珠光控股
ZHUGUANG HOLDINGS

Zhuguang Holdings Group Company Limited

(Incorporated in Bermuda with limited liability)

Stock Code : 1176

2025
ANNUAL REPORT

* For identification purposes only

CONTENTS

Corporate Information

EXECUTIVE DIRECTORS

Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) *(Chairman)*
Mr. Liu Jie *(Chief Executive Officer)*
Mr. Liao Tengjia *(Deputy Chairman)*
Mr. Huang Jiajue *(Deputy Chairman)*
Mr. Chu Muk Chi (alias Mr. Zhu La Yi)
Ms. Ye Lixia

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wo Ping *JP*
Mr. Wong Chi Keung
Dr. Feng Ke

AUDIT COMMITTEE

Mr. Leung Wo Ping *JP (Committee Chairman)*
Mr. Wong Chi Keung
Dr. Feng Ke

REMUNERATION COMMITTEE

Mr. Wong Chi Keung *(Committee Chairman)*
Mr. Leung Wo Ping *JP*
Mr. Huang Jiajue

NOMINATION COMMITTEE

Mr. Wong Chi Keung *(Committee Chairman)*
Mr. Leung Wo Ping *JP*
Mr. Huang Jiajue *(resigned with effect from 1 January 2026)*
Ms. Ye Lixia *(appointed with effect from 1 January 2026)*

REGISTERED OFFICE

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COMPANY SECRETARY

Mr. Choi Kwok Keung Sanvic

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PRINCIPAL BANKERS

Industrial and Commercial Bank of China (Asia) Limited
Agricultural Bank of China Limited
Bank of Guangzhou Co., Ltd.
China Zheshang Bank Co., Ltd.
Ping An Bank Co., Ltd.

WEBSITE

www.zhuguang.com.hk

STOCK CODE

1176

Chairman's Statement

I herein present the results and report on the operations of Zhuguang Holdings Group Company Limited ("Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2025 ("FY2025").

RESULTS

The consolidated results of the Group for FY2025 are as follows: (1) the consolidated revenue of the Group for FY2025 was approximately HK$1,390,711,000, representing a decrease of approximately 12.3% as compared with that of approximately HK$1,585,711,000 for the financial year ended 31 December 2024 ("FY2024"); (2) the consolidated gross profit of the Group decreased by approximately 0.8% from approximately HK$1,208,718,000 for FY2024 to approximately HK$1,198,856,000 for FY2025; and (3) the consolidated loss of the Group for FY2025 was approximately HK$6,219,922,000, representing an increase of approximately 79.4% as compared with that of approximately HK$3,467,435,000 for FY2024. The consolidated loss attributable to the equity holders of the Company for FY2025 was approximately HK$6,187,439,000 and the basic loss per share was HK70.68 cents, which were higher as compared with the consolidated loss attributable to the equity holders of the Company of approximately HK$3,412,327,000 and the basic loss per share of HK46.27 cents for FY2024.

BUSINESS REVIEW

In 2025, real estate market in the People's Republic of China ("PRC", "China" or "Mainland China") was in a period of adjustment, with policies continuing measures such as adopting city-specific policies, ensuring the delivery of housing projects, stabilising demand, and preventing risks. The Government Work Report in March 2025 explicitly stated the demand on "making sustained efforts to halt the decline and stabilising the real estate market" and unleash rigid and upgrading housing demand. The Political Bureau of the CPC Central Committee meeting in April 2025 proposed to "increase the supply of high-quality housing" and "optimise policies for the acquisition of existing commercial housing". It was emphasised that greater efforts to halt the market's decline and stabilise it are necessary at the executive meeting of the State Council in June 2025. The Fourth Plenary Session of the 20th CPC Central Committee in October 2025 set the tone to "promote high-quality development of the real estate sector". Various policies have been executed with precision and taken effect in a coordinated manner.

With the continuous optimisation of policies on the supply and demand, a combination of measures supporting the construction of "good housing" and the revitalisation of existing assets has effectively promoted the release of rigid and upgrading housing demand, driven a gradual improvement in market expectations, and facilitated the overall transition of the industry towards a stage of high-quality development. Urban renewal has become a strategic measure to promote high-quality urban development and expand domestic demand.

Urban renewal has been explicitly positioned as "an important leverage point for expanding domestic demand". The top-level policy design continues to be refined, paving a new development path for the transformation of the industry.

The Company's urban renewal team remained committed to the execution of the Group's pre-defined strategies. Leveraging its professional expertise and dedicated approach, the team seized the policy opportunities in urban renewal to effectively implement and advance the urban renewal projects of the Group, particularly those in the Guangzhou region, thereby enhancing the Group's development highlights and competitive advantages in the future. The Group will continue to promote collaborations with its strategic partners and explore opportunities with financial institutions, government agencies and other industry players to solidify its industry position as an "urban renewal expert".

The Group will also uphold the spirit of craftsmanship, focusing on improving product quality with attention to detail and delivering premium properties to the buyers.

FINANCING COSTS AND CHANNELS

As at 31 December 2025, the gearing ratio of the Group was 124% (31 December 2024: 81%). As at 31 December 2025, the cash and bank balances of the Group amounted to approximately HK$13 million (31 December 2024: HK$17 million) and the balance of the interest-bearing debts of the Group amounted to approximately HK$15,259 million (31 December 2024: HK$13,944 million). The weighted average cost of capital of the Group was 5.86% in FY2025 (FY2024: 6.29%).

The Company is committed to enhancing its communication with the Shareholders and its dedication to investor relationship. Through various channels, such as an investor forum, an investment promotion conference and project visits, the Company has maintained smooth communication with the Shareholders and investors in an effective manner, and enabled the investors to have an in-depth understanding of the Company's development strategy and business philosophy.

OUTLOOK

In 2026, the complexity, severity, and uncertainty of the external environment remain. The economy in China is entering into the first year of the 15th Five-Year Plan, forging ahead under pressure amidst structural adjustments and the conversion of growth drivers. Macroeconomic policies will continue to intensify and improve in effectiveness, making greater efforts to stabilise the foundation of the economy.

The Group will continue to advance urban renewal projects and optimise its debt structure. The strategic position of urban renewal will be further elevated, providing a sustainable development path for the industry.

Under the new market trend, the Group's revenue from the pre-sale of properties will still be mainly generated from the completed property projects of the Group across Guangzhou. In the future, the Group will continue to increase its sales efforts in Guangzhou, with Guangzhou remaining as the Group's key sales area. In terms of land acquisition, the Group will maintain and advance the collaboration with its strategic partners to support its strategy for future development needs.

The Group will intensify its efforts to elevate the strategy of "optimising the structure, strengthening capabilities, and enhancing quality", striving to overcome the severe challenges currently brought about by the market adjustment in China's real estate sector.

APPRECIATION

On behalf of the Board, I would like to thank our management team and every staff member of the Group. The growth of the Group would not have been possible without their dedication and contribution. I would also like to express my appreciation to our investors, customers and business partners for their strong support and confidence in the Group. The management and staff of the Group will continue to dedicate their professional knowledge with excellent team spirit to overcome every difficulty ahead so as to achieve more outstanding results.

Chu Hing Tsung
Chairman

Hong Kong, 15 May 2026

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is principally engaged in property development, project management, property investment, hotel operation and other property development related services in the PRC.

Management Discussion and Analysis

Property Development and Sales

During FY2025, the Group continued its focus on the first-tier and key second-tier cities in the PRC with potential growth in demand for properties. The Group has achieved contracted sales of approximately HK$56,653,000 and contracted gross floor area ("GFA") sold of approximately 3,500 square metres ("sqm") during FY2025, representing decreases of approximately 85.22% and approximately 70.52%, respectively, as compared with those for FY2024. The details of the contracted property sales and the contracted GFA sold for FY2025 are set out below:

Projects	**Contracted sales** (HK$'000)	**Contracted GFA sold** (sqm)
Zhuguang Financial Town One	43,621	708
Zhuguang Yujing Scenic Garden ("Yujing Scenic Garden")	3,384	363
Pearl Yunling Lake	1,528	180
Yujing Yayuan	845	119
Pearl Yijing	799	862
Pearl Tianhu Yujing Garden ("Tianhu Yujing")	643	42
	50,820	2,274
Car parks	5,833	1,226
	56,653	3,500

The following projects of the Group are available for sale, pre-sale or leasing in 2026:

Projects	Available for sale/ pre-sale/ leasing period	GFA available for sale/lease (sqm)	Usage
Zhuguang Financial Town One	1st quarter	278,474	Sale
Yujing Scenic Garden	1st quarter	28,401	Leasing/Sale
Pearl Yunling Lake	1st quarter	729	Sale
Central Park	1st quarter	2,022	Leasing/Sale
Pearl Xincheng Yujing	1st quarter	29,403	Leasing/Sale
Tianhu Yujing	1st quarter	26,289	Leasing/Sale
Yujing Yayuan	1st quarter	305	Sale
Pearl Yijing	1st quarter	9,132	Sale
Project Tian Ying	1st quarter	6,179	Sale
Meizhou Chaotang Project	1st quarter	34,202	Leasing/Sale
Zhukong International	1st quarter	34,583	Leasing/Sale

As at 31 December 2025, the Group owned the following major property development projects, the details of which are as follows:

Zhuguang Financial Town One – 100% interest

"Zhuguang Financial Town One" is located at Huangpu Road East, Tianhe District, Guangzhou City, Guangdong Province, the PRC, which is near the 三溪 (Sanxi*) Station of Guangzhou Metro Line No. 5 and within the scope of the planned 廣州國際金融城 (Guangzhou International Financial Town*) in the Tianhe District. The total site area of this project is approximately 63,637 sqm, which is being developed into office buildings, high-end apartment buildings, shopping malls and a commercial complex including underground car parks over four phases. The total GFA for sale of this project is approximately 391,881 sqm. As at 31 December 2025, the aggregate GFA delivered under this project was approximately 15,253 sqm. During FY2025, contracted sales of approximately HK$43,621,000 with GFA of approximately 708 sqm were recorded with respect to "Zhuguang Financial Town One".

Yujing Scenic Garden – 100% interest

"Yujing Scenic Garden" is located at Provincial Highway G105 ("Highway G105") line at Jiulibu District, Jiangpu Town, Conghua, Guangzhou City, Guangdong Province, the PRC, which is well connected via a number of highways to and from Guangzhou City. "Yujing Scenic Garden" is a 20-minute drive from downtown Conghua and a 10-minute drive from Wenquan Town, Conghua, with a site area of approximately 294,684 sqm, which is a commercial and residential complex, comprising residential buildings and a street-level commercial podium and car parks. The total GFA available for sale is approximately 760,206 sqm, which comprises four phases of development. As at 31 December 2025, the aggregate GFA delivered under this project was approximately 669,071 sqm. During FY2025, contracted sales of approximately HK$3,384,000 with GFA of approximately 363 sqm were recorded with respect to "Yujing Scenic Garden".

Pearl Yunling Lake – 100% interest

"Pearl Yunling Lake" is located at Provincial Highway S355 line at Jiekou Street, Conghua, Guangzhou City, Guangdong Province, the PRC, which is adjacent to the Fengyunling Forest Park, and is the main transportation link between Conghua and downtown Guangzhou City. The project site area is approximately 200,083 sqm and the total GFA available for sale is approximately 110,417 sqm. The development is divided into two phases, with Phase I comprising 57 villas and 5 apartment buildings, with an aggregate GFA of approximately 42,884 sqm, and Phase II comprising 44 villas, 3 apartment buildings and a hotel, with an aggregate GFA of approximately 83,773 sqm. Phase I with a total GFA available for sale of approximately 39,046 sqm and Phase II with a total GFA available for sale of approximately 29,040 sqm were launched for sale in the first and third quarters of 2017 respectively, whilst the hotel with a GFA of approximately 42,331 sqm has been retained as a long-term asset of the Group. As at 31 December 2025, the aggregate GFA delivered under this project was approximately 44,053 sqm. During FY2025, contracted sales of approximately HK$1,528,000 with GFA of approximately 180 sqm were recorded with respect to "Pearl Yunling Lake".

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Yujing Yayuan – 50% interest

"Yujing Yayuan" is located at Guoji, Fuyong, Nanqu, Zhongshan City, Guangdong Province, the PRC. The site area and the total GFA available for development of this project are approximately 15,745 sqm and approximately 38,005 sqm, respectively. The development of this project into five blocks of modern residential buildings, a street-level commercial podium and an underground car park was completed in 2020. As at 31 December 2025, the aggregate GFA delivered under this project was approximately 35,927 sqm. During FY2025, contracted sales of approximately HK$845,000 with GFA of approximately 119 sqm were recorded with respect to "Yujing Yayuan".

Pearl Yijing – 100% interest

"Pearl Yijing" is located at No. 168 Xinkai Street, Xianghe County, Hebei Province, the PRC, with a site area of approximately 45,310 sqm and a total GFA available for sale of approximately 164,603 sqm. The project was developed into two phases with several residential buildings and street-level commercial areas. As at 31 December 2025, the aggregate GFA available for sale delivered under this project was approximately 154,361 sqm. During FY2025, contracted sales of non-residential properties of approximately HK$799,000 with GFA of approximately 862 sqm were recorded with respect to "Pearl Yijing".

Tianhu Yujing – 100% interest

"Tianhu Yujing" is located at Shui Di Village, Jiulibu District, Wenquan Town, Conghua, Guangzhou City, Guangdong Province, the PRC, with a site area of approximately 55,031 sqm. The land of this project is located adjacent to "Yujing Scenic Garden", and the Group has developed this land together with "Yujing Scenic Garden" to expand the Group's development and presence in Conghua. The project is developed into 5 blocks of 32-storey modern residential buildings and a street-level commercial podium with total GFA available for sale of approximately 186,894 sqm. The development is divided into two phases. The total GFA available for sale under Phase I and Phase II is approximately 97,183 sqm and 89,711 sqm, respectively. As at 31 December 2025, the aggregate GFA delivered under this project was approximately 140,112 sqm. During FY2025, contracted sales of approximately HK$643,000 with GFA of approximately 42 sqm were recorded with respect to "Tianhu Yujing".

Hua Cheng Yujing Garden – 100% interest

"Hua Cheng Yujing Garden" was acquired by the Group in 2018. It is located at Zhujiang Xincheng, Tianhe District, Guangzhou City, Guangdong Province, the PRC, with a site area of approximately 60,237 sqm. The total GFA available for sale of this project which belongs to the Group is approximately 108,675 sqm. Out of the GFA of approximately 108,675 sqm, a GFA of approximately 48,043 sqm is attributable to a commercial and residential complex which comprises car parks, residential buildings, shopping malls and office premises, and a GFA of approximately 60,632 sqm is attributable to a commercial complex which comprises car parks, shopping malls and office premises. As at 31 December 2025, the aggregate GFA delivered under this project was approximately 87,695 sqm.

Central Park – 100% interest

"Central Park" is located at Lot H3-3, Zhujiang New Town, Tianhe District, Guangzhou City, Guangdong Province, the PRC, with a site area of approximately 3,430 sqm, and a total GFA available for sale of approximately 28,706 sqm thereof has been developed into a 30-storey building, including service apartments, a street-level commercial podium and a 4-storey underground car park. As at 31 December 2025, the aggregate GFA available for sale of the service apartments delivered was approximately 25,693 sqm. The Group has designated GFA of approximately 50 sqm of this property as investment properties held for long-term investment purpose.

Pearl Xincheng Yujing – 100% interest

"Pearl Xincheng Yujing" was acquired by the Group in September 2016. It is located at 種王上圍 (Zhong Su Shang Wei*), 陽光村 (Sunshine Village*), 湯南鎮 (Tang Nan Town*), 豐順縣 (Fengshun County*), Meizhou City, Guangdong Province, the PRC (next to Line G235), a county famous for its hot spring resources which is a major tourism attraction. The project has a site area of approximately 280,836 sqm and a total GFA for sale of approximately 310,716 sqm. The project has been developed into various types of villas, high-rise apartment buildings and an ancillary commercial development. The development of the project is divided into three phases. Phase I commenced pre-sale during 2017 with delivery commencing in 2018. Phase II commenced pre-sale in 2017 which was completed with delivery commencing in 2019. Phase III commenced delivery during 2020. As at 31 December 2025, the aggregate GFA delivered under this project was approximately 262,683 sqm. The Group has designated GFA of approximately 9,482 sqm of this property as investment properties held for long-term investment purpose. The ancillary commercial building plus a basement with a total GFA of approximately 9,482 sqm were leased out during FY2025.

Project Tian Ying – 100% interest

"Project Tian Ying" is located in Jiang Pu Street, Conghua, Guangzhou City, Guangdong Province, the PRC, and is next to Highway G105, which is only a 10-minute drive and a one-hour drive from Conghua central business district and Guangzhou City, respectively. The site area of the project is approximately 22,742 sqm and the total GFA available for sale is approximately 59,679 sqm. The project, which was to be developed into a stylish low-density residential complex with a commercial podium and certain public facilities, was completed in 2019. As at 31 December 2025, the aggregate GFA delivered under this project was approximately 52,843 sqm.

Meizhou Chaotang Project – 100% interest

"Meizhou Chaotang Project" is located at Chaotang Village, Chengdong Town, Meixian District, Meizhou City, Guangdong Province, the PRC. The site area and the GFA available for sale under Phase I of the project are approximately 46,793 sqm and approximately 34,202 sqm, respectively. Phase I of the project will be developed into a number of different types of villas in addition to a hotel. The Group has designated the hotel with a GFA of approximately 7,389 sqm as an investment property held for long-term investment purpose.

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Zhukong International – 100% interest

"Zhukong International", which is located at Lot A2-1, Zhujiang New Town, Tianhe District, Guangzhou City, Guangdong Province, the PRC, at the junction of 廣州大道 (Guangzhou Avenue*) and 黃埔大道 (Huang Pu Da Dao*), is a 35-storey high-rise commercial complex, including a 6-storey commercial podium, a 29-storey Grade A office building and a 3-storey underground car park. The complex was completed in 2015 with a site area of approximately 10,449 sqm and a total GFA available for sale (including carpark areas) and leasing of approximately 109,824 sqm. As at 31 December 2025, the aggregate GFA of the office building and carparks sold was approximately 45,588 sqm. The Group has designated GFA of approximately 60,891 sqm of this property as investment properties held for long-term investment purpose.

Land Bank

It is the Group's strategy to maintain a sufficient land bank and design accurate urban layout to support the Group's own development pipeline for at least the next three to five years. The Group has actively expanded its land reserves through various channels, including participation in government public auctions, urban redevelopment projects and acquisition of other property development projects. As at 31 December 2025, the Group had a land bank in the PRC, which consisted of total GFA available for sale, total GFA pre-sold pending delivery and total GFA available for lease, of approximately 787,903 sqm in aggregate. The Group will continue to explore new opportunities for investment and development in cities in the PRC in which the Group already has land investments, as well as other cities in the PRC with growth potential and the best investment value.

Project Management Services

The Group has been using its expertise in project management and urban renewal to provide project management services for property development projects and urban redevelopment projects in the PRC, particularly under the "Three Old" Redevelopment Works regime (「三舊」改造工作) initiated by the Guangzhou Municipal Government, being a regime for the redevelopment of rural land collectively owned by the village residents through a rural collective economic organisation (農村集體經濟聯合社). Projects under the "Three Old" Redevelopment Works regime are subject to specific PRC laws, regulations and policies which, among other things, (1) regulate the various models of property redevelopment for these projects (each a "Redevelopment Model"); and (2) restrict the transfer of ownership of the land use rights in the rural land for redevelopment under these projects.

Under this operating model, the Group has been providing project management services to each of its customers who have entered into cooperation agreements with various rural collective economic organisations for the redevelopment of rural land under the "Three Old" Redevelopment Works regime. Pursuant to each of these cooperation agreements, the relevant rural collective economic organisation has agreed to provide the rural land for redevelopment under the project ("Project Land"), and the relevant customer has obtained the contractual right and responsibility (including the funding responsibility) and management rights to carry out the redevelopment of the project. Pursuant to the "Three Old" Redevelopment Works regime, the Group's customer may, as the contract redeveloper, acquire the land use rights of the relevant Project Land either by way of contract or through a public listing-for-sale process depending on the Redevelopment Model adopted by the relevant rural collective economic organisation.

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The Group is not a party to the cooperation agreements with the rural collective economic organisations. Instead, it has entered into project management agreements with each of its customers, pursuant to which the Group has obtained such management rights and undertaken the responsibility (including funding responsibility) to carry out the redevelopment of the project. In carrying out its business in the provision of such project management services for projects under the "Three Old" Redevelopment Works regime, the Group is responsible for preparing redevelopment and resettlement compensation plans, obtaining approvals from village residents with respect to such plans, assisting the rural collective economic organisations to manage land title issues, obtaining government approvals, certificates and permits to carry out the property development works (including development of resettlement properties), funding the operations and development of the project and other project management services. In return for the Group's project management services and contribution:

(a) if the subsidiary of the Group's customer ("Project Company") directly or indirectly acquires the land use rights in the Project Land and to the extent a transfer of the equity interest in the Project Company is permitted under the PRC laws, regulations and policies, the Group is entitled to (i) exercise its pre-emptive rights to acquire the equity interest in the Project Company or (ii) an income from the sale of the equity interest in the Project Land to a third party;

(b) to the extent that the equity interest in the Project Company (which directly or indirectly holds the land use rights in the Project Land) is not capable of being transferred due to regulatory reasons or government policies, the Group is entitled to an income from the sale of saleable properties developed under the project; and

(c) if the Project Company has not directly or indirectly acquired the land use rights in the Project Land, the Group is entitled to an amount equal to (i) the total amount of funds incurred and contributed by the Group under its contractual funding responsibility plus (ii) an income from a fixed rate of return at an agreed percentage of such funds, which represents the minimum consideration receivable by the Group as an assured return on investment for its provision of project management services.

