 million over the

corresponding period of prior year due to dispose of the entire issued share capital of and all debts owed to the group entities by Star Finance (H.K.) Limited, a wholly owned subsidiary, at a consideration of HK\$14.6 million, to an independent third-party purchaser in August 2025.

CLEANING AND FITTING OUT WORKS

The Group provides cleaning and fitting-out works for property owners managed by the Group. Revenue generated from this business segment for the year ended 31 December 2025 amounted to approximately HK\$6.2 million (for the year ended 31 December 2024: HK\$6.0 million), in line with the same period in 2024. The Group anticipates that this segment will foster synergies with other business areas by enhancing work quality and operating at lower costs efficiently.

WINE BUSINESS

The Group has engaged in the sale of fine wine to local residents in Hong Kong, offering delivery services through Metropolitan Fine Wine, as well as leasing professional fine wine storage through Metropolitan Wine Cellar. Revenue recognised in this business segment for the year ended 31 December 2025 amounted to approximately HK\$15.9 million (for the year ended 31 December 2024: approximately HK\$13.4 million), while the revenues from fine wine storage services decreased by approximately of HK\$2.1 million, revenues from sales of fine wine increased by approximately HK\$4.6 million, representing an increase of approximately HK\$2.5 million year-over-year. This revenue growth in fine wine sales can be primarily attributed to the successful launch of various seasonal promotions during the current period.

The total carrying value of the Group's portfolio of investment properties categorized under wine business segment was amounted to approximately HK\$36.0 million (31 December 2024: approximately HK\$40.5 million), which comprise a unit in industrial building located in Hong Kong of approximately HK\$30.5 million (31 December 2024: approximately HK\$34.0 million); and ROU that meet the definition of investment properties of approximately HK\$5.5 million (31 December 2024: approximately HK\$6.5 million).

FUND INVESTMENT AND MANAGEMENT

The total carrying value of the Group's funds investment amounted to approximately HK\$5.2 million (31 December 2024: approximately HK\$4.8 million). In order to broaden the sources of finance and expand the market share of property development business, the Group plans to set up and manage a real estate fund for raising more funding in the future.

LIQUIDITY AND FINANCIAL RESOURCES

The total equity of the Group as at 31 December 2025 was approximately HK\$536.1 million (31 December 2024: approximately HK\$801.5 million). As at 31 December 2025, the Group maintained bank balances and cash of approximately HK\$9.5 million (31 December 2024: approximately HK\$28.9 million). The Group's net current assets of approximately HK\$84.9 million as at 31 December 2025 (31 December 2024: approximately HK\$95.7 million). The Group had current assets of approximately HK\$1,410.0 million as at 31 December 2025 (31 December 2024: approximately HK\$1,619.0 million). The decrease in current assets was mainly due to the sales of property units (which was classified as properties held for sale) during the year. The Group had current liabilities of approximately HK\$1,325.1 million as at 31 December 2025

(31 December 2024: approximately HK\$1,523.2 million). The decrease in current liabilities was mainly due to the repayment of loans using the proceeds generated from sales of property units, disposal of credit finance business and payments for retention payables during the year.

The Group generally finances its operations with internally generated cashflow, convertible bonds and borrowings from banks, financial institutions and the holding company of a shareholder of the associate. As at 31 December 2025, the Group had convertible bonds issued by the Company with liability portion of HK\$62.5 million (31 December 2024: HK\$60.7 million); and outstanding borrowings of approximately HK\$1,123.0 million (31 December 2024: approximately HK\$1,238.7 million). The borrowings as at 31 December 2025 were secured by the Group's properties, pledged bank deposit and corporate guarantee.

The Group's gearing ratio (defined as the total interest-bearing borrowings divided by total equity and multiplied by 100%) increased from approximately 154.6% as at 31 December 2024 to approximately 209.5% as at 31 December 2025. Similarly, the net debt-to-equity ratio (defined as the total borrowings net of cash and cash equivalents divided by total equity) increased from approximately 151.0% as at 31 December 2024 to approximately 207.7% as at 31 December 2025. During the year ended 31 December 2025, higher gearing and net debt-to-equity mainly reflected the segment disposals that proceeds used to repay borrowings and the recognised disposal losses of properties which temporarily reduced equity. The Group remains financially disciplined and is taking focused actions, including accelerated asset monetisation and selective refinancing, to restore balance-sheet metrics and support future growth.

The Group's debt-to-assets ratio (defined as total borrowings net of cash and cash equivalents divided by total assets) increased from approximately 48.8% as at 31 December 2024 to approximately 56.0% as at 31 December 2025. The increase in the Group principally reflects a reduction in accounting losses and asset write-downs from certain properties disposals, and limited net cash proceeds from those disposals which were largely used to settle payables. These factors temporarily reduced the asset base and increased net borrowings at the reporting date. The Group is pursuing targeted asset monetisation and selective refinancing to improve leverage metrics.

The Group's capital commitment as at 31 December 2025 amounted to approximately HK\$14.9 million (31 December 2024: approximately HK\$13.0 million).

The Group has no significant contingent liabilities as at 31 December 2025. The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

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

CAPITAL STRUCTURE

There were no movements in the Company's share capital during the year ended 31 December 2025 (for the year ended 31 December 2024: Nil).

CONVERTIBLE BONDS

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

There was no redemption or conversion of the convertible bonds during the year ended 31 December 2025 (For the year ended 31 December 2024: Nil).

FOREIGN EXCHANGE

The Group conducts its business primarily in Hong Kong with the related cash flows, assets and liabilities being denominated mainly in Hong Kong dollars. The Group’s primary foreign exchange exposure arises from its operations in South Korea which are denominated in United States dollars and Korean Won. The foreign currency denomination of commercial transactions, assets and liabilities, and net investments in foreign operations are mainly in United States dollars and Korean won.

In respect of the Group’s operations in South Korea, the Group maintains an appropriate level of external borrowings in Korean Won for natural hedging of Korean Won attributed to those projects. The Korean Won currency exposure of the Group is mainly derived from the translation of current assets and liabilities of the subsidiaries in South Korea with functional currency of Korean Won and the Korean Won deposits held for future development costs to be expended to Hong Kong dollar. During the year ended 31 December 2025, the Group recorded exchange loss of approximately HK\$0.4 million (for the year ended 31 December 2024: HK\$0.2 million).

As at 31 December 2025, offshore bank and other borrowings were approximately Korean Won 2.7 billion, which is approximately HK\$14.7 million (31 December 2024: approximately Korean Won 2.8 billion, which is approximately HK\$14.6 million), as working capital loan for the operations in South Korea. The offshore borrowings are expected to be fully repaid in 2027. The interest rate of these borrowings ranged from 4.6% to 6.4% per annum as at 31 December 2025 (31 December 2024: 4.6% to 6.0%).

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

PLEDGE OF ASSETS

As at 31 December 2025, the Group's investment properties and properties held for sale, as well as pledged bank deposit with carrying value of approximately HK\$435.2 million and HK\$1,357.0 million as well as HK\$ Nil million respectively (31 December 2024: approximately HK\$693.2 million and HK\$1,436.0 million as well as HK\$10.0 million, respectively) were pledged to secure the Group's credit facilities.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

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

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

Save as disclosed elsewhere in this announcement, there was no significant investments held, nor were there any material acquisitions or disposals of subsidiaries during the reporting period and the Group did not have other plans for material investments or capital assets as of 31 December 2025.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed 117 employees (31 December 2024: 116 Employees) and appointed 7 Directors (31 December 2024: 7 Directors). Salaries of employees are maintained at a competitive level and are reviewed annually, with close reference to individual performance, working experience, qualification and the current relevant industry practices. Apart from base salary and statutory provident fund scheme, discretionary bonus and share options may be granted to selected staff by reference to the Group's as well as the individual's performances. Other forms of benefits such as medical scheme, on-the-job and external training to staff are also provided. The Group has not experienced any material dispute with its employees or disruption to its operations due to employee dispute and has not experienced any difficulties in the recruitment and retention of experienced staff or skilled personnel. The Group maintains a good relationship with its employees.

POSSIBLE RISKS AND UNCERTAINTIES

The Group has reviewed the possible risks and uncertainties which may affect its businesses, financial condition, operations and prospects, and considered that the major risks and uncertainties that may affect the Group included (i) market risk which refers to the economic and financial conditions that has direct impact to the property market and purchasing power. Other retail business providers including provision of serviced apartments, workshops, storage and wine cellars may also be highly affected by the market sentiment when the economic outlook of Hong Kong was remained uncertainty; (ii) business risk like the supply and price level of bank borrowings may have significant impact to the cost of our development projects; (iii) industry risk which mainly refers to the continuing increase of construction costs; (iv) regulatory risk such as

the changes of regulations may affect the completion time of our property development projects or the market sentiment e.g. property cooling measures imposed by the Government from time to time; (v) suppliers risk such as the outsource of construction works to independent third parties while they may fail to provide satisfactory services adhering to our quality and safety standards as well as within the timeline required by the Group; (vi) other business risk like the revenue cycle is strongly depends on the sales of properties which may lead to significant fluctuation of profitability in different periods; (vii) fluctuations of fair value gain or loss incurred on financial assets and investment properties; (viii) credit risk from provision of finance which may incur bad debts during the downturn of economy; (ix) bank borrowing and interest rate risk which may limit or otherwise materially and adversely affect our business, results of operations and financial conditions; and also (x) the operational expenses may also be affected by the economic situations.