The Group recorded project management services segment revenue of approximately HK$1,026,876,000 for FY2025, compared with that of approximately HK$1,144,676,000 for FY2024. The decrease in the revenue generated from this business segment was mainly attributable to the decrease in the number of project management agreements the Group had in FY2025. The Group will continue to utilise its expertise in project management and urban renewal to further develop its project management services business to broaden its source of income.

Property Investment and Hotel Operation

As at 31 December 2025, the Group owned (1) certain floors of Royal Mediterranean Hotel ("RM Hotel") located at 518 Tianhe Road, Tianhe District, Guangzhou City, Guangdong Province, the PRC, with GFA of approximately 18,184 sqm (31 December 2024: 18,184 sqm); (2) Zhukong International with GFA of approximately 60,891 sqm (31 December 2024: 60,891 sqm); (3) certain floors of a commercial complex in "Hua Cheng Yujing Garden" with GFA of approximately 14,470 sqm (31 December 2024: 14,470 sqm); (4) a hotel located at Chaotang Village, Chengdong Town, Meixian District, Meizhou City, Guangdong Province, the PRC, with GFA of approximately 7,389 sqm (31 December 2024: 7,389 sqm); and (5) certain commercial properties in the Guangdong Province, the PRC, with GFA of approximately 11,533 sqm (31 December 2024: 11,533 sqm) as investment properties. During FY2025, RM Hotel, Zhukong International, the hotel located in Meizhou City and certain commercial properties were partially leased out with total rental income of approximately HK$76,393,000 generated, representing a decrease of approximately 41.7% as compared with that of approximately HK$130,975,000 for FY2024. The existing investment properties held by the Group are intended to be held for medium-term to long-term investment purposes. The Group will continue to seek high quality properties with potential appreciation in value for investment purposes and build up a portfolio that will generate steady cash flows for the Group in the future.

As at 31 December 2025, the Group operated two hotels, namely, (1) 廣州雲嶺湖酒店 (Guangzhou Vlamhoo Hotel*) ("Vlamhoo Hotel") located at Conghua, Guangzhou City, Guangdong Province, the PRC, which was constructed by the Group, with its operations commenced in December 2021; and (2) 廣東鹿湖溫泉假日酒店 (Guangdong Luhu Hot Spring Holiday Hotel*) ("Luhu Hotel") located at Fengshun County, Meizhou City, Guangdong Province, the PRC, which has been operated by the Group since December 2021. During FY2025, the operation of these hotels generated a total income of approximately HK$57,185,000 (FY2024: HK$67,194,000) for the Group.

MATERIAL DISPOSAL

On 28 November 2025, Splendid Reach Limited (熙達有限公司) ("Vendor"), a wholly-owned subsidiary of the Company, and Rong De Investments Limited (融德投資有限公司) ("Rong De"), and the Company entered into the sale and purchase agreement ("SP Agreement"), pursuant to which the Vendor has conditionally agreed to sell, and Rong De has conditionally agreed to purchase, 679,890,022 shares of Silver Grant International Holdings Group Limited (銀建國際控股集團有限公司) ("Silver Grant", the shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") with stock code: 0171), representing approximately 29.50% interest of the issued shares Silver Grant, at the consideration of approximately HK$81,587,000 ("Disposal").

Further details of the Disposal are set out in the announcements of the Company dated 28 November 2025 and 15 January 2026 and the circular of the Company dated 19 December 2025.

EVENT AFTER THE REPORTING PERIOD

The Disposal was completed on 31 March 2026, upon which Silver Grant ceased to be an associate of the Company.

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FINANCIAL REVIEW

Revenue

During FY2025, the Group's revenue by operating segment included revenue from property development, project management services, and property investment and hotel operation. The total revenue of the Group for FY2025 was approximately HK$1,390,711,000 (FY2024: HK$1,585,711,000), which represented a decrease of approximately 12.3% as compared with that for FY2024.

Revenue from property development for FY2025 amounted to approximately HK$230,257,000 (FY2024: HK$242,866,000). The decrease was mainly due to the decrease in the number of properties delivered during FY2025 as compared with that during FY2024.

The income from the project management services segment contributed approximately HK$1,026,876,000 (FY2024: HK$1,144,676,000) to the total revenue of the Group for FY2025. The decrease was mainly due to the decrease in the number of project management services agreements the Group had in FY2025.

During FY2025, the Group recorded an aggregate income of approximately HK$133,578,000 (FY2024: HK$198,169,000) from the property investment and hotel operation segment. The rental income generated by the Group from its investment properties decreased from approximately HK$130,975,000 for FY2024 to approximately HK$76,393,000 for FY2025, mainly due to the decrease in the GFA of the investment properties leased out by the Group during FY2025. During FY2025, the Group generated a total income of approximately HK$57,185,000 (FY2024: HK$67,194,000) from its operation of two hotels in the Guangdong Province, the PRC, namely, Vlamhoo Hotel, which was constructed by the Group, with its operations commenced in December 2021, and Luhu Hotel, which has been operated by the Group since December 2021. The decrease was mainly due to the decrease in occupancy rate during FY2025 as compared with that during FY2024.

Gross profit

Gross profit of the Group decreased from approximately HK$1,208,718,000 for FY2024 to approximately HK$1,198,856,000 for FY2025, mainly due to the decrease in the Group's revenue in FY2025.

Fair value loss on investment properties, net

For FY2025, the Group recorded a fair value loss on investment properties, net, of approximately HK$446,704,000 as compared with that of approximately HK$463,602,000 for FY2024. The fair value loss on investment properties, net, for FY2025 was mainly due to the decrease in the fair value of Zhukong International, RM Hotel and certain floors of a commercial complex in "Hua Cheng Yujing Garden" held by the Group in the Guangdong Province, the PRC, as at 31 December 2025.

Other income and gains, net

Other income and gains, net, of the Group decreased to approximately HK$256,822,000 during FY2025 (FY2024: HK$417,661,000). The decrease was mainly due to the decrease in gain on modification of contracts of bank and other borrowings from approximately HK$325,827,000 for FY2024 to approximately HK$177,686,000 for FY2025, as a result of the decrease in modification of certain terms of the contracts relating to bank and other borrowings of the Group for FY2025, as compared with that for FY2024.

Administrative expenses and selling and marketing expenses

Administrative expenses and selling and marketing expenses of the Group decreased from approximately HK$265,857,000 for FY2024 to approximately HK$193,644,000 for FY2025. The decrease was mainly due to the decrease in the administrative expenses primarily caused by the decrease in the staff cost incurred for FY2025, as compared with that for FY2024.

Impairment losses on financial assets, net

Impairment losses on financial assets, net, of the Group increased substantially from approximately HK$2,248,461,000 during FY2024 to approximately HK$4,960,115,000 during FY2025, which comprised the impairment losses of approximately HK$4,353,232,000 (FY2024: HK$2,037,486,000) recorded by the Group on its trade receivables during FY2025 and the impairment losses of approximately HK$606,883,000 (FY2024: HK$210,975,000) recorded by the Group on its deposits and other receivables during FY2025, following the Group's assessment of expected credit loss on the above assets. The substantial increase was mainly due to the evaluation and measurement of expected credit losses on certain receivables for urban redevelopment projects, and certain financial assets included in prepayments, other receivables and other assets that are credit-impaired, for which the loss allowance were measured at an amount equal to lifetime expected credit loss in FY2025.

Other expenses, net

Other expenses, net, of the Group decreased from approximately HK$972,576,000 for FY2024 to approximately HK$914,630,000 for FY2025. Other expenses, net, for FY2025 mainly comprised the impairment loss on investment in an associate of approximately HK$140,331,000 for FY2025 (FY2024: Nil); the provision for charges and related expenses of certain borrowings of the Group of approximately HK$625,227,000 (FY2024: HK$602,108,000); the provision for the Group's properties under development and completed properties held for sale of approximately HK$24,949,000 (FY2024: HK$155,852,000).

Share of loss of an associate

Share of loss of an associate of the Company was approximately HK$278,960,000 during FY2025 (FY2024: HK$223,226,000), which represented the Group's share of the loss from its associate, Silver Grant. Silver Grant and its subsidiaries are principally engaged in property leasing, investments and new energy investment and operation. The Group held approximately 29.50% interest of the issued share capital of Silver Grant as at 31 December 2025.

Finance costs

Finance costs of the Group for FY2025 were approximately HK$936,427,000 (FY2024: HK$1,058,043,000), which were made up of interest expenses incurred by the Group during FY2025 after deduction of the interest expenses capitalised into development costs. The decrease in finance costs was mainly due to the combined effects of the increase in interest expenses arising from revenue contracts of approximately HK$300,543,000 for FY2025 (FY2024: HK$178,352,000); and the increase in the interest capitalisation rate in FY2025, as compared with that in FY2024.

Income tax credit

Income tax credit of the Group comprised corporate income tax ("CIT") and land appreciation tax ("LAT") in the PRC and deferred tax. CIT of approximately HK$114,612,000 (FY2024: HK$109,822,000), LAT of approximately HK$35,427,000 (FY2024: HK$27,401,000) and deferred tax credit of approximately HK$204,919,000 (FY2024: HK$275,174,000) accounted for the Group's total income tax credit of approximately HK$54,880,000 for FY2025 (FY2024: HK137,951,000). The decrease of income tax credit for FY2025 was mainly due to the combined effects of the decrease in the tax-deductible expenses incurred recorded by the Group during FY2025 and the increase in deferred tax credit recognised for FY2025 as a result of the decrease in the valuation of certain investment properties.

Loss for the year

The Group's loss for FY2025 was approximately HK$6,219,922,000 (FY2024: HK$3,467,435,000). Such change was mainly attributable to the combined effects of (1) the substantial increase in impairment of financial assets, net, recorded by the Group for FY2025 from that of approximately HK$2,248,461,000 for FY2024 to approximately HK$4,960,115,000, following the Group's assessment of expected credit loss on its trade receivables, deposits and other receivables due to the evaluation and measurement of expected credit losses on certain receivables for urban redevelopment projects, and certain financial assets included in prepayments, other receivables and other assets that are credit-impaired, for which the loss allowance were measured at an amount equal to lifetime expected credit loss in FY2025; (2) the decrease in finance costs recorded by the Group for FY2025 from that of approximately HK$1,058,043,000 for FY2024 to approximately HK$936,427,000, which was mainly caused by the combined effects of the increase in interest expenses arising from revenue contracts from approximately HK$178,352,000 for FY2024 to approximately HK$300,543,000 for FY2025 and the increase in the interest capitalisation rate during FY2025; (3) the decrease in the Group's other income and gains, net from approximately HK$417,661,000 during FY2024 to approximately HK$256,822,000 during FY2025, due to the decrease in the gain on modification of contracts of bank and other borrowings during FY2025 as compared with that during FY2024; (4) the decrease in other expenses, net from that of approximately HK$972,576,000 for FY2024 to approximately HK$914,630,000 for FY2025, which comprised the impairment loss on investment in an associate of approximately HK$140,331,000 for FY2025 (FY2024: Nil); the provision for charges and related expenses of certain borrowings of the Group of approximately HK$625,227,000 (FY2024: HK$602,108,000); the provision for the Group's properties under development and completed properties held for sale of approximately HK$24,949,000 (FY2024: HK$155,852,000); and (5) the decrease in income tax credit from approximately HK$137,951,000 for FY2024 to approximately HK$54,880,000 for FY2025 due to the combined effects of the decrease in the tax-deductible expenses incurred recorded by the Group during FY2025 and the increase in deferred tax credit recognised for FY2025 as a result of the decrease in the valuation of certain investment properties.

Treasury and funding policies

The Group has adopted a prudent approach with respect to its treasury and funding policies. The Group's financial and fundraising activities are subject to effective centralised management and supervision, with an emphasis on risk management and transactions that are directly related to the business of the Group. There is in general no material seasonality in relation to the borrowing requirements of the Group.

Cash position

As at 31 December 2025, the Group's cash and bank balances (including restricted cash and term deposits with initial terms of over three months) amounted to approximately HK$12,581,000 (31 December 2024: HK$17,003,000). The cash and bank balances of the Group were mainly denominated in RMB, United States dollar ("US$") and HK$.

Borrowings, charges on group assets and gearing ratio

The Group's bank and other borrowings comprised the following:

	31 December 2025 HK$'000	31 December 2024 HK$'000
Bank loans – secured	**8,191,080**	7,759,271
Other borrowings:		
Senior notes – secured	**1,834,542**	1,603,888
Other borrowings – secured	**5,228,464**	4,575,381
Lease liabilities	**4,432**	5,876
	15,258,518	13,944,416

(a) As at 31 December 2025, the Group's bank and other borrowings amounted to approximately HK$15,258,518,000, of which approximately 99.8%, 0.1% and 0.1% were repayable respectively within one year or on demand, in the second year and in the third to fifth years inclusively (31 December 2024: HK$13,944,416,000, of which approximately 98.5%, 0.2%, 0.6% and 0.7% were repayable respectively within one year or on demand, in the second year, in the third to fifth years inclusively and over five years). As at 31 December 2025, such borrowings of the Group were made up of financing from (i) bank loans; (ii) senior notes; (iii) other borrowings, including trust loans and term loan facilities; and (iv) lease liabilities. Out of these borrowings, approximately HK$4,432,000 (31 December 2024: HK$5,876,000), approximately HK$13,419,544,000 (31 December 2024: HK$12,334,652,000) and approximately HK$1,834,542,000 (31 December 2024: HK$1,603,888,000) were denominated in HK$, RMB and US$, respectively. The senior notes and other borrowings carried fixed interest rates ranging from 6.52% per annum to 15.42% per annum (31 December 2024: 6.52% per annum to 14.26% per annum). Approximately 16.56% (31 December 2024: 9.59%) of the bank loans carried fixed interest rates ranging from 3.87% per annum to 9.06% per annum (31 December 2024: 5.95% per annum to 8.85% per annum) while the remaining bank loans of approximately 83.44% (31 December 2024: 90.41%) carried floating interest rates.

(b) The gearing ratio of the Group, being the Group's financial key performance indicator, is measured by the net debt (total interest-bearing borrowings less net of cash and bank balances) over the total capital (total equity plus net debt) of the Group. As at 31 December 2025, the gearing ratio of the Group was 124% (31 December 2024: 81%).

(c) As at 31 December 2025, the Group had outstanding secured bank loans of approximately HK$8,191 million, which were secured by the following: (i) the Group's investment properties; (ii) the Group's property and equipment; (iii) the Group's properties under development and completed properties held for sale; (iv) the entire equity interest of the Company's subsidiaries, namely, 廣州珠光城市更新集團有限公司 (Guangzhou Zhuguang Urban Renewal Group Company Limited*), 廣州舜吉實業有限公司 (Guangzhou Shunji Industry Company Limited*), 廣東海聯大廈有限公司 (Guangdong Hailian Building Company Limited*) and 廣州發展汽車城有限公司 (Guangzhou Development Automobile City Co., Ltd.*); (v) the corporate guarantees executed by the Company and 廣東珠光集團有限公司 (Guangdong Zhuguang Group Company Limited*) ("Guangdong Zhuguang Group"); and (vi) the personal guarantees executed by the executive Directors, namely, Mr. Chu Hing Tsung and Mr. Liao Tengjia.

(d) As at 31 December 2025, the Group had outstanding senior, secured and guaranteed notes issued in 2022 in the aggregate principal amount of US$207.9 million (equivalent to approximately HK$1,618 million) due on 21 September 2025 ("2022 Senior Notes"), which were secured and guaranteed by (i) 3,000,000,000 shares of the Company ("Shares") owned by Rong De (a controlling shareholder ("Shareholder") of the Company (within the meaning of the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules")); (ii) the 100% equity interest of the Company's subsidiaries, namely, Ai De Investments Limited (靄德投資有限公司) ("Ai De"), All Flourish Investments Limited (通興投資有限公司) ("All Flourish"), Capital Fame Investments Limited (嘉鋒投資有限公司) ("Capital Fame"), Cheng Chang Holdings Limited (誠昌控股有限公司) ("Cheng Chang"), China Honest International Investments Limited (創豪國際投資有限公司) ("China Honest"), Diamond Crown Limited (毅冠有限公司) ("Diamond Crown"), East Orient Investment Limited (達東投資有限公司) ("East Orient"), Ever Crown Corporation Limited (冠恒興業有限公司) ("Ever Crown"), Fully Wise Investment Limited (惠豐投資有限公司) ("Fully Wise"), Gains Wide Holdings Limited (利博控股有限公司) ("Gains Wide"), Gold Charter Investments Limited (高澤投資有限公司) ("Gold Charter"), Graceful Link Limited (愉興有限公司) ("Graceful Link"), Pacific Win Investments Limited (保鋒投資有限公司) ("Pacific Win"), Polyhero International Limited (寶豪國際有限公司) ("Polyhero International"), Profaith International Holdings Limited (盈信國際控股有限公司) ("Profaith International"), Sharp Wisdom Holdings Limited (銳智控股有限公司) ("Sharp Wisdom"), South Trend Holdings Limited (南興控股有限公司) ("South Trend"), Speedy Full Limited (速溢有限公司) ("Speedy Full"), Talent Wide Holdings Limited (智博控股有限公司) ("Talent Wide"), Top Asset Development Limited (通利發展有限公司) ("Top Asset"), Top Perfect Development Limited (泰恒發展有限公司) ("Top Perfect"), World Sharp Investments Limited (華聲投資有限公司) ("World Sharp") and Zhuguang Group Limited (珠光集團有限公司) ("ZG Group"); (iii) the corporate guarantees executed by Rong De, ZG Group, South Trend, Ai De, All Flourish, Capital Fame, Cheng Chang, China Honest, Diamond Crown, East Orient, Ever Crown, Fully Wise, Gains Wide, Gold Charter, Graceful Link, Pacific Win, Polyhero International, Profaith International, Talent Wide, Top Asset, Top Perfect, World Sharp, Sharp Wisdom and Speedy Full; and (iv) the personal guarantees executed by the executive Directors, namely, Mr. Liao Tengjia, Mr. Chu Hing Tsung and Mr. Chu Muk Chi. As at the date of this annual report, the Company is negotiating with the holders of the 2022 Senior Notes on, among others, the extension of the maturity date of the 2022 Senior Notes. The Company will publish announcement in relation to such extension in accordance with the requirements of the Listing Rules.

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(e) As at 31 December 2025, the Group had outstanding secured other borrowings of approximately HK$5,228 million, which were secured and guaranteed by (i) the Group's properties under development and completed properties held for sale; (ii) the Group's property and equipment; (iii) the Group's investment properties; (iv) the security provided by Guangdong Zhuguang Group; (v) the entire equity interest of the Company's subsidiaries, namely, 廣州市潤啟房地產有限公司 (Guangzhou City Runqi Property Company Limited*), 廣州東港合眾房地產有限公司 (Guangzhou Dong Gang He Zhong Property Company Limited*), 廣州珠光實業集團有限公司 (Guangzhou Zhuguang Industrial Group Company Limited*), 香河縣逸景房地產開發有限公司 (Xianghe County Yijing Property Development Company Limited*) and 廣州振超房地產開發有限公司 (Guangzhou Zhenchao Property Development Company Limited*); (vi) the entire equity interest of a subsidiary of Guangdong Zhuguang Group; (vii) the corporate guarantees executed by the Company and Guangdong Zhuguang Group; and (viii) the personal guarantees executed by an executive Director, Mr. Chu Hing Tsung.

(f) For FY2025, the Group recorded a net loss of approximately HK$6,220 million and, as at 31 December 2025, the Group had net current liabilities and net liabilities of approximately HK$13,611 million and HK$2,937 million, respectively. In addition, as at 31 December 2025, the Group had outstanding interest-bearing bank and other borrowings of approximately HK$15,256 million that are either repayable within 12 months from the end of the reporting period or on demand, while its cash and bank balances amounted to approximately HK$13 million. Included in these bank and other borrowings, substantial of which have not been repaid according to the scheduled repayment dates under the relevant loan agreements. These events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

The Directors have given careful consideration to the future working capital and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern for at least 12 months from 31 December 2025. The Group has formulated certain plans and measures as set out in note 2.1 to its consolidated financial statements for FY2025 to mitigate its liquidity pressure and to improve its cash flows. The Directors have reviewed the Group's cash flow forecast, covering a period of at least 17 months from 31 December 2025, prepared by the management, and they are of the opinion that, taking into account the plans and measures as set out in note 2.1 to the Group's consolidated financial statements for FY2025, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due for at least 12 months from 31 December 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the Group's consolidated financial statements for FY2025 on a going concern basis.

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FINANCIAL GUARANTEE CONTRACTS

The Group provided guarantees in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties as follows:

	31 December 2025 HK$'000	31 December 2024 HK$'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**924,454**	1,249,798

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) the issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgage loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties.

Except for the financial guarantee contracts as disclosed above, the Group had no material contingent liabilities which have not been accounted for as at 31 December 2025 (31 December 2024: Nil).

FOREIGN EXCHANGE RATE

During FY2025, the Group conducted its business almost exclusively in RMB except that certain transactions were conducted in HK$ and US$. The conversion of RMB into HK$, US$ or other foreign currencies has been based on the rates set by the People's Bank of China. The value of RMB against the HK$, US$ and other foreign currencies may fluctuate and is affected by factors such as changes in the PRC's political and economic conditions. During FY2025, the Group did not adopt any financial instruments for hedging purposes. However, the Group will constantly assess the foreign exchange risk it encounters so as to decide on the hedging policy required against the possible foreign exchange risk that may arise.

EMPLOYEES AND REMUNERATION POLICIES

The Group had in aggregate 535 employees in Hong Kong and the PRC as at 31 December 2025 (31 December 2024: 642). During FY2025, the level of the Group's overall staff cost was approximately HK$94.7 million (FY2024: HK$134.1 million). The employees of the Group are remunerated according to their respective job nature, market conditions, individual performance and qualifications. Other staff benefits include annual bonus and retirement benefits. The Directors' remuneration is determined based on their qualifications, experience, duties and responsibilities, the Company's remuneration policy and the prevailing market conditions.

The Group encourages sustainable training of its employees through coaching and further studies. In-house training was provided to eligible employees during FY2025, including training on updates of accounting standards and training on market updates.

During FY2025, the Group did not experience any significant problem with its employees. The Group has maintained a good relationship with its employees. Most members of the senior management have been working for the Group for many years.

CAPITAL COMMITMENTS

As at 31 December 2025, the Group had capital expenditures contracted but not provided for in its financial statements in respect of properties under development of approximately HK$381,425,000 (31 December 2024: HK$449,411,000) in aggregate. It is expected that these capital expenditures will be settled by cash through the Group's internal resources and debt financing raised by the Group. Other than the capital commitments disclosed, the management of the Group does not expect there to be any plans for material investments or capital assets in 2026 with reference to the current situation as at the date of this annual report.

Biography of Directors

The Board currently comprises nine Directors, six of whom are executive Directors and three of whom are independent non-executive Directors.

EXECUTIVE DIRECTORS

Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi) ("Mr. Chu HT"), aged 56, is the chairman of the Company ("Chairman") and an executive Director. He has been appointed as an executive Director since September 2009 and he was appointed as the chief executive officer of the Company ("Chief Executive Officer") on 9 September 2009. In February 2010, he was appointed as a deputy chairman of the Company ("Deputy Chairman"). In December 2013, he was re-designated as the Chairman. With effect from 21 August 2015, Mr. Chu HT has resigned as the Chief Executive Officer. Mr. Chu HT is a shareholder of Rong De, the controlling shareholder of the Company, which is owned as to 34.06% by Mr. Chu HT. Mr. Chu HT has over 27 years of extensive experience in corporate management and property development in the PRC. He is the younger brother of Mr. Chu Muk Chi, an executive Director. Mr. Chu HT has been appointed as a non-executive director, the chairman of the board of directors and the chairman of the nomination committee of Silver Grant with effect from 29 January 2019. He has been re-designated from a non-executive director to an executive director and appointed as the chief executive officer and an authorised representative under Rule 3.05 of the Listing Rules of Silver Grant with effect from 1 August 2021. He has been re-designated from the chief executive officer to a co-chief executive officer of Silver Grant with effect from 13 May 2022.

Mr. Liu Jie ("Mr. Liu"), aged 62, has been appointed as an executive Director and the Chief Executive Officer with effect from 17 March 2017. He obtained a degree of Bachelor of Science from the Guangzhou Teachers College* (廣州師範學院) (now known as Guangzhou University) in 1985. Mr. Liu was a Deputy Mayor (副區長) of the People's Government of Haizhu District of Guangzhou Municipality of the PRC (廣州市海珠區人民政府) from November 2006 to April 2015 and the Mayor (區長) of the People's Government of Liwan District of Guangzhou Municipality of the PRC (廣州市荔灣區人民政府) from April 2015 to September 2016. Mr. Liu has over 36 years of experience in administrative and operation management in the PRC.

Mr. Liao Tengjia ("Mr. Liao"), aged 62, is a Deputy Chairman and an executive Director. He was appointed as the Chairman and an executive Director in September 2009 and a director of certain subsidiaries of the Company. In December 2013, Mr. Liao resigned as the Chairman. With effect from 21 August 2015, Mr. Liao has been appointed as the Chief Executive Officer. With effect from 17 March 2017, Mr. Liao resigned as the Chief Executive Officer and was appointed as a Deputy Chairman. Mr. Liao is a shareholder and the sole director of Rong De, the controlling shareholder of the Company, which is owned as to 36.00% by Mr. Liao, whose interest in the Shares falls to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance ("SFO"). He has over 27 years' management experience in the property development industry in the PRC.

Mr. Huang Jiajue ("Mr. Huang"), aged 55, is a Deputy Chairman, an executive Director and a member of the remuneration committee of the Company. He has been appointed as an executive Director since September 2009 and a director of a subsidiary of the Company. With effect from 21 August 2015, Mr. Huang has been appointed as a Deputy Chairman. He was a member of the nomination committee of the Company from 28 October 2009 to 31 December 2025. Mr. Huang obtained a Master's Degree in Business Administration from the Sun Yat-Sen University in the PRC. He has over 27 years of financial management experience in the property development industry in the PRC. Mr. Huang was appointed as an executive director, a member of the remuneration committee and an authorised representative under Rule 3.05 of the Listing Rules of Silver Grant with effect from 29 January 2019 and he was appointed as the chief executive officer of Silver Grant with effect from 2 September 2019. He resigned as an executive director, the chief executive officer, a member of the remuneration committee and an authorised representative under Rule 3.05 of the Listing Rules of Silver Grant with effect from 1 August 2021.

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Mr. Chu Muk Chi (alias Mr. Zhu La Yi) ("Mr. Chu MC"), aged 68, has been appointed as an executive Director since September 2009. He obtained a Bachelor's Degree in Medicine from the Guangzhou College of Traditional Chinese Medicine (now known as Guangzhou University of Chinese Medicine). Mr. Chu MC is a shareholder of Rong De, the controlling shareholder of the Company, which is owned as to 29.94% by Mr. Chu MC. Mr. Chu MC has over 27 years of extensive experience in corporate management, Chinese medicine and property development in the PRC. He is the elder brother of Mr. Chu HT, the Chairman and an executive Director. He was a director and the chairman of the board of directors of Guangdong Jiaying Pharmaceutical Co., Ltd.* (廣東嘉應製藥股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002198) from 2 August 2021 to 22 August 2024.

Ms. Ye Lixia ("Ms. Ye"), aged 61, has been appointed as an executive Director and a member of the nomination committee of the Company with effect from 17 June 2015 and 1 January 2026, respectively. She is also a director of certain subsidiaries of the Company. Ms. Ye obtained a Master's Degree in Economics from the Sun Yat-Sen University in the PRC in 1989. Before joining the Company, Ms. Ye served as the General Manager of the Investment and Finance Management Centre of Guangdong Pearl River Investment Holdings Limited* (廣東珠江投資股份有限公司) from July 2007 to April 2015. She has over 16 years of financial management experience in the property development industry in the PRC.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Leung Wo Ping ("Mr. Leung") *JP*, aged 82, has been appointed as an independent non-executive Director since October 2009. He is also the chairman of the audit committee of the Company, and a member of each of the nomination committee and the remuneration committee of the Company. Mr. Leung is a certified public accountant with extensive experience in Hong Kong tax and international tax planning for over 36 years. Currently, he is a senior advisor to Crowe Horwath (HK) CPA Limited. Mr. Leung is a fellow member of The Institute of Chartered Accountants in England and Wales, The Hong Kong Institute of Certified Public Accountants and The Hong Kong Institute of Directors. Apart from his professional work, Mr. Leung has actively participated in community affairs. He had been a Regional Councillor for 5 years and a District Councillor for 18 years. Mr. Leung is currently a Councillor of the New Territories Heung Yee Kuk and the Hon. Secretary of Heung Yee Kuk Foundation Limited. Mr. Leung was awarded a Badge of Honour by Her Majesty Queen Elizabeth II in 1994 for his service to the community. He was a District Advisor to the Hong Kong Branch of Xinhua News Agency before 1997. He was also appointed as a Justice of the Peace by the Government of the Hong Kong Special Administrative Region in 2000. Mr. Leung was an independent non-executive director of Heng Xin China Holdings Limited (a company listed on GEM of the Stock Exchange with previous stock code: 8046, whose listing was subsequently canceled with effect from 9:00 a.m. on 2 July 2019) from August 2009 to June 2016.

Mr. Wong Chi Keung ("Mr. Wong"), aged 71, has been appointed as an independent non-executive Director since June 2012. He is also the chairman of each of the nomination committee and the remuneration committee of the Company, and a member of the audit committee of the Company. He holds a Master's Degree in Business Administration from the University of Adelaide in Australia. He is a fellow member of each of The Hong Kong Institute of Certified Public Accountants, The Association of Chartered Certified Accountants and CPA Australia, and an associate member of each of The Chartered Governance Institute (previously known as The Institute of Chartered Secretaries and Administrators) and The Chartered Institute of Management Accountants.

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Mr. Wong has over 45 years of experience in finance, accounting and management. He was a Responsible Officer for asset management, advising on securities and advising on corporate finance for Greater China Capital Limited under the SFO from 23 March 2010 to 16 April 2016. Mr. Wong was a director, the deputy general manager, group financial controller and company secretary of Guangzhou Investment Company Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0123, which is now known as Yuexiu Property Company Limited), for over 10 years.

Mr. Wong was an independent non-executive director of FU JI Food and Catering Services Holdings Limited (a company listed on the Main Board of the Stock Exchange with previous stock code: 1175 and provisional liquidators appointed from 19 October 2009 to 2 July 2013, and now known as Fresh Express Delivery Holdings Group Co., Ltd.), for the period from 22 November 2004 to 24 June 2011. He was also an independent non-executive director and a member of each of the audit committee and the remuneration committee of First Natural Foods Holdings Limited ("First Natural Foods") (a company listed on the Main Board of the Stock Exchange with previous stock code: 1076 with provisional liquidators appointed from 6 January 2009 to 4 September 2012, which is now known as Imperial Pacific International Holdings Limited) for the period from 26 November 2007 to 20 November 2013, and a member of the nomination committee of First Natural Foods from 4 September 2012 to 20 November 2013. Mr. Wong had been an independent non-executive director of PacMOS Technologies Holdings Limited ("PacMOS") (a company listed on the Main Board of the Stock Exchange with stock code: 1010, which is now known as Sky Blue 11 Company Limited) since August 1995, and he ceased to be an independent non-executive director and the chairman of each of the audit committee, remuneration committee and nomination committee of PacMOS with effect from 1 July 2014. He was an independent non-executive director of ENM Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0128) from 17 June 2010 to 9 June 2017. He was also an independent non-executive director of Heng Xin China Holdings Limited (a company listed on GEM of the Stock Exchange with stock code: 8046) from 17 October 2016 to 18 September 2017. He was an independent non-executive director of China Shanshui Cement Group Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0691) from 2 February 2016 to 23 May 2018. Mr. Wong was an independent non-executive director of TPV Technology Limited (a company listed on the Main Board of the Stock Exchange with previous stock code: 0903, which was subsequently withdrawn from listing from 4:00 p.m. on 14 November 2019). He was an independent non-executive director of Nickel Resources International Holdings Company Limited (a company listed on the Main Board of the Stock Exchange with previous stock code: 2889 and subsequently withdrawn from listing from 9:00 a.m. on 14 February 2020) from 2 May 2005 to 21 February 2020. He was an independent non-executive director of Guoan International Limited (a company listed on the Main Board of the Stock Exchange with previous stock code: 0143, whose listing was subsequently canceled with effect from 9:00 a.m. on 14 November 2022) from 13 April 2021 to 9 June 2021. He was an independent non-executive director of Golden Eagle Retail Group Limited from 26 February 2006 to 28 November 2023 (a company listed on the Main Board of the Stock Exchange with previous stock code: 3308, which was subsequently withdrawn from listing from 4:00 p.m. on 9 October 2023). He was an independent non-executive director of Asia Standard Hotel Group Limited from 15 January 2021 to 22 October 2024 (a company listed on the Main Board of the Stock Exchange with previous stock code: 0292, which was subsequently withdrawn from listing from 4:00 p.m. on 22 October 2024). He was an independent non-executive director of Yuan Heng Gas Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0332) from 19 January 2010 to 31 July 2025.

Mr. Wong is currently an independent non-executive director of Asia Orient Holdings Limited (stock code: 0214), Asia Standard International Group Limited (stock code: 0129), Century City International Holdings Limited (stock code: 0355), China Ting Group Holdings Limited (stock code: 3398), Changyou International Group Limited (stock code: 1039, formerly known as Changyou Alliance Group Limited), Paliburg Holdings Limited (stock code: 0617) and Regal Hotels International Holdings Limited (stock code: 0078). All of the companies above are listed on the Main Board of the Stock Exchange. Mr. Wong is also a Responsible Officer for asset management and advising on securities of Beagle Asset Management Company Limited (formerly known as CASDAQ International Capital Market (HK) Company Limited) under the SFO.

Dr. Feng Ke ("Dr. Feng"), aged 54, has been appointed as an independent non-executive Director with effect from 17 June 2015. He is also a member of the audit committee of the Company. He graduated from the Guangdong University of Finance* (廣東金融學院) (previously known as Guangdong Academy of Finance* (廣州金融高等專科學校)) majoring in International Finance in July 1993. Dr. Feng obtained a Master's Degree in Economics from the Guangdong Academy of Social Sciences* (廣東省社會科學院) in July 1999. He obtained a Doctor's Degree in Economics from the Peking University* (北京大學) in July 2002.

Dr. Feng was the assistant manager of Golden Eagle Asset Management Co., Ltd.* (金鷹基金管理有限公司) from July 2002 to January 2006. Dr. Feng was an independent director of Sichuan Guang'an AAA Public Co., Ltd* (四川廣安愛眾股份有限公司) (a company whose shares are listed on the Shanghai Stock Exchange with stock code: 600979) from November 2011 to September 2014, and an independent director of Nan Hua Bio-medicine Co., Ltd.* (南華生物醫藥股份有限公司) (previously known as Beijing CCID Media Investments Co., Ltd.* (北京賽迪傳媒投資股份有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange with stock code: 000504) from December 2013 to December 2014. He had also been an independent director of Guangdong Provincial Expressway Development Co., Ltd.* (廣東省高速公路發展股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 000429) from June 2009 to April 2016, and an independent director of Tande Co., Ltd.* (天地源股份有限公司), a company listed on the Shanghai Stock Exchange with stock code: 600665, from December 2009 to December 2015. Dr. Feng was an independent non-executive director of Yingde Gases Group Company Limited (whose listing of shares on the Main Board of the Stock Exchange with previous stock code: 2168 was withdrawn on 21 August 2017) from November 2016 to March 2017. With respect to Asian Capital Resources (Holdings) Limited (whose listing of shares on GEM of the Stock Exchange with previous stock code: 8025 was canceled with effect from 9:00 a.m. on 7 August 2023), he was an independent non-executive director from October 2008 to August 2013 and an executive director from 1 September 2013 to 2 March 2023. Dr. Feng was an independent director of China Greatwall Technology Group Co., Ltd.* (中國長城科技集團有限公司) (previously known as China Great Wall Computers Shenzhen Co., Ltd.* (中國長城計算器深圳股份有限公司)) (a company listed on the Shenzhen Stock Exchange with stock code: 000066) from 30 August 2010 to 3 April 2018. He was an independent director of Shenzhen Success Electronics Co., Ltd.* (深圳市宇順電子股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002289) from 30 December 2015 to 15 October 2020. Dr. Feng was a non-executive director of Guangdong – Hong Kong Greater Bay Area Holdings Limited (a company the shares of which are listed on the Main Board of the Stock Exchange with stock code: 1396, which is now known as Greater Bay Area AI Computing Tech Co., Ltd.) from 27 June 2022 to 28 February 2023. He was an independent director of Aotecar New Energy Technology Co., Ltd.* (奧特佳新能源科技股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 002239) from 20 July 2021 to 16 April 2023. He was an independent director of China Green Electricity Investment of Tianjin Co., Ltd.* (天津中綠電投資股份有限公司) (previously known as Tianjin Guangyu Development Co., Ltd.* (天津廣宇發展股份有限公司)) (a company listed on the Shenzhen Stock Exchange with stock code: 000537) from 25 June 2018 to 27 December 2023. He was an independent director of Liaoning Cheng Da Co., Ltd.* (遼寧成大股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 600739) from 18 August 2021 to 27 February 2025. Dr. Feng is currently an independent director of each of Guangzhou Yuexiu Capital Holdings Group Co., Ltd.* (廣州越秀資本控股集團股份有限公司) (a company listed on the Shenzhen Stock Exchange with stock code: 000987) and China Hainan Rubber Industry Group Co., Ltd* (海南天然橡膠產業集團股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 601118), and an independent non-executive director of China Huirong Financial Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 1290).

SENIOR MANAGEMENT

The six Directors holding executive offices above are directly responsible for the various businesses of the Group. They are regarded as members of the senior management of the Group.

** English name is translated for identification purpose only*

Corporate Governance Report

CORPORATE GOVERNANCE

The Board considers that good corporate governance practices are crucial to the smooth and effective operation of the Group and the safeguarding of the interests of the shareholders and other stakeholders of the Company. The Company has put in place internal policies to ensure compliance and has adopted its own code of corporate governance based on the principles and code provisions set out in the Corporate Governance Code ("CG Code") contained in Part 2 of Appendix C1 to the Listing Rules during FY2025. The Company complied with all the applicable code provisions set out in the CG Code then in force during FY2025 save for the deviation specified below:

Pursuant to Code Provision B.2.4(b) of the CG Code, where all the independent non-executive directors of an issuer have served more than nine years on the board, the issuer should appoint a new independent non-executive director on the board at the forthcoming annual general meeting. As at the date of the annual general meeting ("2025 AGM") of the Company held on 23 June 2025, all the independent non-executive Directors, namely, Mr. Leung Wo Ping *JP*, Mr. Wong Chi Keung and Dr. Feng Ke, had served more than nine years on the Board. However, the Company was unable to appoint a new independent non-executive Director to the Board at the 2025 AGM as it was still in the course of identifying a suitable candidate then. The Company will publish further announcement(s) when the relevant appointment is made.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Code") as contained in Appendix C3 to the Listing Rules during FY2025. Specific enquiry has been made of all Directors, who confirmed that they have complied with the required standards set out in the Code for FY2025.

SECURITIES TRANSACTIONS BY MANAGEMENT AND STAFF

The management and staff have been individually notified and advised about the Code by the Company.

Financial Officer

The financial officer ("Financial Officer") of the Company is responsible for preparing the consolidated interim and annual financial statements of the Company based on accounting principles generally accepted in Hong Kong and ensuring that the consolidated financial statements truly reflect the Group's results and financial position, as well as are in compliance with the disclosure requirements under the applicable provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("Companies Ordinance"), the Listing Rules and other relevant laws and regulations. The Financial Officer reports directly to the chairman of the audit committee of the Company and coordinates with external auditors on a regular basis. In addition, the Financial Officer reviews the controls of financial risks of the Group and provides advice thereon to the Board.

Company Secretary

The company secretary ("Company Secretary") of the Company reports directly to the Chairman. All Directors have easy access to the advice and services of the Company Secretary and the responsibility of the Company Secretary is to ensure the board meeting procedures are properly followed and are in compliance with the relevant laws, rules and regulations. The Company Secretary is also responsible for providing assistance to the Board with respect to the Directors' obligations on securities interest disclosure, and disclosure requirements on notifiable transactions, connected transactions and inside information. The Company Secretary provides assistance to the Board with respect to the Company's compliance with the laws, regulatory requirements and the Company's bye-laws ("Bye-Laws") as appropriate. As the Company's principal channel of communication with the Stock Exchange, the Company Secretary assists the Board in implementing and strengthening the Company's corporate governance so as to bring the best long-term value to the shareholders of the Company. In addition, the Company Secretary also assists in the provision of relevant information updates and continuous professional development to the Directors with respect to the legal, supervisory and other continuing obligations of being a director of a listed company as appropriate. The Company Secretary is also responsible for supervising and managing the investors' relations of the Group.

BOARD OF DIRECTORS

A. The Responsibilities of The Board

The principal functions of the Board are to consider, set and approve the strategies, financial objectives, annual budget, investment proposals, appointment and re-appointment of Directors, and accounting policies of the Group. The Board is responsible for performing the corporate governance functions set out in Code Provision A.2.1 of the CG Code. The Board also reviews the Group's financial performance, identifies principal risks of the Group's business and ensures implementation of appropriate systems by the Group to manage these risks. The day-to-day operations of the Group are delegated to the management of the Group.