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

PROSPECT

As 2025 draws to a close, the Group approaches 2026 with cautious optimism. Easing inflationary pressure and a moderation in interest rates, combined with the Government's relaxation of the investment immigration policy for residential purchases and the expanded admission quotas for non-local undergraduates at UGC-funded universities, are helping to restore buyer and investor confidence in the Hong Kong property market.

We expect residential demand to recover, particularly for well-located, mid-sized units attractive to owner-occupiers and long-term investors. The leasing market remained resilient throughout 2025. Increased inward mobility, supported by talent admission schemes and the ongoing promotion of the "Hostels in the City" Scheme, has sustained demand for rental housing and purpose-built student hostels. Renewal activity improved during the year, with selective rent adjustments implemented where market fundamentals permitted. For the Group, the Kwun Tong Wai Yip Street student accommodation portfolio will be a principal focus in 2026.

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

Operationally, we are pleased to report continued strong sales at "After The Rain," with all residential units sold during 2025, an outcome that validates our product positioning, pricing and sales execution. Our immediate priorities are to monetise the remaining retail shops, commercial

units and carparks at both “After The Rain” and “The Rainbow.” Subject to customary completion procedures and market timing, we expect these transactions to be finalised in the coming quarters. At the same time, we will sustain stable recurring income through proactive leasing, targeted refurbishments and tenant retention initiatives.

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

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

EVENTS AFTER THE REPORTING PERIOD

As from 31 December 2025 to the date of this announcement, the Board is not aware of any significant events that have occurred which require disclosure herein.

OTHER INFORMATION

ANNUAL GENERAL MEETING

The 2026 annual general meeting (“AGM”) of the Company will be held on Monday, 18 May 2026 and the notice of 2026 AGM will be published and despatched in the manner as required by the Listing Rules on the Stock Exchange in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the AGM, the Register of Members will be closed from Wednesday, 13 May 2026 to Monday, 18 May 2026 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the AGM, all transfer of shares of the Company accompanied by the relevant share certificates must be lodged with the Company’s share registrar and transfer office in Hong Kong, Tricor Investor Services Limited (the “Share Registrar”) at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 May 2026.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) in Appendix 10 of the Listing Rules relating to dealings in securities. Memorandum was sent to the Directors twice a year to draw their attention to the Model Code. Having made specific enquiries of each Director, the Company confirmed that all Directors have complied with the required standard set out in the Model Code throughout the Reporting Period and no incident of non-compliance by the Directors was noted by the Company throughout the Reporting Period.

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 throughout the Reporting Period.

CODE ON CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with the code provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange with the exception for code provision C.2.1, which requires the roles of chairman and chief executive officer should be separate and should not be performed by the same individuals, throughout the Reporting Period.

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

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

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive directors, including, Ms. Chan Wah Man Carman (Chairman of the Audit Committee), Mr. Lee Chung Ming Eric and Dr. Wong Wai Kong.

The functions of the audit committee are, among others, to assist the Board to review the financial information of the Company, including interim and final results; to monitor and review the relationship with the external auditors, particularly on their independence and objectivity and the effectiveness of the audit process in accordance with applicable standards; to oversight of the Company's risk management, financial system and internal control procedures; to oversight of the Company's corporate governance functions and connected transactions; and to make relevant recommendations to the Board to ensure effective, efficient and reliable reporting.

The Audit Committee had reviewed the Group's audited consolidated financial statements and above matters for the year ended 31 December 2025.

SCOPE OF WORK OF BDO LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2025 as set out in this announcement have been agreed by the Group's auditor, BDO Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2025. The work performed by BDO Limited in this respect did not constitute an assurance engagement and consequently no assurance has been expressed by BDO Limited on this announcement.

PUBLICATION OF FINAL RESULTS AND DESPATCH OF ANNUAL REPORT

This final results announcement is published on the website of the Stock Exchange (www.hkexnews.hk) and the Company (www.stargroupasia.com). The 2025 annual report containing all the information required by the Listing Rules will be despatched to the Company's shareholders and available on the above websites in due course.

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

Hong Kong, 30 March 2026

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Chan Man Fai Joe (Chairman and chief executive officer) and Ms. Cheung Wai Shuen; two non-executive Directors, namely Mr. Tsui Wing Tak and Mr. Yim Kwok Man; and three independent non-executive Directors, namely Dr. Wong Wai Kong, Mr. Lee Chung Ming Eric and Ms. Chan Wah Man Carman.