The Board reserves for its decision all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of the Directors and other significant financial and operational matters. The Directors could have recourse to seek independent professional advice in performing their duties at the Company's expense and are encouraged to access and to consult with the Company's management independently. The daily management, administration and operation of the Group are delegated to the management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

The Board recognises that corporate governance should be the collective responsibility of the Directors and the Board delegates the corporate governance duties to the management which include:

(i) to develop, review and implement the Company's policies and practices on corporate governance and make recommendations to the Board;

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

(iii) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and the Directors; and

(iv) to develop, review and monitor the implementation of the Shareholders' communication policy to ensure its effectiveness, and make recommendation to the Board where appropriate to enhance Shareholders' relationship with the Company.

B. Board Composition and Diversity

During FY2025 and as at the date of this annual report, the Board comprised six executive Directors, namely Mr. Chu Hing Tsung, who was also the Chairman, Mr. Liu Jie, who was also the Chief Executive Officer, Mr. Liao Tengjia, who was also a Deputy Chairman, Mr. Huang Jiajue, who was also a Deputy Chairman, Mr. Chu Muk Chi and Ms. Ye Lixia, and three independent non-executive Directors, namely Mr. Leung Wo Ping *JP*, Mr. Wong Chi Keung and Dr. Feng Ke. The independent non-executive Directors are expressly identified in all corporate communications that disclose the names of the Directors. The number of independent non-executive Directors during FY2025 and as at the date of this annual report represented one-third of the Board. The Company seeks to achieve board diversity through consideration of a number of factors, including but not limited to gender, age, skills, knowledge and length of service. The ultimate selection decision will be based on merit and contribution to the Board.

The Company has adopted a board diversity policy, which sets out the Company's approach on achieving diversity on the Board. In reviewing and assessing the composition of the Board and the nomination of Directors (as applicable), the Company takes into account a number of factors, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company's business growth. The Nomination Committee will discuss and where necessary, agree on the measurable objectives for achieving diversity on the Board and make recommendation to the Board. The Board may adopt and/or amend from time to time (as applicable) such diversity perspectives and/or measurable objectives that are appropriate to the Company's business and Board succession planning, as applicable.

During FY2025 and as at the date of this corporate governance report, the Board comprised eight male members and one female member, with six of them being executive Directors and the remaining three being independent non-executive Directors. The Company has formal letters of appointment with all Directors setting out the key terms and conditions relating to their appointment. The Directors have professional background in property development, finance, taxation, investment and management. They have extensive experience and independent views in their respective areas of expertise so that they can provide professional advice to the Board in respect of the long-term development of the Company. Taking into account that the Board has a balanced mix of skill-set, experience, expertise, and diversity which strengthens its decision-making capability and the overall effectiveness of the Company in achieving sustainable business operation and enhancing shareholder value, the Company considers that the current composition of the Board satisfies the principles set out in the board diversity policy of the Company.

Mr. Chu Hing Tsung, the Chairman and an executive Director, and Mr. Chu Muk Chi, an executive Director, are brothers. The biographical details of the Directors and the relationships between Board members are set out in the section headed "BIOGRAPHY OF DIRECTORS" in this annual report. Save as disclosed above and in the section headed "BIOGRAPHY OF DIRECTORS" in this annual report, none of the Directors has any financial, business, family or other material/relevant relationships with one another and this is true in particular between Mr. Chu Hing Tsung, the Chairman, and Mr. Liu Jie, the Chief Executive Officer.

To ensure that independent views and input are available to the Board, the Company has adopted a policy ("Independent Views Policy") with effect from 1 January 2022, under which the independent non-executive Directors are required to, among others, bring independent judgment to bear on the Company's issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct, help review some of the Board's major decisions and the Company's performance in relation to corporate goals, monitor the Company's performance reporting, and take the lead where potential conflicts of interest arise. Further, the independent non-executive Directors must make sufficient time available to discharge their responsibilities and should not accept an invitation to serve as an independent non-executive Director on the Board unless they can devote adequate time and effort to the work involved. Independent non-executive Directors sitting on multiple boards of directors of listed companies will need to ensure that they devote sufficient time and dedicate adequate attention to each board and board committee of the Company. The Company is required to review the Independent Views Policy and its implementation and effectiveness on an annual basis. Apart from formal communication channels, such as board meetings, informal means of communication which allow independent non-executive Directors to express their views in an open and candid manner, including dedicated meetings with the Chairman without the presence of any other Director at least once a year and interaction and discussion with management, are also provided by the Company to the independent non-executive Directors to make sure that independent views and input are available to the Board. In addition, the Company ensures that all the Directors (including the independent non-executive Directors) will have access to advice from external independent professionals, including independent legal advisors, auditors and valuers, to assist the Directors to perform their duties. Based on the information available to the Company (including the annual confirmation of independence received from each of the independent non-executive Directors) and after considering the relevant factors, the Company considers all of the independent non-executive Directors to be independent.

The Board also recognises the importance of diversity at the workforce level. As at 31 December 2025, the gender ratio of the workforce of the Group (including senior management) was 268:267 male to female.

C. Chairman and Chief Executive Officer

The roles and duties of the Chairman and the Chief Executive Officer are carried out by different individuals and have been clearly defined in writing.

The Chairman is Mr. Chu Hing Tsung, and the Chief Executive Officer is Mr. Liu Jie. The positions of Chairman and Chief Executive Officer are held by separate persons in order to preserve independence and a balanced judgement of views.

With the support of the Company Secretary, the Chairman is responsible for ensuring that the Directors receive adequate, accurate, clear, complete and reliable information in a timely manner and appropriate briefing on issues arising at the Board meetings and that all key and appropriate issues are discussed by the Board in a timely manner. The Chief Executive Officer focuses on implementing objectives, policies and strategies approved and delegated by the Board. He is in charge of the Company's day-to-day management and operations. The Chief Executive Officer is also responsible for developing strategic plans and formulating the organisational structure, control systems, internal procedures and processes for the Board's approval.

BOARD MEETINGS AND ANNUAL GENERAL MEETING

The Board meets regularly and as warranted by particular circumstances. Notices and agendas are prepared by the Company Secretary as delegated by the Chairman and distributed to the Board members within reasonable time before the meetings. Relevant meeting papers are also sent to the Directors well before the meetings, informing them of the background and giving explanation on matters to be brought before the Board. All Directors are given the opportunity to include matters in the agendas for Board meetings. Draft and final versions of the minutes of Board meetings are sent to all Directors for their comment and records, respectively, within a reasonable time after the Board meetings and are kept by the Company Secretary.

During FY2025, the Directors made active contribution to the affairs of the Group and seven Board meetings were held to consider, among other things, various transactions contemplated by the Group, and to review and approve the interim results and annual results of the Group. To ensure the Directors will make decisions objectively and in the interests of the Company, Bye-Law No. 103(1) of the Bye-Laws provides that any Director shall abstain from voting on any resolutions in which he/she or his/her associate(s) is/are materially interested nor be counted in the quorum of the meeting. Any Board meeting in which a Director has abstained from voting or has not been counted in the quorum of the meeting shall not be taken into account in determining that Director's attendance record.

All members of the Board attended the 2025 AGM and were available to answer questions from the Shareholders attending the meeting.

The individual attendance of each Director in the Board meetings held during FY2025 and the 2025 AGM is as follows:

	Attended/Eligible to attend	
	Board meetings	**2025 AGM**
Executive Directors		
Mr. Chu Hing Tsung	7/7#	1/1
Mr. Liu Jie	6/6	1/1
Mr. Liao Tengjia	6/6	1/1
Mr. Huang Jiajue	6/6	1/1
Mr. Chu Muk Chi	6/6	1/1
Ms. Ye Lixia	6/6	1/1
Independent non-executive Directors		
Mr. Leung Wo Ping *JP*	7/7#	1/1
Mr. Wong Chi Keung	7/7#	1/1
Dr. Feng Ke	7/7#	1/1

Included a meeting between the Chairman and the independent non-executive Directors held during FY2025.

NON-EXECUTIVE DIRECTORS

Code Provision B.2.2 of the CG Code stipulates that every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years. Each of the independent non-executive Directors has been appointed for a term of two years. All of the independent non-executive Directors are subject to retirement by rotation once every three years and should be subject to re-election.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

Every newly appointed Director has been given a comprehensive, formal and tailored induction on appointment. A package, which has been compiled and reviewed by the Company's legal advisers, setting out the duties and responsibilities of directors under the Listing Rules, the Companies Ordinance, other related ordinances and relevant regulatory requirements of Hong Kong, is provided to each newly appointed Director.

Pursuant to Code Provision C.1.4 of the CG Code, all Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. All Directors are encouraged to attend relevant training courses to ensure that they are fully aware of their responsibilities and obligations under the Listing Rules and the relevant regulatory requirements.

Pursuant to the requirements of the CG Code, all Directors should provide their records of continuous professional development to the Company. According to the records provided by the Directors, the training received by each of them during FY2025 is summarised as follows:

	Training received Notes
Executive Directors	
Mr. Chu Hing Tsung	(1)(2)
Mr. Liu Jie	(1)(2)
Mr. Liao Tengjia	(1)(2)
Mr. Huang Jiajue	(1)(2)
Mr. Chu Muk Chi	(1)(2)
Ms. Ye Lixia	(1)(2)
Independent non-executive Directors	
Mr. Leung Wo Ping *JP*	(1)(2)
Mr. Wong Chi Keung	(1)(2)
Dr. Feng Ke	(1)(2)

Notes:

(1) Reading articles/other materials in relation to legal and regulatory changes which are relevant for the Directors in discharging their duties.

(2) Participation in seminars/conferences/courses/workshops on subjects relating to directors' duties, and financial, legal and corporate governance matters.

All Directors as disclosed above confirmed that they complied with Code Provision C.1.4 of the CG Code on directors' continuous professional development during FY2025.

BOARD COMMITTEES

The Board has set up three specialised committees, namely the audit committee ("Audit Committee"), the remuneration committee ("Remuneration Committee") and the nomination committee ("Nomination Committee") to oversee particular aspects of the Company's affairs. The three Board committees were established with defined written terms of reference approved by the Board, which set out the major duties of each Board committee. These terms of reference are posted on the websites of the Stock Exchange and of the Company and are available to the Shareholders. Members of the Board committees are mainly independent non-executive Directors. The list of the chairman and members of each Board committee is set out in each of the following Board committee sections below in this annual report. The meeting procedures of each Board committee follow the procedures of the Board meetings.

The members of the Board committees are provided with sufficient resources to discharge their duties and in appropriate circumstances, the Company can retain external auditors, financial advisers, lawyers and other relevant independent professionals to provide independent professional advice to assist members of the Board committees in fulfilling their responsibilities.

A. Audit Committee

The Company established the Audit Committee in 1999 with specific written terms of reference in accordance with the requirements of the Stock Exchange which deal clearly with its authority and duties.

During FY2025 and as at the date of this annual report, the Audit Committee comprised three independent non-executive Directors, namely Mr. Leung Wo Ping *JP*, Mr. Wong Chi Keung and Dr. Feng Ke. Mr. Leung Wo Ping *JP* was the chairman of the Audit Committee during FY2025 and as at the date of this annual report.

The major roles and functions of the Audit Committee are as follows:

(1) to consider, and to make recommendation to the Board on the appointment, re-appointment and removal of the external auditor, and to approve the audit fee and other terms of engagement of the external auditor, and any questions of its resignation or dismissal;

(2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards;

(3) to discuss with the external auditor before the audit commences in respect of the nature and scope of the audit and reporting obligations;

(4) to monitor the integrity of the Company's financial statements, annual report, accounts and half-year report, and to review significant financial reporting judgements contained in them;

(5) to review the Company's financial controls and internal control and risk management systems, and to ensure that management has discharged its duty to establish an effective internal control system;

(6) to review the external auditor's management letter, and material queries raised by the external auditor to management in respect of the accounting records, financial accounts or systems of control as well as management's response to the points raised; and

(7) to ensure that the Board responds promptly to the matters raised by the external auditor in the management letter.

The Audit Committee shall meet with the external auditor without the presence of the executive Directors to discuss the Group's financial reporting and any major financial matters arising during the financial year at least twice a year.

The Audit Committee held six meetings during FY2025. Individual attendance of each committee member is set out below:

	Attended/ Eligible to attend
Independent non-executive Directors	
Mr. Leung Wo Ping *JP* *(Chairman)*	6/6
Mr. Wong Chi Keung	6/6
Dr. Feng Ke	6/6

During FY2025, the Audit Committee held three meetings with the external auditor to discuss the general scope of their audit work and the audit findings. The Audit Committee also reviewed the Group's annual results for FY2024 and unaudited interim results for the six months ended 30 June 2025, and was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements and that adequate disclosures had been made, and submitted them to the Board for approval. In addition, the Audit Committee also made a review of the effectiveness of the financial reporting, internal audit function, and risk management and internal control systems of the Group.

B. Remuneration Committee

The Company established the Remuneration Committee in September 2005 with specific written terms of reference in accordance with the requirements of the Stock Exchange which deal clearly with its authority and duties. The Remuneration Committee has adopted the approach under Code Provision E.1.2(c)(ii) of the CG Code and made recommendations to the Board on the Group's overall policy and structure of the remuneration of Directors and senior management.

During FY2025 and as at the date of this annual report, the Remuneration Committee comprised an executive Director, Mr. Huang Jiajue and two independent non-executive Directors, namely Mr. Wong Chi Keung and Mr. Leung Wo Ping *JP*. Mr. Wong Chi Keung was the chairman of the Remuneration Committee during FY2025 and as at the date of this annual report.

The major roles and functions of the Remuneration Committee are as follows:

(1) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(3) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payment (including any compensation payable for loss or termination of their office or appointment);

(4) to make recommendations to the Board on the remuneration of the non-executive Directors;

(5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(6) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with relevant contractual terms and otherwise fair and not excessive;

(7) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and otherwise reasonable and appropriate; and

(8) to ensure that no Director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held two meetings during FY2025. Individual attendance of each committee member is set out below:

	Attended/ Eligible to attend
Executive Director	
Mr. Huang Jiajue	2/2
Independent non-executive Directors	
Mr. Wong Chi Keung *(Chairman)*	2/2
Mr. Leung Wo Ping *JP*	2/2

The following is a summary of work performed by the Remuneration Committee during FY2025:

(a) reviewing and recommending the policy and structure of the remuneration of the Directors and senior officers of the Group to the Board;

(b) assessing individual performance of the Directors and senior officers of the Group; and

(c) reviewing specific remuneration packages of the Directors and senior officers of the Group with reference to the Board's corporate goals and objectives as well as individual performances.

The remuneration of the executive Directors, who are regarded as the senior management of the Group, by band for FY2025 is set out below:

HK$0 to HK$2,000,000	5
HK$2,000,001 to HK$4,000,000	1
	6

The remuneration of the Directors is determined by reference to their qualifications, experience, duties and responsibilities, the Group's remuneration policy and the prevailing market trends. Details of the remuneration of the Directors for FY2025 are set out in note 8 to the consolidated financial statements.

C. Nomination Committee

The Company established the Nomination Committee in September 2005 with specific written terms of reference in accordance with the requirements of the Stock Exchange which deal clearly with its authority and duties.

During FY2025, the Nomination Committee comprised an executive Director, Mr. Huang Jiajue and two independent non-executive Directors, namely Mr. Leung Wo Ping *JP* and Mr. Wong Chi Keung. With effect from 1 January 2026, Mr. Huang Jiajue resigned from his role as a member of the Nomination Committee, and Ms. Ye Lixia, an executive Director, was appointed as a member of the Nomination Committee.

As at the date of this annual report, the Nomination Committee comprised an executive Director, Ms. Ye Lixia and two independent non-executive Directors, namely Mr. Leung Wo Ping *JP* and Mr. Wong Chi Keung. Mr. Wong Chi Keung was the chairman of the Nomination Committee during FY2025 and up to the date of this annual report.

The major roles and functions of the Nomination Committee are as follows:

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

(2) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorship;

(3) to assess the independence of the independent non-executive Directors;

(4) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer;

(5) to ensure that on appointment to the Board, the Directors receive a formal appointment letter or a service contract setting out the expected time commitment, committee service and involvement outside meetings of the Board;

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

(7) to consider other matters, as defined or assigned by the Board from time to time.

The Nomination Committee selects and recommends candidates for directorship based on certain criteria and procedures. The major criteria include (i) the candidates' professional background, especially their experience in the industry in which the Group operates; (ii) their financial management experience and track record with other companies engaged in similar business as the Group's; and (iii) the recommendations from the management team and other knowledgeable individuals. The Nomination Committee will shortlist the candidates and then submit them to the Board for final approval.

The Nomination Committee held one meeting during FY2025. Individual attendance of each committee member is set out as below:

	Attended/ Eligible to attend
Executive Director	
Mr. Huang Jiajue	1/1
Independent non-executive Directors	
Mr. Wong Chi Keung *(Chairman)*	1/1
Mr. Leung Wo Ping *JP*	1/1

During the meeting held in FY2025, the Nomination Committee reviewed the structure, size and composition of the Board, assessed the independence of the independent non-executive Directors coupling with the relevant requirements under the Listing Rules, and the suitability of the Directors who were subject to re-election at the 2025 AGM.

INTERNAL CONTROL

Risk Management and Internal Control

The Board has overall responsibility for maintaining sound and effective risk management and internal control systems to safeguard the assets of the Group and interests of the Shareholders. The Board is clearly aware of the key role played by the Group's risk management and internal control systems in the Group's risk management and compliance with the laws and regulations on an on-going basis. The Group is aware of the responsibilities of the Board and the management over risk management and internal control systems:

- **The Board** is responsible for evaluating and determining the nature and extent of the risks the Group is willing to take in achieving its strategic business objectives, ensuring the Group establishes and maintains appropriate and effective risk management and internal control systems, and overseeing the management's design, implementation and monitoring of risk management and internal control systems on an ongoing basis.

- **The management** is responsible for the design, implementation and monitoring of the risk management and internal control systems and confirming to the Board whether or not the risk management and internal control systems are effective.

Such risk management and internal control systems are designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or losses.

The Audit Committee continuously reviews the Group's risk management and internal control systems. The Board also reviews the effectiveness of the Group's risk and management and internal control systems on annual basis. Based on its review, the Audit Committee will provide advice to the Board as to the adequacy of the Group's risk management and internal control systems.

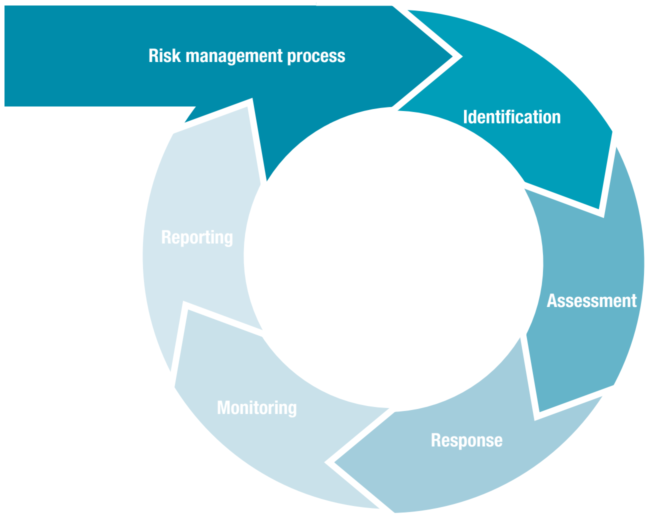
RISK MANAGEMENT

The Group has established a basic risk management structure in 2016 to specify the risk management process, and consciously enhanced the Group's risk management culture internally. The Group strives to optimise its risk management structure, standardise its risk management process, and adopt qualitative and quantitative risk management methodologies to identify, evaluate and mitigate risks, so as to promote its sustainable and healthy business growth by keeping its risks under control.

Construction of Risk Management System

- **Construction and update of basic risk management structure:** the Group has established an organisational structure and functions for risk management practices covering different levels, including decision-making level (the Board and the Audit Committee), leadership level (the Group's management) and implementation level (management of each function centre of the Group and the regional subsidiaries) over the past years. The duties and authorities of each level of decision-making, leadership and implementation are specified in writing and the Group's major risks are classified into different categories, including strategy, operation, market, finance, compliance and Environmental, Social and Governance (ESG) so as to create a risk database. During FY2025, the Group reviewed, updated and improved the above-mentioned basic structure based on changes in both internal and external environment. From the perspective of the Group's strategic objective and the management's risk appetite, appropriate risk assessment dimension and criteria as well as qualitative and quantitative approaches of assessment have been established. Meanwhile, approaches and criteria of assessment identified by the management together are used to assess and respond to risks likely to affect the achievement of the corporate target.

- **Establishment and regulation of risk management process:** the Group has established closed-loop procedures in respect of sustainable risk management, covering the identification, assessment, response, monitoring and reporting (see Chart 1: Major Steps of Risk Management Process), in addition to risk management procedures and tools used to support the implementation of such procedures. The Board analyses and prioritises risks identified to determine key risks exposed to the Group and discusses how to manage such key risks. Besides, existing risk mitigation measures are identified and recorded against each significant risk, with improvement suggestions being made based on the management's risk appetite. During FY2025, the Group reviewed, adjusted and improved the risk management process to improve the efficiency and standardisation of its operations.



(Chart 1: Major Steps of Risk Management Process)

Risk Assessment Performed by the Group in FY2025

On the basis of the above construction of risk management systems at the group level, the management of the Group continued to strengthen its risk management with the assistance from an external consultant during FY2025, and updated and assessed the top 10 risks of the Group in FY2025.

- **Updating and assessing the top 10 risks of the Group:** in view of the external market environment, changes in the internal business environment, the business operation and risk appetite of the Group, the management of the Group updated the risk assessment standards and risk database during FY2025. Meanwhile, it reviewed the change in nature and degree of significant risks exposed to the Group by using a systematic approach of assessment, reassessed the top ten risks exposed to the Group and studied the tendency of such change as compared with that of FY2024. The current governance and control measures were reviewed to determine the department responsible for control of the relevant risks as well as the corresponding response measures and improvement plans. Results of the assessment and implementation of the governance and control measures were reported to the Audit Committee, which, on behalf of the Board, reviewed and assessed the change in nature and degree of the significant risks and considered that the risk management systems were effective and adequate upon review of such systems.

In the years to follow, the management of the Group will continue to strengthen the risk management systems through various measures, including on-going risk management training, regular risk alert and risk management reporting, and will perform review and assessment of the responses to significant risks at least annually and report the results to the Audit Committee.

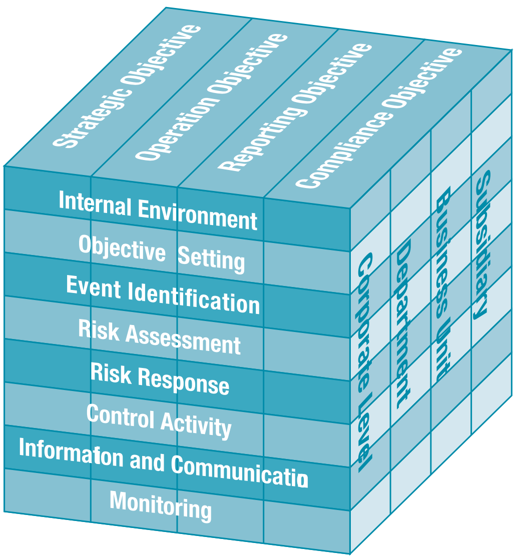
Internal Audit

The Company has established an internal audit function as an independent third line of defence, which is responsible for assisting the Audit Committee in making analysis and independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems. The Board reviewed the resources and staff qualifications and experiences of the internal audit function, and considered that the budget and the training received by the internal audit staff were adequate during FY2025.

Internal Control

Construction of Internal Control Management Framework

The Company has established its own internal control framework by reference to the internal control management framework from the COSO (Committee of Sponsoring Organisations of the Treadway Commission) (see Chart 2: Internal Control Management Framework from the COSO). The Group's risk management system consists of five elements, i.e. control environment, risk assessment, control activity, information and communication, and monitoring activity, which are related to, interacting with and relying on each other, and collectively safeguard the performance of the Group's internal control function. An established organisational structure is included in such control systems, clearly defining the power and obligations of each department, in order to protect the Group's assets against improper use, maintain appropriate accounts and ensure compliance with rules and regulations. The scope of review covers significant controls, including controls over finance, operations, compliance and risk management. Annual review of the effectiveness of the risk management and internal control systems has been performed with reference to the COSO framework.



(Chart 2: Internal Control Management Framework from the COSO)

Review of Internal Control Performed by the Group in FY2025

On the basis of the above internal control management framework of the Group, the management of the Group engaged an external consultant to support the internal control review in FY2025 to enhance the internal controls. Based on the changes in risk conditions and control environment, the management of the Group selected key business processes for review, assessed the existing control activities, determined major risks and existing control defects, and identified the key departments responsible for control defects and the following response measures and improvement plans. The results of assessment were reported to the Audit Committee.

Review of Risk Management and Internal Control Systems

The Board has, through the Audit Committee, performed an overall review of the effectiveness of the Group's risk management and internal control systems for FY2025, considering changes in the nature and degree of significant risks exposed to the Group, as well as the Group's capability of responding to changes in its business and external environment. The management has continued monitoring the scope and quality of the risk and internal control systems and the work performed by the internal audit function, and has prepared the reports provided to the Audit Committee. The Board considered the Group complied with the provisions relating to internal control set out in the CG Code and the risk management and internal control systems were effective and adequate during FY2025.

INSIDE INFORMATION

The Company takes every precaution in its handling of inside information. The Company regulates the handling and dissemination of inside information according to the "Guidelines on Disclosure of Inside Information" published by the Securities and Futures Commission in June 2012 to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made. The Company regularly reminds the Directors and employees about due compliance with all policies regarding inside information. Also, the Company keeps the Directors, management and employees abreast of the latest regulatory updates. Employees who are privy or have access to inside information have also been notified to observe the restrictions regarding the handling and dissemination of inside information from time to time. The Board is generally responsible for ensuring that the Company complies with its disclosure obligations regarding inside information. Inside information should be disclosed by way of an announcement in accordance with the requirements of the SFO and the Listing Rules. Before relevant information is fully disclosed to the public, the Board will ensure that such information is kept strictly confidential.

CORPORATE GOVERNANCE FUNCTIONS

The Company is committed to enhancing its corporate governance practices relevant to the model and growth of its business. In order to achieve a right balance between governance and performance, the Board is responsible for introducing and proposing relevant principles concerning corporate governance so as to enhance the standard of corporate governance of the Company. The Board is responsible for performing the corporate governance functions set out in Code Provision A.2.1 of the CG Code and has established the following corporate governance duties to serve this purpose:

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

(2) to review and monitor the training and continuous professional development of the Directors and management;

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

(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

(5) to review the Company's compliance with the CG Code and disclosure in the corporate governance report in the Company's annual report.

There was no meeting held by the Board in respect of its corporate governance functions during FY2025. However, the Company has from time to time provided updated information to the Directors and management on the relevant rules and regulations relating to corporate governance, ensuring that they have a proper understanding of the latest development of the best corporate governance practice.

AUDITOR'S REMUNERATION

For FY2025, the remuneration paid/payable to the Company's auditor, BDO Limited ("BDO"), for their audit and non-audit services provided, is set out as follows:

Nature of services	**Fee paid/payable** HK$'000
Audit services	3,800
Non-audit services	
– Agreed-upon procedures	500
– Due diligence services	459
Total	4,759

DIRECTORS' RESPONSIBILITY ON THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility of preparing the financial statements for FY2025, which were prepared in accordance with statutory requirements and applicable accounting standards. The Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently, and that judgement and estimates made are prudent and reasonable.

Disclaimer of Auditor's Opinion for FY2025

The Company's auditor, BDO, issued a disclaimer of opinion on the Group's consolidated financial statements for FY2025 ("2025 Accounts") due to the scope limitation relating to the appropriateness of the going concern assumption as below:

Scope limitation relating to the Appropriateness of the Going Concern Assumption

(A) Details of the audit opinion modification

As set out in note 2.1 to the 2025 Accounts, the Group recorded a net loss of approximately HK$6,220 million for FY2025 and, as at that date, had net current liabilities and net liabilities of approximately HK$13,611 million and HK$2,937 million, respectively. In addition, as at 31 December 2025, the Group had outstanding interest-bearing bank and other borrowings of approximately HK$15,256 million that are either repayable within 12 months from the end of the reporting period or on demand, while its cash and bank balances amounted to approximately HK$13 million. Included in these bank and other borrowings, substantial of which had not been repaid according to the scheduled repayment dates under the relevant loan agreements. These events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

In view of the above circumstances, the Group's management has prepared a cash flow forecast covering a period of 17 months from the end of the reporting period up to 31 May 2027, which takes into account certain plans and measures as set out in note 2.1 to the 2025 Accounts. The plans and measures included but not limited to the followings:

(a) the Group has been proactively communicating with the relevant lenders on the Group's business plan, operations and financial position such that they will not demand immediate repayment of the Group's borrowings;

(b) the Group is actively discussing with the lenders of certain bank and other borrowings to re-finance its existing borrowings and to obtain additional credit facilities from existing and other lenders as and when needed;

(c) the Group will continue to take measures to monitor the collection of the receivables related to urban redevelopment projects in accordance with the agreed schedules;

(d) the Group will continue its efforts to promote the pre-sales and sales of its properties under development and completed properties held for sale;

(e) the Group will continue to take active measures to collect the outstanding sales proceeds and other receivables and control its administrative costs and manage its capital expenditure; and

(f) the ultimate holding company has undertaken not to demand repayment of the amounts due from the Group until the Group is in the position to repay the amounts without impairing its financial position, and to provide ongoing financial support to the Group, as and when necessary, for its ongoing operations for the foreseeable future.

Based on the Directors' assessment, the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The appropriateness of the preparation of the consolidated financial statements on a going concern basis is largely dependent on the successful implementation of the above plans and measures. In respect of the financial support from Rong De (i.e. the ultimate holding company of the Company), Rong De has not made available to BDO the supporting documents or other evidence that BDO considered necessary to evaluate Rong De's financial position and financial viability, and hence Rong De's ability to provide the aforesaid financial support to the Group. As a result, BDO were unable to obtain sufficient appropriate audit evidence that they considered necessary to evaluate the feasibility of the successful implementation of the Group's plans and measures. There were no other alternative procedures that BDO could perform to satisfy themselves as to the appropriateness of the Directors' use of the going concern basis of accounting in preparing the 2025 Accounts.

Should the Group fail to achieve the above plans and measures, it might not be able to continue as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their net realisable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities, and to provide for any further liabilities which might arise. The effects of these adjustments have not been reflected in the 2025 Accounts.

(B) Position and basis of the Group's management on the audit opinion modification

For FY2025, the Group recorded a net loss of approximately HK$6,220 million and, as at 31 December 2025, had net current liabilities and net liabilities of approximately HK$13,611 million and HK$2,937 million, respectively. In addition, as at 31 December 2025, the Group had outstanding interest-bearing bank and other borrowings of HK$15,256 million that are either repayable within 12 months from the end of the reporting period or on demand, while its cash and bank balances amounted to approximately HK$13 million. Included in these bank and other borrowings, substantial of them had not been repaid according to the scheduled repayment dates under the relevant loan agreements. These events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors have given careful consideration to the future working capital and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern for at least 12 months from 31 December 2025. The Group has formulated the following plans and measures to mitigate its liquidity pressure and to improve its cash flows ("Plans and Measures"):

(a) the Group has been proactively communicating with the relevant lenders on the Group's business plan, operations and financial position such that they will not demand for immediate repayment of the Group's borrowings;

(b) the Group is actively discussing with the lenders of certain bank and other borrowings to re-finance its existing borrowings and to obtain additional credit facilities from existing and other lenders as and when needed;

(c) the Group will continue to take measures to monitor the collection of the receivables related to urban redevelopment projects in accordance with the agreed schedules;

(d) the Group will continue its efforts to promote the pre-sales and sales of its properties under development and completed properties held for sale;

(e) the Group will continue to take active measures to collect outstanding sales proceeds and other receivables and control its administrative costs and manage its capital expenditure; and

(f) Rong De has undertaken not to demand repayment of the amounts due from the Group until the Group is in the position to repay the amounts without impairing its financial position, and to provide ongoing financial support to the Group, as and when necessary, for its ongoing operations for the foreseeable future.

The Directors have reviewed the Group's cash flow forecast, covering a period of at least 17 months from the end of the reporting period, prepared by the Group's management. The Directors were of the opinion that, taking into account the Plans and Measures, the Group would have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within 12 months from 31 December 2025. Accordingly, the Directors were satisfied that it is appropriate to prepare the 2025 Accounts on a going concern basis.

On the other hand, in the view of BDO, there existed the following material uncertainties which cast significant doubt on the Group's ability to continue as a going concern:

(1) the continual support from the existing lenders of the Group such that they will not demand immediate repayment of the relevant borrowings;

(2) the successful and timely agreement with the lenders on the extension of the repayment dates of existing borrowings subject to the Group's financial and liquidity position, and the securing of additional credit facilities from existing and other lenders as and when needed;

(3) the successful and timely collection of receivables related to urban redevelopment projects in accordance with the agreed schedules;

(4) the ability of the Group in achieving its plans for the pre-sales and sales of properties under development and completed properties held for sale, which are highly sensitive to the sentiment in the local real estate market and buyer confidence in the areas where the Group's principal property projects are situated; and

(5) the financial capability of Rong De to honour its undertaking not to demand repayment of amounts due from the Group and to provide adequate and timely financial support to the Group when required.

The Audit Committee has discussed the above audit opinion modification with the Group's management and the Directors, and agreed with their position and basis (including the matters involving their substantial judgements). In particular, on the basis that (i) the Group has been and is still actively communicating with the relevant lenders on its business plan, operations and financial position, and discussing with the lenders of certain of its bank and other borrowings on the re-financing of the existing borrowings; (ii) during the period from 31 December 2025 to the date of approval of the 2025 Accounts, the Group has received sales proceeds from the sales of its properties in accordance with the signed sales contracts; (iii) the Group has put its efforts to promote the pre-sales and sales of its properties under development and completed properties held for sale; (iv) the Group has monitored the collection of the sales proceeds and control its administrative costs and capital expenditure; (v) Rong De has not demanded repayment of the amounts due from the Group; and (vi) up to the date of approval of the 2025 Accounts, neither the Company nor any of its operating subsidiaries was the subject of any winding-up proceedings, the Audit Committee agreed with the position of the Group's management and the Directors in preparing the 2025 Accounts on a going concern basis.

The Group will continue to implement the Plans and Measures diligently to mitigate its liquidity pressure and to improve its cash flows in 2026.

Even had there been no aforementioned scope limitation relating to the appropriateness of the going concern assumption which precluded BDO from expressing an opinion on the 2025 Accounts, the opinion of BDO would have been qualified for the qualification on investment in an associate as below.

Scope Limitation on Investment in an Associate

(A) Details of the audit opinion modification

As disclosed in note 18 to the 2025 Accounts, the Group held an investment in an associate, Silver Grant ("Associate") which was accounted for using the equity method. During FY2025, the Group recognised its share of loss of the associate of approximately HK$279 million and share of other comprehensive income of an associate of approximately HK$13 million based on the consolidated financial information prepared by the management of the Associate. As at 31 December 2025 and 2024, the carrying amounts of the Group's investment in an associate were approximately HK$82 million and HK$488 million, respectively. The Associate was disposed of by the Group in March 2026.

For the purpose BDO's audit on the 2025 Accounts, the Associate is determined as the component at which audit work is to be performed on the entire financial information of the Associate with the involvement of the component auditor (i.e. the auditor of the Associate) to obtain sufficient appropriate audit evidence for BDO's audit opinion on the 2025 Accounts. In addition, BDO were also required to obtain sufficient appropriate audit evidence on the opening balance of the Group's investment in the Associate as at 1 January 2025.

In respect of the financial information of the Associate, the auditor of the Associate (a) disclaimed its opinion due to its inability to obtain sufficient appropriate audit evidence in respect of the going concern assumption; and (b) were unable to obtain sufficient appropriate audit evidence in respect of the loan receivables and loan interest receivables, interest income on loan receivables and impairment loss on the loan receivables and loan interest receivables of the Associate. Considering the adequacy of the work performed by the auditor of the Associate, however, BDO were unable to obtain sufficient appropriate audit evidence on the financial information of the Associate based on the work BDO performed.

The Company's predecessor auditor ("Predecessor Auditor") also disclaimed its auditor's opinion on the Group's consolidated financial statements for FY2024 ("2024 Accounts"), and were unable to obtain sufficient appropriate audit evidence in respect of: (1) the share of loss of the Associate, (2) the share of other comprehensive loss of the Associate; (3) the impairment loss on investment in the Associate; and (4) the carrying amount of the investment in the Associate. During the audit performed by BDO on the 2025 Accounts, these matters remained unresolved.

As a result of the above, BDO were unable to determine whether (i) the Group's share of loss of an associate for FY2025 and FY2024 of approximately HK$279 million and HK$223 million, respectively as included in the consolidated statement of profit or loss, (ii) the Group's share of other comprehensive income/loss of an associate for FY2025 and FY2024 of approximately HK$13 million and HK$12 million, respectively as included in the consolidated statement of comprehensive income, (iii) the impairment loss on investment in an associate recognised for FY2025 and FY2024 of approximately HK$140 million and nil, respectively as included in the consolidated statement of profit or loss, (iv) the Group's investment in an associate as at 1 January 2025 of approximately HK$488 million as included in the consolidated statement of financial position; and (v) the related disclosures disclosed in note 18 to the consolidated financial statements, were properly stated. There were no other satisfactory procedures that BDO could perform to determine whether any adjustments to these amounts were necessary.

Any adjustments that might have been found necessary might have a consequential significant effect on the financial position of the Group as at 31 December 2025 and 1 January 2025, and the financial performance of the Group for FY2025 and FY2024 and the related disclosures in the consolidated financial statements.

(B) Position and basis of the Group's management on the audit opinion modification

According to paragraph 33 of Hong Kong Accounting Standard 28 *Investments in Associates and Joint Ventures*, the most recent available financial statements of the associates are used by an entity in applying the equity method for its associates with the same reporting period end. The Group's investments in associates are stated in its consolidated statement of financial position at its share of the net assets of its associates under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of its associates is included in its consolidated statement of profit or loss and consolidated statement of comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of its associates, the Group recognises its share of any such change, when applicable, in its consolidated statement of changes in equity. Accordingly, the most recent available financial statements of the Associate for FY2025 as provided by the Associate have been used by the Group for accounting for its investment in the Associate using equity accounting.

According to paragraph 9 of Hong Kong Accounting Standard 36 *Impairment of Assets*, an entity shall assess at the end of each reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable amount of the asset. As disclosed in note 18 to the 2025 Accounts, the Group carried out an impairment assessment to determine whether the Group's interest in the Associate was impaired, which was arrived at with reference to the consideration agreed through a sale and purchase agreement entered into between Splendid Reach Limited ("Splendid Reach"), a wholly-owned subsidiary of the Company, the Company and Rong De on 28 November 2025.

Taking into consideration the adequacy of the work performed by the auditor of the Associate on the consolidated financial statements of the Associate for FY2025, BDO were unable to obtain sufficient appropriate audit evidence on the financial information of the Associate, given that the auditor of the Associate (a) disclaimed their opinion on the consolidated financial statements of the Associate for FY2025 due to their inability to obtain sufficient appropriate audit evidence in respect of the going concern assumption; and (b) were unable to obtain sufficient appropriate audit evidence in respect of the loan receivables and loan interest receivables, interest income on loan receivables and impairment loss on the loan receivables and loan interest receivables of the Associate set out in the consolidated financial statements of the Associate for FY2025. Further, the Predecessor Auditor also disclaimed its auditor's opinion on the 2024 Accounts, and were unable to obtain sufficient appropriate audit evidence in respect of the following accounting items set out in the 2024 Accounts: (1) the share of loss of the Associate, (2) the share of other comprehensive loss of the Associate; (3) the impairment loss on investment in the Associate; and (4) the carrying amount of the investment in the Associate, while such matters remained unresolved during the audit performed by BDO on the 2025 Accounts.

In light of the above, BDO were unable to determine whether (i) the Group's share of loss of an associate for FY2025 and FY2024 of approximately HK$279 million and HK$223 million, respectively as included in the consolidated statement of profit or loss; (ii) the Group's share of other comprehensive income/loss of an associate for FY2025 and FY2024 of approximately HK$13 million and HK$12 million, respectively as included in the consolidated statement of comprehensive income; (iii) the impairment loss on investment in an associate recognised for FY2025 and FY2024 of approximately HK$140 million and nil, respectively as included in the consolidated statement of profit or loss; (iv) the Group's investment in an associate as at 1 January 2025 of approximately HK$488 million as included in the consolidated statement of financial position; and (v) the related disclosures disclosed in note 18 to the 2025 Accounts, were properly stated. There were no other satisfactory procedures that BDO could perform to determine whether any adjustments to these amounts were necessary.

The Audit Committee has discussed the above audit opinion modification with the Group's management and the Directors, and agreed with their position and basis (including the matters involving their substantial judgements). In particular, on the basis that (aa) the most recent available financial statements of the Associate for FY2025 and FY2024 had been used by the Group's management in applying the equity method to account for the Group's interest in the Associate in the 2025 Accounts and the 2024 Accounts; (bb) the Group's management had engaged an independent valuer to determine the recoverable amount of the Group's interest in the Associate as at 31 December 2024; and (cc) the recoverable amount of the Group's interest in the Associate as at 31 December 2025 was determined with reference to the consideration agreed between Splendid Reach and Rong De for the Group's entire interest in the Associate pursuant to the Disposal, the Audit Committee agreed with the position of the Group's management and the Directors in accounting for the Group's investment in the Associate in the respective 2025 Accounts and 2024 Accounts using equity accounting and in performing impairment assessment as at the relevant time based on the consideration receivables for the Group's entire interest in the Associate or a valuation of the Group's investment in the Associate conducted by an independent valuer (as the case might be).

In the opinion of the Group's management and the Directors (which was agreed by the Audit Committee), the audit issues in relation to the consolidated financial statements of the Associate for FY2025 and FY2024 discussed above ceased to be a concern following the completion of the Group's disposal of its entire interest in the Associate on 31 March 2026, upon which the Group no longer had any interest in the Associate.

The reporting responsibilities of the external auditor on the consolidated financial statements are set out in the "Independent Auditor's Report" on pages 78 to 81 of this annual report.

SHAREHOLDERS' RIGHTS

(1) Dividend policy

The Company has adopted a dividend policy.

The Company does not have any pre-determined dividend pay-out ratio. The Board has the discretion to declare and distribute dividends to the Shareholders, subject to the Bye-laws, all applicable laws and regulations and the following factors:

1. financial results;
2. cash flow situation;
3. business conditions and earnings;
4. capital requirements and expenditure plans;
5. interests of Shareholders;
6. any restrictions on payment of dividends; and
7. any other factors that the Board may consider relevant.

The dividend policy of the Company will be reviewed by the Board as appropriate from time to time.

The Company treats all Shareholders equally and ensures that Shareholders' rights are protected and every convenience is provided to the Shareholders for them to exercise their rights in ways that they are entitled to. The memorandum of association of the Company ("Memorandum of Association") and the Bye-Laws set out the rights of the Shareholders.

(2) Rights and procedures for Shareholders to convene a special general meeting ("SGM")

Pursuant to Bye-Law No. 58 of the Bye-Laws, Shareholders holding not less than one-tenth of the paid-up capital of the Company and carrying the right of voting at general meetings may request the Company to convene a SGM by sending a written requisition to the Board or the Company Secretary. The objects of the meeting must be stated in the written requisition. The requisition must be signed by the requisitionists and deposited at the Company Secretary at the Company's Hong Kong office at Room 8106B, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong. Before convening the SGM which must be in the form of a physical meeting only, the request will be verified with the Company's share registrar in Bermuda or the Hong Kong branch share registrar with their confirmation that the request is proper and in order.

If the Directors do not within 21 days from the date of the deposit of the requisition proceed duly to convene a meeting, the requisitionists themselves may convene a physical meeting at only one location which will be the place of the meeting and if there is more than one meeting location as determined by the Board pursuant to the Bye-Laws, the principal place of the meeting, in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981 (as amended).

(3) Rights and procedures for Shareholders to make proposals at general meetings

(i) Rights and procedures for proposing a person for election as a Director at a general meeting are as follows:

Pursuant to Bye-Law No. 88 of the Bye-Laws, no person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless a notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected, shall have been lodged at the Company's Hong Kong office at Room 8106B, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong, or at the Hong Kong branch share registrar provided that the minimum length of the period, during which such notice(s) are given, shall be at least 7 days and that (if the notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgement of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

The procedures for Shareholders to propose a person for election as a Director is posted on the Company's website (www.zhuguang.com.hk).

(ii) Rights and procedures for proposing resolution to be put forward at a general meeting are as follows:

Pursuant to Sections 79 and 80 of the Bermuda Companies Act 1981 (as amended), (i) shareholders holding not less than one-twentieth of the total voting rights; or (ii) not less than 100 shareholders, are entitled to request the company to give shareholders notice of a resolution which is intended to be moved at the next annual general meeting or special general meeting. If any Shareholders wish to propose a resolution to be put forward at a general meeting of the Company, a written notice to that effect signed by the requisitionists with contact information must be deposited at the Company's Hong Kong office at Room 8106B, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (addressed to the Company Secretary). The notice shall contain, inter alia, a description of the proposed resolution desired to be put forward at the meeting, the reasons for such a proposal and any material interest of the proposing Shareholder in such a proposal. The request will be verified with the Company's share registrar in Bermuda or the Hong Kong branch share registrar and upon their confirmation that the request is proper and in order, the Company Secretary will ask the Board to include the resolution in the agenda for the general meeting.

The notice period to be given to all the Shareholders for consideration of the proposal raised by the Shareholders concerned at the annual general meeting of the Company ("AGM") or the SGM varies according to the nature of the proposal, the details of which are as follows:

- At least 14 clear days' notice in writing if the proposal constitutes a resolution of the Company in SGM.

- At least 21 clear days' notice in writing if the proposal constitutes a resolution of the Company in AGM.

In the event of failure in serving the notice to the Company by the requisitionist within reasonable time, the Company reserves the right to claim from the requisitionist any expenses incurred by the Company in serving the notice of the resolution and circulating the statement given by that requisitionist to all Shareholders in accordance with the requirements under the Listing Rules (unless the Company otherwise resolves).

The rights and procedures for proposing resolution to be put forward by Shareholders at a general meeting is posted on the Company's website (www.zhuguang.com.hk).

(4) Procedures to send enquiries to the Board

Any enquiry is welcome to be presented to the Board by the Shareholders and any proposal relating to the business, strategy and management of the Company is welcome to be presented at general meeting for review and discussion. Such enquiry or proposal can be submitted in writing with contact information and deposited at the Company's Hong Kong office at Room 8106B, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong (addressed to the Company Secretary).

COMPANY SECRETARY

Pursuant to the requirements of Rule 3.29 of the Listing Rules, the Company Secretary, Mr. Choi Kwok Keung Sanvic confirmed that he had taken no less than 15 hours of relevant professional training during FY2025.

MEMORANDUM OF ASSOCIATION AND BYE-LAWS

During FY2025, the Company has not made any changes to its Memorandum of Association or Bye-Laws. The consolidated Memorandum of Association of the Company and the amended and restated Bye-Laws are available on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.zhuguang.com.hk).

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of good communication with the Shareholders. Information in relation to the Company is disseminated to the Shareholders in a timely manner through a number of formal channels, which include the interim and annual reports, announcements and circulars. Such published documents together with the latest corporate information are also made available on the website of the Company (www.zhuguang.com.hk).

The AGM provides a useful platform for the Shareholders to exchange views with the Board. The Chairman and the chairman of each committee of the Board are available at the AGM to answer questions from the Shareholders in respect of the matters that they are responsible and accountable for. The external auditor is also available at the AGM to assist the Directors in addressing any relevant queries from the Shareholders. To ensure the Board is maintaining an ongoing dialogue with the Shareholders, the Shareholders are encouraged to attend the AGM or other general meetings of the Company. The AGM notice is sent to the Shareholders at least 21 clear days before the AGM. The notice is also published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.zhuguang.com.hk). Separate resolutions are proposed at the general meetings on each substantially separate issue. A Shareholder is permitted to appoint any number of proxies to attend and vote on his behalf. All resolutions put forward at shareholders' meetings of the Company will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange and of the Company immediately after the relevant general meetings.

To ensure effective communication with the Shareholders, the Company highly values any opinion from the Shareholders. Comments and suggestions are welcome and can be addressed to the Company by mail to the Company's Hong Kong office at Room 8106B, Level 81, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong.

The Company has reviewed the implementation and effectiveness of its shareholders' communication policy during FY2025. All members of the Board and the Company's external auditor, Ernst & Young, attended the 2025 AGM held on 23 June 2025 to answer questions from the Shareholders attending the meeting. In addition, information relating to the Company, including the Company's interim and annual reports, announcements, circulars and poll results of the 2025 AGM, as well as the respective notices of the 2025 AGM and the special general meeting held by the Company on 15 January 2026 for the Shareholders to approve the Disposal, have been published or sent to the Shareholders in accordance with the requirements under the Listing Rules and the Bye-Laws during FY2025. In view of the above, the Company considered its shareholders' communication policy to be effective.

The Directors herein submit their report together with the consolidated financial statements of the Group for FY2025.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 1 to the consolidated financial statements.

Further discussion and analysis of the business review required by Schedule 5 to the Companies Ordinance, including an analysis on the Group's financial key performance indicators, an indication of the likely future developments in the Group's business, employment policy of the Group and important events of the Company occurring after the end of FY2025, can be found in the "Chairman's Statement" and the "Management Discussion and Analysis" set out on pages 6 to 23 of this annual report. These discussions form part of this "Directors' Report".

The financial risk management objectives and policies of the Group are shown in note 40 to the consolidated financial statements.

An analysis of the Group's performance during FY2025 using its key financial information is set out in the Five-Year Financial Summary on page 184 of this annual report.

The Group is committed to building a better environment by adopting an environmentally-friendly approach in its business operations. The Group is also committed to complying with all applicable environmental laws and regulations in conducting its business. The Group aims to reduce emissions and use of resources in its operations through the following measures:

- Enhance the efficiency of the resources used in the Group's business operations;
- Adopt the use of energy-efficient equipment across the Group's properties and offices;
- Encourage employees to minimise their daily use of resources, such as electricity;
- Encourage contractors and/or service providers to adopt environmentally-friendly practices in their design, services and products; and
- Undertake property development projects which are conducive to environmental protection and to obtain environmental certification on such projects.

During FY2025, the Group has continued to adopt measures beneficial to its energy saving and emission reduction, which included regular upgrades and maintenance of its air-conditioning systems and equipment, and the use of recycled papers.

Further information about the Company's environmental policies and performance can be found in the Group's Environmental, Social and Governance Report for FY2025, which will be published on the website of the Company at www.zhuguang.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

COMPLIANCE WITH LAWS AND REGULATIONS

The Company was incorporated in Bermuda with its shares listed on the Main Board of the Stock Exchange. The Group's subsidiaries were incorporated in the British Virgin Islands, Hong Kong and the PRC. The Group's operations are mainly carried out by the Group's subsidiaries in the PRC while the Group also has a corporate and administrative office in Hong Kong.

The Group's principal business activity is property development in the PRC which is a highly regulated industry. Property developers in the PRC must abide by various laws and regulations in the country, including rules stipulated by the national and local governments. To engage in property development, the Group must apply to the relevant government authorities to obtain and renew various licenses, permits, certificates and approvals, including but not limited to, land use rights certificates, qualification certificates for property developers, construction work commencement permits, construction work planning permits, construction land planning permits and pre-sales permits. Before the government authorities issue or renew any such certificate or permit, the Group must meet the relevant requirements. Set out below is a summary of certain aspects of PRC legal and regulatory provisions relating to the Group's operations and business, which include laws and regulations relating to:

- Establishment and qualification of real estate development, including the City Real Estate Management Regulation*《城市房地產管理法》, the PRC City Planning Regulation*《中華人民共和國城鄉規劃法》, the PRC Construction Regulation*《中華人民共和國建築法》and the City Real Estate Development Operation Management Rules*《城市房地產開發經營管理條例》; and

- Sale of commodity properties, including the City Commodity Properties Pre-Sale Management Regulation*《城市商品房預售管理辦法》.

If there is any non-compliance with the above rules and regulations, it will affect the Group's operations, development and financial performance. During FY2025, the Group complied with all the relevant laws and regulations in Bermuda, the British Virgin Islands, the PRC and Hong Kong that have a significant impact on the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, the summary of which is as follows:

Fierce industry competition

The fierce competition among property developers in China may lead to the increase in acquisition costs of land and construction costs in prime locations in China, oversupply of properties, decrease in price of the properties and slower approval and review of new property development projects by the relevant government authorities as well as the increase in the costs of human resources, all of which have an adverse impact on the business operations and profit of the Group.

Fluctuation of exchange rates

As the focus of the Group's operations is in China, most revenue and expenses of the Group are denominated in RMB. The exchange rates of the RMB against the US$ and other foreign currencies may fluctuate and may be affected by, among other things, the policies of the PRC government and changes in the PRC's and international political and economic conditions. Fluctuations in the exchange rates will affect the results of operations of the Group. As the 2022 Senior Notes (as defined in the paragraph headed "2022 SENIOR NOTES" below in this directors' report) are denominated in US$, the depreciation of RMB, if any, will further increase the finance costs of the Group.

** English name is translated for identification purpose only*

Fluctuation of interest rates

Interest-bearing debts are one of the primary financing sources for the Group to fund its operations. Part of the Group's loans are RMB-denominated and obtained from banks in the PRC, and carry floating interest rates. Thus, any adjustments in the interest rates made by the People's Bank of China will affect the finance costs of the Group.

External contractors and suppliers

In the event that the performance of the external contractors and suppliers entrusted by the Group falls short of the standards of the Group, or they encounter financial, operational or managerial difficulties, there may be disruption to the construction progress of the Group's property developments, and the Group may need to incur additional costs and may be potentially liable for compensation payable to the customers for delay in completion of property development and delivery of the properties.

Government policies and regulations

The real estate market in the PRC is highly subject to government policies and regulations. In order to curb the rapid rise in housing price and control speculative demand, the PRC government has imposed a series of strict restrictions, including house purchase restrictions (限購), tighter down-payment requirements (限貸), and limiting the selling price of properties (限價). Further, a series of regulations and policies have been issued by the PRC government to generally control the growth of the property market, including those relating to idle land, house loans to buyers, financing to property developers, etc.. It is uncertain whether the PRC government will relax or enhance the existing restrictive measures, or will introduce new restrictive measures in the future. The existing and any future restrictive measures may limit the Group's access to capital, reduce market demand for its products and increase the finance costs.

SEGMENT INFORMATION

An analysis of the performance of the Group by reportable segments is set out in note 4 to the consolidated financial statements.

DIVIDENDS

The Directors do not recommend the payment of any dividend for FY2025 (FY2024: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A five-year financial summary of the Group is set out on page 184.

RESULTS AND APPROPRIATIONS

The results of the Group for FY2025 are set out in the consolidated statement of profit or loss and consolidated statement of comprehensive income on pages 82 and 83, respectively.

RESERVES

Movements in reserves of the Group during FY2025 are set out in the consolidated statement of changes in equity on page 86.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2025, the Company had no reserves available for distribution, which were computed in accordance with the Companies Act 1982 of Bermuda (as amended) (31 December 2024: Nil). In addition, the Company's share premium account in the amount of approximately HK$5,788,660,000 (31 December 2024: HK$5,788,660,000) may be distributed in the form of fully paid bonus shares.

CHARITABLE CONTRIBUTIONS

No charitable contributions were made by the Group during FY2025 (FY2024: Nil).

PROPERTY AND EQUIPMENT

Movements in property and equipment of the Group during FY2025 are set out in note 13 to the consolidated financial statements.

INVESTMENT PROPERTIES

Movements in investment properties of the Group during FY2025 are set out in note 14 to the consolidated financial statements.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision for the benefit of the Directors is in force as at the date of this annual report and was in force throughout FY2025.

INVENTORIES

As at 31 December 2025, inventories consisted of properties under development and completed properties held for sale. Details of inventories of the Group during FY2025 are set out in notes 19 and 20 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during FY2025 are set out in note 30 to the consolidated financial statements.

BORROWINGS

Particulars of the bank loans and other borrowings of the Group as at 31 December 2025 are set out in note 27 to the consolidated financial statements.

INTEREST CAPITALISED

Interest capitalised by the Group during FY2025 amounted to approximately HK$480,784,000 (FY2024: HK$332,003,000), details of which are set out in note 6 to the consolidated financial statements.

RETIREMENT BENEFITS SCHEME

The Group contributes to defined contribution retirement schemes which are available to all its employees. With effect from 1 December 2000, the Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Scheme Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules of the scheme. The employees of the Company's subsidiaries established in the PRC are members of a state-managed retirement benefit scheme operated by the PRC government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the retirement benefit scheme. The only obligation of the Group with respect to these schemes is to make the required contributions under the schemes. During FY2025, total contribution of approximately HK$9,365,000 (FY2024: HK$10,856,000) was made by the Group in respect of the above-mentioned schemes, which are both defined contribution schemes. No forfeited contribution under these schemes is available to reduce the contribution payable in future years.

2022 SENIOR NOTES

The conditional note purchase agreement ("2022 Note Purchase Agreement") dated 22 September 2022 was entered into among (a) the Company as the issuer; (b) Rong De as the controlling Shareholder (within the meaning of the Listing Rules), which is owned as to 34.06% by Mr. Chu Hing Tsung, as to 36.00% by Mr. Liao Tengjia and as to 29.94% by Mr. Chu Muk Chi; (c) Mr. Chu Hing Tsung, Mr. Liao Tengjia and Mr. Chu Muk Chi (collectively as the "Existing Ultimate Shareholders") as personal guarantors; and (d) Blooming Rose Enterprises Corp. ("Blooming Rose"), Heroic Day Limited ("Heroic Day"), China Cinda (HK) Asset Management Co., Limited ("Cinda") and Quan Xing Holdings Limited (荃興控股有限公司) ("Quan Xing", together with Blooming Rose, Heroic Day and Cinda, collectively as "Noteholders") as noteholders, pursuant to which the Company shall conditionally issue to the Noteholders the 36-month 12% per annum senior secured guaranteed notes in the aggregate principal amount of US$210,000,000 (equivalent to approximately HK$1,638,000,000) ("2022 Senior Notes"), further details of which are set out in the announcement of the Company dated 22 September 2022.

Pursuant to the 2022 Note Purchase Agreement, on 22 September 2022, (a) Rong De entered into (i) a charge ("2022 Share Charge") over 3,000,000,000 Shares that it held in the Company; and (ii) a corporate guarantee ("Corporate Guarantee"), in favour of The Bank of New York Mellon, Hong Kong Branch ("BNY HK"); and (b) each of the Existing Ultimate Shareholders entered into a personal guarantee (collectively, the "Personal Guarantees", together with the Corporate Guarantee, the "2022 Guarantees") in favour of BNY HK. The 2022 Share Charge, which subsisted during FY2025 (with effect from 22 September 2022) and as at the date of this annual report, is discloseable pursuant to Rule 13.17 of the Listing Rules. The 2022 Guarantees also subsisted during FY2025 (with effect from 22 September 2022) and as at the date of this annual report.

The conditions of the 2022 Senior Notes, which subsisted during FY2025 (with effect from 22 September 2022) and as at the date of this annual report, also contain certain conditions imposing specific performance obligations on Rong De (the controlling Shareholder (within the meaning of the Listing Rules)) and the Existing Ultimate Shareholders, which are required to be disclosed pursuant to Rule 13.18 of the Listing Rules.

It is an event of default under the conditions of the 2022 Senior Notes, if amongst others:

(i) Rong De ceases to beneficially own not less than 3,670,000,000 Shares (and if there is a sub-division, consolidation or reclassification of those Shares, such number of Shares resulting from it);

(ii) Rong De ceases to (a) control the Company; or (b) beneficially own at least 51% of the entire issued share capital of the Company on a fully-diluted basis;

(iii) the persons who are or become shareholders of Rong De and who have agreed to be bound by the 2022 Note Purchase Agreement as a warrantor ("Ultimate Shareholders") cease to (a) control the Company; or (b) beneficially own at least 51% of the entire issued share capital of the Company on a fully-diluted basis;

(iv) the Ultimate Shareholders cease to (a) control Rong De; or (b) legally and beneficially own in aggregate at least 76.03% of the entire issued share capital of Rong De on a fully-diluted basis; and

(v) any of the Existing Ultimate Shareholders ceases to be a Director, except that Mr. Liao Tengjia may resign from the Board if he ceases to beneficially own any share in Rong De.

On 25 October 2024, the Company and Rong De, a controlling shareholder (within the meaning of the Listing Rules) of the Company, entered into a share transfer and option deed ("Share Transfer and Option Deed") with the Noteholders, which imposed, among others, specific performance obligations on Rong De that are required to be disclosed pursuant to Rule 13.18 of the Listing Rules. Pursuant to the Share Transfer and Option Deed, (i) after completion ("Subscription Completion") of the subscription ("Subscription") of 625,000,000 new ordinary shares of the Company ("Subscription Shares", each a "Subscription Share") at the price ("Subscription Price") of HK$0.20 per Subscription Share by Rong De under the subscription agreement ("Subscription Agreement") dated 17 June 2024 entered into between Rong De and the Company, Rong De is required to, at the absolute discretion of each Noteholder, from the date of the Subscription Completion to the maturity date ("Maturity Date") of the 2022 Senior Notes (i.e. 21 September 2025), transfer to the Noteholders up to a total of 728,180,872 Subscription Shares ("Transfer Shares") at the consideration of HK$0.115 per Transfer Share (being the closing price of the Shares as quoted on the website of the Stock Exchange on the date falling one trading day immediately prior to the date of the Share Transfer and Option Deed), as settlement of the outstanding interest accrued on the 2022 Senior Notes due and payable by the Company to the Noteholders ("Outstanding Interest Amount"); and (ii) Rong De shall deposit the balance ("Remaining Shares") of 1,625,000,000 Subscription Shares, after deducting the Transfer Shares, into a cash securities trading account ("Account") subject to a first fixed charge which has been created in favour of the security agent appointed pursuant to the Notes (as trustee for the benefit of itself and on behalf of the Noteholders), or, upon the request of Blooming Rose, China Cinda and Heroic Day (collectively, the "Principal Noteholders"), into a cash securities trading account of Rong De established and maintained with a reputable and experienced agent or securities broker (to be agreed between the Principal Noteholders and Rong De). The deposit of the Remaining Shares into the Account is also required to be disclosed pursuant to Rule 13.17 of the Listing Rules. If the relevant Noteholder does not request Rong De to transfer any Transfer Shares to it pursuant to the Share Transfer and Option Deed as settlement of the Outstanding Interest Amount due to such Noteholder, the Outstanding Interest Amount due to such Noteholder will become due and payable on the Maturity Date. A breach of any of the specific obligations set out above shall be an event of default under the terms and conditions of the 2022 Senior Notes (as amended and supplemented from time to time).

On 31 March 2026, Rong De entered into (i) a share charge ("Silver Grant Share Charge") in favour of BNY HK; and (ii) a custodian deed ("Silver Grant Custodian Deed") with BNY HK as security agent ("Security Agent") and ABCI Securities Company Limited as safekeeping agent ("Safekeeping Agent"), in respect of the Silver Grant Target Shares, which imposed, among others, specific performance obligations on Rong De that are required to be disclosed pursuant to Rule 13.18 of the Listing Rules. Pursuant to the Silver Grant Share Charge, Rong De shall, among others, create a security interest over, among other things, all rights, title and interest from time to time in and to the Silver Grant Target Shares in favour of the Security Agent as security for the 2022 Senior Notes. Pursuant to the Silver Grant Custodian Deed, Rong De shall appoint the Safekeeping Agent as the custodian of, among others, the Silver Grant Target Shares charged under the Silver Grant Share Charge. Any breach of the Silver Grant Share Charge and the Silver Grant Custodian Deed shall be an event of default under the terms and conditions of the 2022 Senior Notes (as amended and supplemented from time to time).

Upon the occurrence of an event of default, the 2022 Senior Notes shall become immediately due and repayable in accordance with the conditions of the 2022 Senior Notes.

The 2022 Senior Notes constitute direct, unconditional, secured, guaranteed, unsubordinated and general obligations of the Company and rank equally and without any preference amongst themselves, and the payment obligations of the Company under the 2022 Senior Notes shall (subject to any obligations preferred by mandatory provision of applicable laws and regulations) rank at least pari passu with all other present and future direct, unconditional, unsecured, unsubordinated and general obligations issued, created or assumed by the Company.

On 22 September 2022, the Company issued the 2022 Senior Notes in the aggregate principal amount of US$210,000,000 (equivalent to approximately HK$1,638,000,000) due on 21 September 2025 to the Noteholders. As at 31 December 2025, US$207,900,000 (equivalent to approximately HK$1,617,865,000) of the 2022 Senior Notes remained outstanding.

The Board considered that the issue of the 2022 Senior Notes represented an opportunity to raise funds for the Company to repay the 2019 Indebtedness (as defined below).

As intended, the Company has used the entire amount of the proceeds received from the issue of the 2022 Senior Notes to repay all the outstanding principal amount of the 2019 Senior Notes (as defined below) (to the extent such outstanding principal amount of the 2019 Senior Notes has not been set-off or otherwise settled as contemplated under the 2022 Note Purchase Agreement) payable to the 2019 Creditors (as defined below) in relation to the 2019 Indebtedness.

As at the date of this annual report, the Company is negotiating with the Noteholders on, among others, the extension of the maturity date of the 2022 Senior Notes. The Company will publish announcement in relation to such extension in accordance with the requirements of the Listing Rules.

For the purpose of the above, the defined terms used therein shall have the following meanings:

"2019 Creditors"	means all creditors who are entitled to any payment under the transaction documents in connection with the issue by the Company of the 2019 Senior Notes and the 2019 Warrants, including the 2019 Noteholders;
"2019 Indebtedness"	means all outstanding indebtedness incurred by the 2019 Obligors under the transaction documents in connection with the issue by the Company of the 2019 Senior Notes and the 2019 Warrants (including the 2019 Note Indebtedness but excluding the 2019 Warrants Indebtedness) as at 22 September 2022;

"2019 Note Indebtedness"	means all outstanding indebtedness incurred by the 2019 Obligors under the 2019 Senior Notes as at 22 September 2022;
"2019 Noteholders"	means all registered holders of the outstanding 2019 Senior Notes as at 22 September 2022;
"2019 Obligors"	means the parties to the transaction documents in connection with the issue by the Company of the 2019 Senior Notes and the 2019 Warrants, other than the 2019 Noteholders, BNY HK, as the security agent and ABCI Securities Company Limited as the safekeeping agent;
"2019 Senior Notes"	means the senior secured guaranteed notes in the aggregate principal amount of US$410,000,000 due 2022 issued by the Company as constituted by the note certificates and the terms and conditions in relation thereto (as amended and supplemented from time to time), further details of which are set out in the announcements of the Company dated 22 September 2019 and 21 November 2019, and the circular of the Company dated 5 November 2019;
"2019 Warrant Instrument"	means the warrant instrument dated 27 November 2019 executed by way of a deed poll by the Company in relation to the 2019 Warrants;
"2019 Warrants"	means the warrants with an aggregate amount of exercise moneys of US$61,500,000 of the Company which entitle holders thereof to subscribe for the Shares at the initial strike price of HK$1.6148 (as adjusted from time to time in accordance with the 2019 Warrant Instrument) with the final adjusted strike price being HK$1.54, as constituted by the 2019 Warrant Instrument and warrant certificates issued to all registered holders of the outstanding 2019 Warrants as at 26 November 2022, further details of which are set out in the announcements of the Company dated 22 September 2019, 21 November 2019 and 27 August 2021 and the circular of the Company dated 5 November 2019; and
"2019 Warrants Indebtedness"	means all amounts payable to all registered holders of the outstanding 2019 Warrants as at 26 November 2022 under the 2019 Warrant Instrument as at 26 November 2022.

MAJOR CUSTOMERS AND SUPPLIERS

For FY2025, the Group's revenue attributable to the Group's largest and five largest customers was approximately 65% and 76%, respectively. For FY2025, purchases from the Group's largest and five largest suppliers accounted for approximately 50% and 66% of the total purchases of the Group, respectively.

Save as disclosed in note 37 to the consolidated financial statements, none of the Directors and their close associates or any Shareholder (who, to the best knowledge of the Directors, own more than 5% of the Company's shares (excluding treasury shares)) had interest in the above customers and suppliers at any time during FY2025.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises that employees are one of the significant assets of the Group. The Group aims to continue establishing a caring environment for its employees and emphasises the personal development of its employees. The Group organises various social and recreational activities, including annual dinner and birthday parties, to strengthen the bonding among its employees and promote their sense of belonging. During FY2025, there was no material non-compliance with relevant laws and regulations that had a significant impact on the Group relating to the compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare with respect to its employees.

The Group understands that it is important to maintain good relationships with its customers and provide its products in a way that satisfies the needs and requirements of its customers. The Group enhances its customer relationships by continuous interaction with its customers to gain an insight on the changing market demand so that the Group can respond proactively. The Group has also established procedures for handling customers' complaints to ensure complaints from customers are dealt with in a prompt and timely manner. Because of its business nature, the Group does not rely on any major customers and no credit terms are granted to them.

The Group is also dedicated to developing good relationships with its suppliers and contractors as long-term business partners to ensure stability of its business. The Group reinforces business partnerships with its suppliers and contractors by ongoing communication with them in a proactive and effective manner so as to ensure the quality and timely delivery of their products and services.

DIRECTORS

During FY2025 and as at the date of this annual report, the Board comprised six executive Directors, namely Mr. Chu Hing Tsung, who was also the Chairman, Mr. Liu Jie, who was also the Chief Executive Officer, Mr. Liao Tengjia, who was also a Deputy Chairman, Mr. Huang Jiajue, who was also a Deputy Chairman, Mr. Chu Muk Chi and Ms. Ye Lixia, and three independent non-executive Directors, namely Mr. Leung Wo Ping *JP*, Mr. Wong Chi Keung and Dr. Feng Ke.

Mr. Liu Jie, Mr. Chu Muk Chi and Mr. Leung Wo Ping *JP* will retire from office by rotation at the forthcoming annual general meeting in accordance with Bye-Law No. 87 of the Bye-Laws and, being eligible, will offer themselves for re-election.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, there were changes in the information required to be disclosed in accordance with paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules in the course of the Directors' term of office.

Mr. Wong Chi Keung, an independent non-executive Director, ceased to be an independent non-executive director of Yuan Heng Gas Holdings Limited (a company listed on the Main Board of the Stock Exchange with stock code: 0332) with effect from 1 August 2025.

Dr. Feng Ke, an independent non-executive Director, ceased to be an independent director of Liaoning Cheng Da Co., Ltd.* (遼寧成大股份有限公司) (a company listed on the Shanghai Stock Exchange with stock code: 600739) with effect from 28 February 2025.

Save for the aforesaid, the Company has not been advised by the Directors of any change in the information required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since its last update to the Shareholders.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company or its subsidiaries were entered into or subsisted during FY2025.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a letter of appointment with no fixed term of service with the Company. Such letter of appointment can be terminated by either party giving three months' written notice.

None of the Directors who are being proposed for re-election at the forthcoming annual general meeting of the Company has a service contract with the Company or any of its subsidiaries, which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

EMOLUMENTS OF THE DIRECTORS AND THE FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors and those of the five highest paid individuals of the Group for FY2025 are set out in notes 8 and 9 to the consolidated financial statements respectively.

* *English name is translated for identification purpose only*

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

(a) As at 31 December 2025, the interests and short positions of each Director and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or (ii) were required, pursuant to the Code, to be notified to the Company and the Stock Exchange were as follows:

Long position in the Shares

Name of Director/ chief executive of the Company	**Nature of interest**	**Number of Shares**	**Approximate percentage of total issued share capital of the Company** (Note 2)
Chu Hing Tsung (alias Zhu Qing Yi)	Interest of a controlled corporation (Note 1)	4,978,123,714	56.25%
Liao Tengjia	Interest of a controlled corporation (Note 1)	4,978,123,714	56.25%
Liu Jie	Beneficial owner	1,144,000	0.01%
Ye Lixia	Beneficial owner	810,000	0.01%

Long position in the underlying Shares

Name of Director/ chief executive of the Company	Nature of interest	Number of underlying Shares	Approximate percentage of total issued share capital of the Company (Note 3)
Chu Hing Tsung (alias Zhu Qing Yi)	Interest of a controlled corporation (Note 1)	728,180,872 (Note 2)	8.23%
Liao Tengjia	Interest of a controlled corporation (Note 1)	728,180,872 (Note 2)	8.23%

Notes:

1. 4,978,123,714 Shares and 728,180,872 underlying Shares were held by Rong De, which was owned as to 34.06% by Mr. Chu Hing Tsung, as to 36.00% by Mr. Liao Tengjia and as to 29.94% by Mr. Chu Muk Chi. Mr. Chu Hing Tsung and Mr. Liao Tengjia were deemed to be interested in the Shares and the underlying Shares held by Rong De under the SFO. To the best knowledge of the Directors, out of the aforesaid 4,978,123,714 Shares, 3,000,000,000 Shares have been pledged by Rong De to BNY HK. Mr. Liao Tengjia is a director of Rong De.

2. The holders of the 2022 Senior Notes granted to Rong De call options to purchase up to 728,180,872 Shares sold by Rong De to them. The exercise period of the call options commences on the respective days on which the relevant underlying Shares are transferred from Rong De to such holders and ends on 21 September 2025. The underlying Shares represent unlisted physically settled derivatives.

3. The total number of the issued Shares as at 31 December 2025 (i.e. 8,850,632,753 Shares) had been used for the calculation of the approximate percentage shareholdings in the Company.

Interest in shares of the Company's associated corporations

Name of Director/ chief executive of the Company	Name of associated corporation	Capacity	Total number of ordinary shares	Approximate percentage of interest
Chu Hing Tsung (alias Zhu Qing Yi)	Rong De	Beneficial owner	68,120	34.06%
Chu Muk Chi (alias Zhu La Yi)	Rong De	Beneficial owner	59,888	29.94%
Liao Tengjia	Rong De	Beneficial owner	71,992	36.00%
Huang Jiajue	Silver Grant	Beneficial owner	11,928,000	0.52%

(b) Save as disclosed in this annual report, as at 31 December 2025, none of the Directors or the chief executive of the Company had any interest and short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which (i) were required, pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein, or (ii) were required, pursuant to the Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS

On 29 October 2018 and 30 November 2021, the Company issued perpetual capital securities ("Aggregated Perpetual Securities") in the aggregate principal of HK$800,000,000 and HK$250,000,000 at distribution rates of 6% and 8% per annum, respectively, to Rong De (the controlling shareholder of the Company), which is beneficially owned as to 36.00% by Mr. Liao Tengjia, 34.06% by Mr. Chu Hing Tsung and 29.94% by Mr. Chu Muk Chi, each being an executive Director. The Aggregated Perpetual Securities have no fixed redemption date and are redeemable at the option of the Company at any time and from time to time, whether in whole or in part, at any time after its issue. Pursuant to each of the Aggregated Perpetual Securities, while distribution is payable by the Company every six months, the Company may, at its sole discretion, elect to defer, in whole or in part, any distribution (including any arrears of distribution) to the next distribution payment date. The proceeds from the issue of the Aggregated Perpetual Securities were used for financing the corporate funding requirement of the Group. The Aggregated Perpetual Securities subsisted during FY2025.

On 17 June 2024, the Company and Rong De (the controlling shareholder of the Company) as the subscriber, entered into the Subscription Agreement pursuant to which the parties to the Subscription Agreement have conditionally agreed that Rong De shall subscribe for, and the Company shall allot and issue, 1,625,000,000 Subscription Shares at the Subscription Price of HK$0.20 per Subscription Share. The aggregate Subscription Price of the Subscription Shares of HK$325,000,000 payable by Rong De shall be settled by way of set-off of a loan with an outstanding principal amount of HK$325,000,000 due by the Company to Rong De. Subscription Completion took place on 31 October 2024, upon which 1,625,000,000 Shares of an aggregate nominal value of HK$162,500,000 have been successfully subscribed by Rong De at the Subscription Price of HK$0.20 per Subscription Share (with net Subscription Price of approximately HK$0.20 per Subscription Share). Further details of the Subscription are set out in the Company's announcements dated 17 June 2024 and 16 August 2024 and the Company's circular dated 26 July 2024.

Save as disclosed above and in the respective paragraphs headed "CONNECTED TRANSACTION" and "CONTINUING CONNECTED TRANSACTIONS" in this directors' report below, as well as in note 37(b) to the consolidated financial statements, no other transactions, arrangements and contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director or any entity connected with a Director had a material interest, either directly or indirectly, subsisted at the end of FY2025 or at any time during FY2025.

Save as disclosed above, no arrangements to which the Company or any of its subsidiaries or its holding company was a party and whose objects are, or one of whose objects is, to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, subsisted at the end of FY2025 or at any time during FY2025.

Save for the Aggregated Perpetual Securities disclosed above and the SP Agreement disclosed in the paragraph headed "CONNECTED TRANSACTION" in this directors' report below, no other contract of significance between the Company or any of its subsidiaries and the controlling Shareholder or any of its subsidiaries was entered into or subsisted at the end of FY2025 or at any time during FY2025.

COMPETING INTERESTS

Pursuant to Rule 8.10 of the Listing Rules, during FY2025 and as at 31 December 2025, Mr. Liao Tengjia, being an executive Director, was interested as a consultant in companies that were engaged in the businesses of property development, investment and property rental in the PRC ("Competing Businesses"). As such, he was regarded as being interested in such Competing Businesses, which competed or might compete with the Group. However, as the above Director cannot control the Board, and a Director who has material interest in a subject matter to be resolved will abstain from voting in the Board meeting concerned, the interests of the above Director in the Competing Businesses will not prejudice his capacity as Director nor compromise the interests of the Group and the Shareholders.

Other than as disclosed above, none of the Directors or any of their respective associates of the Company was interested in any business apart from the Company's business, which competed or was likely to compete, either directly or indirectly, with the Company's business.

SUBSTANTIAL SHAREHOLDER'S AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

(a) As at 31 December 2025, so far as it was known to the Directors or the chief executive of the Company, the following persons, other than a Director or the chief executive of the Company, had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Part XV of the SFO and were required to be kept under section 336 of the SFO:

Interests of substantial Shareholder

Name of Shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of total issue share capital of the Company (Note 9)	Number of underlying Shares	Approximate percentage of total issued share capital of the Company (Note 9)
Rong De (Note 1)	Beneficial owner	4,978,123,714 (L)	56.25%	728,180,872 (L)	8.23%

Interests of other persons

Name of Shareholder	Capacity/ Nature of interest	Number of Shares	Approximate percentage of total issued share capital of the Company (Note 9)	Number of underlying Shares	Approximate percentage of total issued share capital of the Company (Note 9)
Central Huijin Investment Limited ("Central Huijin") (Note 2)	Interest of controlled corporations	3,080,577,392 (L)	34.81%	80,577,392 (S)	0.91%
	Interest of controlled corporations	3,365,494,183 (L)	38.03%		
Agricultural Bank of China Limited ("ABCL") (Note 2)	Interests of controlled corporations	3,080,577,392 (L)	34.81%	80,577,392 (S)	0.91%
Heroic Day (Note 2)	Security interest	3,000,000,000 (L)	33.90%		
	Beneficial owner	80,577,392 (L)	0.91%	80,577,392 (S)	0.91%
Ministry of Finance of the People's Republic of China ("MOF") (Note 3)	Security interest	3,361,112,000 (L)	37.98%		
	Interest of controlled corporations			50,718,355 (L)	0.57%
The Bank of New York Mellon Corporation ("BNY") (Note 4)	Interest of a controlled corporation	3,003,457,019 (L) 3,457,019 (P)	33.93% 0.04%		
China Orient Asset Management Co., Ltd. ("COAM") (Note 5)	Interest of controlled corporations	3,365,494,183 (L)	38.03%		
Cheung Fong Wing (Note 6)	Interest of a controlled corporation	3,448,164,788 (L)	38.96%	29,664,788 (S)	0.34%
Quan Xing (Note 6)	Beneficial owner	448,164,788 (L)	5.06%	29,664,788 (S)	0.34%
	Security interest	3,000,000,000 (L)	33.90%		
中國華融資產管理股份有限公司 ("CHAMCL") (Note 7)	Interest of controlled corporations	92,336,000 (L)	1.04%		
	Security interest	1,586,000,000 (L)	17.92%		
China Cinda Asset Management Co., Ltd. ("CCAM") (Note 8)	Interest of controlled corporations	3,000,000,000 (L)	33.89%		
Cinda (Note 8)	Security interest	3,000,000,000 (L)	33.89%		

(L) indicates a long position
(S) indicates a short position
(P) indicates a lending pool

Notes:

1. The Shares comprised the 4,978,123,714 Shares beneficially owned by Rong De as stated under "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures – Long position in the Shares". To the best knowledge of the Directors, out of the aforesaid 4,978,123,714 Shares, 3,000,000,000 Shares have been pledged by Rong De to BNY HK. As at 31 December 2025, Rong De also held interests in 728,180,872 underlying Shares. The holders of the 2022 Senior Notes granted to Rong De call options to purchase up to 728,180,872 Shares sold by Rong De to them. The exercise period of the call options commences on the respective days on which the relevant underlying Shares are transferred from Rong De to such holders and ends on 21 September 2025. The underlying Shares represent unlisted physically settled derivatives. Mr. Liao Tengjia is a director of Rong De.

2. According to the disclosure of interest notice filed by Central Huijin on 14 February 2025, Heroic Day held direct interest in 3,080,577,392 Shares and short position in 80,577,392 underlying Shares. Heroic Day is a wholly-owned subsidiary of ABCI Investment Management Limited ("ABCIIM"). ABCIIM is a wholly-owned subsidiary of ABC International Holdings Limited ("ABCIH"). ABCIH is a wholly-owned subsidiary of ABCL. ABCL is in turn owned as to 40.14% by Central Huijin. Heroic Day granted to Rong De a right to purchase all or any of 80,577,392 Shares on and after the day which such Shares are transferred from Rong De to Heroic Day. The underlying Shares represent unlisted physically settled derivatives. Accordingly, ABCIIM, ABCIH, ABCL and Central Huijin are deemed to be interested in the Shares and the underlying Shares held by Heroic Day by virtue of the provisions of the SFO.

   In addition, Blooming Rose held direct interest in 3,365,494,183 Shares, and is a wholly-owned subsidiary of China Orient Asset Management (International) Holding Limited ("COAM International"). COAM International is held as to 50% by Wise Leader Assets Ltd ("Wise Leader") and as to 50% by Dong Yin Development (Holdings) Limited ("Dong Yin"). Wise Leader is held as to 100% by Dong Yin and Dong Yin is a wholly-owned subsidiary of China Orient Asset Management Co., Ltd. ("COAM"). COAM is owned as to 71.55% by Central Huijin. Accordingly, COAM International, Wise Leader, Dong Yin, COAM and Central Huijin are deemed to be interested in the Shares held by Blooming Rose by virtue of the provisions of the SFO.

3. According to the disclosure of interest notice filed by MOF on 15 October 2019, Heroic Day held direct interest in 3,361,112,000 Shares and 50,718,355 underlying Shares. Heroic Day is a wholly-owned subsidiary of ABCIIM, which is in turn wholly-owned by ABCIH. ACBIH is a wholly-owned subsidiary of ABCL, which is owned as to 35.29% by MOF. Accordingly, ABCIIM, ABCIH, ABCL and MOF are deemed to be interested in the Shares and the underlying Shares held by Heroic Day by virtue of the provisions of the SFO. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiry, Heroic Day ceased to hold (i) 3,361,112,000 Shares with effect from 22 September 2022 due to the Company's refinancing of the 2019 Senior Notes by way of the 2022 Senior Notes; and (ii) 50,718,355 underlying Shares with effect from 27 November 2022 as a result of the expiry of the 2019 Warrants.

4. According to the disclosure of interest notice filed by BNY on 3 December 2024, the Bank of New York Mellon held direct interest in 3,003,457,019 Shares and a lending pool of 3,457,019 Shares, and is wholly-owned by BNY. Accordingly, BNY is deemed to be interested in the Shares held by the Bank of New York Mellon by virtue of the provisions of the SFO.

5. According to the disclosure of interest notice filed by COAM on 11 November 2024, Blooming Rose held direct interest in 3,365,494,183 Shares, and is a wholly-owned subsidiary of COAM International. COAM International is held as to 50% by Wise Leader and as to 50% by Dong Yin. Wise Leader is held as to 100% by Dong Yin and Dong Yin is a wholly-owned subsidiary of COAM. Accordingly, COAM International, Wise Leader, Dong Yin and COAM are deemed to be interested in the Shares held by Blooming Rose by virtue of the provisions of the SFO.

6. According to the disclosure of interest notice filed by Quan Xing on 4 November 2024, Quan Xing, which is wholly-owned by Mr. Cheung Fong Wing, held direct interest in 3,448,164,788 Shares and short position in 29,664,788 underlying Shares. Quan Xing granted to Rong De call options to purchase up to 29,664,788 Shares sold by Rong De to Quan Xing. The exercise period of the call options commences on the days on which such Shares are transferred from Rong De to Quan Xing. Accordingly, Mr. Cheung Fong Wing is deemed to be interested in the Shares and the underlying Shares held by Quan Xing by virtue of the provisions of the SFO.

7. According to the disclosure of interest notice filed by CHAMCL on 7 April 2021 ("CHAMCL Notice"), Beyond Steady Limited ("Beyond Steady"), a wholly-owned subsidiary of Linewear Assets Limited ("Linewear"), held direct interest in 92,336,000 Shares. Linewear is a wholly-owned subsidiary of Huarong International Financial Holdings Limited ("Huarong International"). Huarong International is held as to 21.01% by Camellia Pacific Investment Holding Limited ("Camellia Pacific") and as to 29.98% by Right Select International Limited ("Right Select"). Each of Camellia Pacific and Right Select is a wholly-owned subsidiary of China Huarong International Holdings Limited ("CHIH"). CHIH is held as to 15.16% by 華融致遠投資管理有限責任公司 (Huarong Zhiyuan Investment & Management Co., Ltd.*) ("HZY"), which is a wholly-owned subsidiary of CHAMCL, and 84.84% by CHAMCL. Accordingly, Linewear, Huarong International, Camellia Pacific, Right Select, CHIH, HZY and CHAMCL are deemed to be interested in the Shares held by Beyond Steady by virtue of the provisions of the SFO. According to the CHAMCL Notice, 中國華融資產管理股份有限公司(廣東省分公司) (China Huarong Asset Management Company Limited (Guangdong Branch)*) ("CHAMCLGDBR") held direct interest in 1,586,000,000 Shares and is a wholly-owned subsidiary of CHAMCL. Accordingly, CHAMCL is deemed to be interested in the Shares held by CHAMCLGDBR by virtue of the provisions of the SFO.

8. According to the disclosure of interest notices filed by CCAM, China Cinda (HK) Holdings Company Limited ("CCHK") and Cinda on 5 November 2024, Cinda held direct interest in 3,000,000,000 Shares. Cinda is a wholly-owned subsidiary of CCHK, which is in turn wholly-owned by CCAM. Accordingly, CCHK and CCAM are deemed to be interested in the Shares held by Cinda by virtue of the provisions of the SFO.

9. The total number of issued Shares as at 31 December 2025 (i.e. 8,850,632,753 Shares) had been used for the calculation of the approximate percentage shareholdings in the Company.

(b) Save as disclosed above, the Directors and the chief executive officer of the Company are not aware of any other persons (not being Directors or chief executive of the Company) as at 31 December 2025, who had an interest or short position in the Shares or the underlying Shares which would fall to be disclosed to the Company under the provisions of Part XV of the SFO and were required to be kept under section 336 of the SFO.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence. The Company considers all of the independent non-executive Directors to be independent.

CONNECTED TRANSACTION

On 28 November 2025, Splendid Reach, a wholly-owned subsidiary of the Company, and Rong De, the controlling Shareholder (within the meaning of the Listing Rules), and the Company entered into a sale and purchase agreement ("SP Agreement"), pursuant to which Splendid Reach has conditionally agreed to sell, and Rong De has conditionally agreed to purchase, 679,890,022 shares of Silver Grant, representing approximately 29.50% of the issued shares Silver Grant, at the consideration ("Consideration") of approximately HK$81,587,000 ("Disposal"). The Consideration will be settled by way of a set-off, under which the Consideration will be offset against the full amount of a loan of approximately HK$81,587,000 owed by the Company to Rong De upon completion of the Disposal.

** English name is translated for identification purpose only*

With Rong De is owned as to 34.06% by Mr. Chu Hing Tsung (an executive Director), as to 36.00% by Mr. Liao Tengjia (an executive Director) and as to 29.94% by Mr. Chu Muk Chi (an executive Director), and being the controlling Shareholder and therefore, a connected person of the Company, the Disposal constituted a connected transaction for the Company under Chapter 14A of the Listing Rules. The SP Agreement and the transactions contemplated thereunder (including the Disposal) were approved by the independent Shareholders at a special general meeting of the Company held on 15 January 2026. Completion of the Disposal took place on 31 March 2026, upon which the Group ceased to have any equity interest in Silver Grant.

Further details of the Disposal are disclosed in the announcements of the Company dated 28 November 2025 and 15 January 2026 and the circular of the Company dated 19 December 2025.

CONTINUING CONNECTED TRANSACTIONS

On 23 January 2020, the Group entered into eight pre-delivery management agreements ("Pre-delivery Management Agreements") and eleven post-delivery management agreements ("Post-delivery Management Agreements", together with the Pre-delivery Management Agreements, collectively, the "Management Agreements") with 廣州珠光物業管理有限公司 (Guangzhou Zhuguang Property Management Company Limited*) ("Management Company") for a term from 23 January 2020 to 31 December 2022 (both dates inclusive), pursuant to which the Management Company agreed to provide various pre-delivery management services (such as advising on project planning and design, sales assistance services and property delivery services) ("Pre-delivery Management Services") and post-delivery management services (such as repair, operation and management of common facilities and equipment, public utilities and ancillary buildings, greening and landscape maintenance and collecting fees from property owners and users) ("Post-delivery Management Services") in respect of eleven property projects in the PRC ("Projects") to the Group. For the Pre-delivery Management Services provided by the Management Company, the Group shall pay fees in cash and in arrears on a monthly basis, which consist of the total costs and expenses (including human resources costs) incurred by the Management Company in rendering the Pre-delivery Management Services as agreed in advance by the Group and the Management Company, and 10% thereof. With respect to the Post-delivery Management Services provided by the Management Company, the Group shall pay fees in cash and in arrears on a monthly basis, comprising of (i) property management fees of the unsold units in the relevant Projects, ranging from RMB1.2 per sqm to RMB45 per sqm (subject to the property type) based on the GFA of the relevant unsold units and subject to adjustments (a) approved by the relevant Price Bureaus (物價局) in the PRC from time to time; and (b) mutually approved in writing by the parties to the relevant Post-delivery Management Agreements; and (ii) utilities expenses (i.e. water and electricity expenses) incurred by the unsold units in the relevant Projects, based on (a) the rates of the water and electricity expenses charged by the relevant government departments; and (b) the amounts of water and electricity used as indicated by the water and electricity meters of the unsold units in the relevant Projects.

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On 23 January 2020, the Management Company entered into a pre-delivery property management service agreement ("AEC Pre-delivery Management Agreement") and a post-delivery property management service agreement ("AEC Post-delivery Management Agreement", together with AEC Pre-delivery Management Agreement, collectively, the "AEC Management Agreements") with 廣州發展汽車城有限公司 (Guangzhou Development Automobile City Co., Ltd.*) ("Guangzhou Project Company"), (a then independent third party which has become a wholly-owned subsidiary of the Company with effect from the completion of the acquisition of the remaining 49% of the equity interest of the Guangzhou Project Company by the Group ("Second AEC Acquisition") on 24 March 2021 ("Second AEC Completion Date")) for a term from 23 January 2020 to 31 December 2022 (both dates inclusive), pursuant to which the Management Company agreed to provide to Guangzhou Project Company, the Pre-delivery Management Services and the Post-delivery Management Services in respect of Zhuguang Financial Town One, a property project held by the Guangzhou Project Company. Pursuant to the AEC Pre-delivery Management Agreement (together with the Pre-delivery Management Agreements, collectively, the "2020 Pre-delivery Management Agreements"), the Guangzhou Project Company shall pay management fees in cash and in arrears on a monthly basis, which consist of the total costs and expenses (including human resources costs) incurred by the Management Company in rendering the Pre-delivery Management Services as agreed in advance by the Guangzhou Project Company and the Management Company, and 10% thereof. Pursuant to the AEC Post-delivery Management Agreement (together with the Post-delivery Management Agreements, collectively, the "2020 Post-delivery Management Agreements"), the Guangzhou Project Company shall pay management fees to the Management Company in cash and in arrears on a monthly basis, comprising of (i) property management fees of unsold units in Zhuguang Financial Town One, in the amounts of RMB5.8 per sqm (in respect of apartments) and RMB28 per sqm (in respect of offices), based on the GFA of the relevant unsold units and subject to adjustments (a) approved by the relevant Price Bureaus (物價局) in the PRC from time to time; and (b) mutually approved by the parties to the AEC Post-delivery Management Agreement; and (ii) utilities expenses (i.e. water and electricity expenses) incurred by the unsold units in Zhuguang Financial Town One, based on (a) the rates of the water and electricity expenses charged by the relevant government departments; and (b) the amounts of water and electricity used as indicated by the water and electricity meters of the unsold units in Zhuguang Financial Town One.

As at the date of the 2020 Management Agreements, 90% of the equity interest of the Management Company was owned by Ms. Zhu Ziyu* (朱梓瑜) ("Ms. Zhu"). Given that Ms. Zhu is (i) a daughter of Mr. Chu Hing Tsung, an executive Director, the Chairman and a 34.06% shareholder of Rong De (a controlling Shareholder (within the meaning of the Listing Rules)); and (ii) a niece of Mr. Chu Muk Chi, an executive Director and a 29.94% shareholder of Rong De (a controlling Shareholder (within the meaning of the Listing Rules)), Ms. Zhu is an associate of Mr. Chu Hing Tsung and a deemed connected person of Mr. Chu Muk Chi, making the Management Company a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2020 Management Agreements ("CCTs") constituted continuing connected transactions of the Company under the Listing Rules with effect from the date of the 2020 Management Agreements.

In March 2020, the Group completed the acquisition of 51% of the equity interest of the Guangzhou Project Company through its acquisition of 100% of the issued share capital of All Flourish, upon which the Guangzhou Project Company was accounted for by the Group as a joint venture using the equity accounting method under the applicable accounting standards. On 24 March 2021, the Group completed the acquisition of the remaining 49% equity interest in the Guangzhou Project Company through the Second AEC Acquisition, upon which the Guangzhou Project Company became a wholly-owned subsidiary of the Company, making the transactions contemplated under the AEC Management Agreements ("AEC CCTs") continuing connected transactions of the Company under the Listing Rules with effect from the Second AEC Completion Date.

** English name is translated for identification purpose only*

As the AEC CCTs and the 2020 CCTs (collectively, the "Aggregated 2020 CCTs") are similar in nature and were entered into by the Group with the same connected person, the AEC Management Agreements and the 2020 Management Agreements are aggregated for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. The Aggregated 2020 CCTs are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules. Further details of the Aggregated 2020 CCTs are set out in the announcements of the Company dated 23 January 2020 and 25 March 2021.

On 30 December 2022, the Group and the Management Company entered into six new pre-delivery management agreements ("2022 Pre-delivery Management Agreements") and 12 new post-delivery management agreements ("2022 Post-delivery Management Agreements", together with the 2022 Pre-delivery Management Agreements, collectively the "2022 Management Agreements"), each for a term of three years commencing from 1 January 2023 to 31 December 2025, so as to renew six of the 2020 Pre-delivery Management Agreements and all of the 2020 Post-delivery Management Agreements which were due to expire on 31 December 2022. Pursuant to the 2022 Pre-delivery Management Agreements, the Management Company shall provide Pre-delivery Management Services in respect of six Projects to the Group, and the Group shall pay fees in cash and in arrears on a monthly basis, consisting of the total costs and expenses (including human resources costs) incurred by the Management Company in rendering the Pre-delivery Management Services as agreed in advance by the Group and the Management Company, and 10% thereof. Under the 2022 Post-delivery Management Agreements, the Management Company shall provide the Post-delivery Management Services to 12 Projects to the Group, and the Group shall pay fees in cash and in arrears on a monthly basis, comprising of (i) property management fees of the unsold units in the relevant Projects, ranging from RMB1.6 per sqm to RMB55 per sqm (subject to the property type) based on the GFA of the relevant unsold units in the relevant Projects and subject to adjustments (a) approved by the relevant Price Bureaus (物價局) in the PRC from time to time; and (b) mutually approved in writing by the parties to the relevant 2022 Post-delivery Management Agreements; and (ii) utilities expenses (i.e. water and electricity expenses) incurred by the unsold units in the relevant Projects, based on (a) the rates of the water and electricity expenses charged by the relevant government departments; and (b) the amounts of water and electricity used as indicated by the water and electricity meters of the unsold units in the relevant Projects.

As at the date of the 2022 Management Agreements, 90% of the equity interest of the Management Company was owned by Ms. Zhu, making the Management Company a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the transactions contemplated under the 2022 Management Agreements ("Aggregated 2022 CCTs") constituted continuing connected transactions of the Company under the Listing Rules with effect from the date of the 2022 Management Agreements. The Aggregated 2022 CCTs are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules. The 2022 Management Agreements subsisted as at the date of this annual report. Further details of the 2022 Management Agreements are set out in the Company's announcement dated 30 December 2022.

On 31 December 2025, the Group and the Management Company entered into four new pre-delivery management agreements ("2025 Pre-delivery Management Agreements") and six new post-delivery management agreements ("2025 Post-delivery Management Agreements", together with the 2025 Pre-delivery Management Agreements, collectively the "2025 Management Agreements"), each for a term of three years commencing from 1 January 2026 to 31 December 2028, so as to renew four of the 2022 Pre-delivery Management Agreements and six of the 2022 Post-delivery Management Agreements which were due to expire on 31 December 2025. Pursuant to the 2022 Pre-delivery Management Agreements, the Management Company shall provide Pre-delivery Management Services in respect of four Projects to the Group, and the Group shall pay fees in cash and in arrears on a monthly basis, consisting of the total costs and expenses (including human resources costs) incurred by the Management Company in rendering the Pre-delivery Management Services as agreed in advance by the Group and the Management Company, and 10% thereof. Under the 2025 Post-delivery Management Agreements, the Management Company shall provide the Post-delivery Management Services to six Projects to the Group, and the Group shall pay fees in cash and in arrears on a monthly basis, comprising of (i) property management fees of the unsold units in the relevant Projects, ranging from RMB1.6 per sq.m. to RMB4 per sq.m. (in respect of apartments and villas), from RMB3.5 per sq.m. to RMB6 per sq.m. (in respect of shops) and RMB28 per sq.m. (in respect of offices), based on the GFA of the relevant unsold units in the relevant Projects and subject to adjustments (a) approved by the relevant Price Bureaus (物價局) in the PRC from time to time; and (b) mutually approved in writing by the parties to the relevant 2025 Post-delivery Management Agreements; and (ii) utilities expenses (i.e. water and electricity expenses) incurred by the unsold units in the relevant Projects, based on (a) the rates of the water and electricity expenses charged by the relevant government departments; and (b) the amounts of water and electricity used as indicated by the water and electricity meters of the unsold units in the relevant Projects.

As at the date of the 2025 Management Agreements, 90% of the equity interest of the Management Company was owned by Ms. Zhu, making the Management Company a connected person of the Company under Chapter 14A of the Listing Rules. As a result, the transactions contemplated under the 2025 Management Agreements ("Aggregated 2025 CCTs") constituted continuing connected transactions of the Company under the Listing Rules with effect from the date of the 2025 Management Agreements. The Aggregated 2025 CCTs are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and shareholders' approval requirements under Chapter 14A of the Listing Rules. The 2025 Management Agreements subsisted as at the date of this annual report. Further details of the 2025 Management Agreements are set out in the Company's announcement dated 31 December 2025.

The aggregate amount of the fees paid/payable by the Group to the Management Company for the Pre-delivery Management Services and the Post-delivery Management Services in relation to the Aggregated 2025 CCTs for FY2025 amounted to approximately RMB16,109,000 (equivalent to approximately HK$17,601,000). The Aggregated 2025 CCTs subsisted as at the date of this annual report.

The Group has followed the pricing policies and guidelines for the Aggregated 2025 CCTs when determining the price and terms of the Aggregated 2025 CCTs conducted during FY2025.

The independent non-executive Directors have reviewed the Aggregated 2025 CCTs and confirmed that the Aggregated 2025 CCTs were entered into by the Group:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

BDO, the Company's auditor, was engaged to report on the Aggregated 2025 CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 (Revised) *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. BDO has issued its unmodified letter containing the findings and conclusions in respect of the Aggregated 2025 CCTs disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. In the letter, BDO confirmed that, for FY2025, nothing has come to its attention that causes the Company's auditor to believe that:

(a) the Aggregated 2025 CCTs have not been approved by the Board;

(b) the Aggregated 2025 CCTs were not entered into, in all material respects, in accordance with the relevant agreements governing the Aggregated 2025 CCTs; and

(c) with respect to the aggregate transaction amount of each of the Aggregated 2025 CCTs, the Aggregated 2025 CCTs have exceeded the relevant aggregated annual caps as set by the Company.

Save for the connected transaction and the continuing connected transactions disclosed above, the execution of guarantees by certain Directors and the execution of share charges over the Shares by Rong De as mentioned in the paragraph headed "2022 SENIOR NOTES" in this directors' report, none of the related party transactions as set out in note 37(b) to the consolidated financial statements falls under the definition of "connected transaction" or "continuing connected transaction" under Chapter 14A of the Listing Rules. The Company confirms that it complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules during FY2025.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Bye-Laws or the laws in Bermuda.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of its listed securities (including the sale of treasury shares) during FY2025.

MANAGEMENT DISCUSSION AND ANALYSIS

A management discussion and analysis of the Group's annual results is shown on pages 6 to 23.

CORPORATE GOVERNANCE REPORT

A corporate governance report of the Group is shown on pages 28 to 54.

AUDIT COMMITTEE

During FY2025 and as at the date of this annual report, the Audit Committee comprises three independent non-executive Directors. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and the Company's annual results for FY2025, and discussed with the management regarding audit, internal control and financial reporting matters.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Directors confirmed that the Company has maintained the amount of public float as required under the Listing Rules during FY2025 and up to the date of this annual report.

AUDITOR

Ernst & Young resigned as the auditor of the Company with effect from 15 December 2025. BDO was appointed as the auditor of the Company with effect from 16 December 2025.

BDO will retire, and being eligible, offer itself for re-appointment at the forthcoming annual general meeting of the Company. A resolution for the re-appointment of BDO as the auditor of the Company is to be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board
Chu Hing Tsung
Chairman

Hong Kong, 15 May 2026

BDO

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To the shareholders of Zhuguang Holdings Group Company Limited
(Incorporated in Bermuda with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Zhuguang Holdings Group Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 82 to 183, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 these 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

Scope Limitation relating to the Appropriateness of the Going Concern Assumption

As set out in note 2.1 to the consolidated financial statements, the Group recorded a net loss of approximately HK$6,220 million for the year ended 31 December 2025 and, as at that date, had net current liabilities and net liabilities of approximately HK$13,611 million and HK$2,937 million, respectively. In addition, as at 31 December 2025, the Group had outstanding interest-bearing bank and other borrowings of approximately HK$15,256 million that are either repayable within 12 months from the end of the reporting period or on demand, while its cash and bank balances amounted to approximately HK$13 million. Included in these bank and other borrowings, substantial of which had not been repaid according to the scheduled repayment dates under the relevant loan agreements. These events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

In view of the above circumstances, the management has prepared a cash flow forecast covering a period of 17 months from the end of the reporting period up to 31 May 2027, which takes into account certain plans and measures as set out in note 2.1. The plans and measures included but not limited to the followings:

(a) the Group has been proactively communicating with the relevant lenders on the Group's business plan, operations and financial position such that they will not demand immediate repayment of the Group's borrowings;

(b) the Group is actively discussing with the lenders of certain bank and other borrowings to re-finance its existing borrowings and to obtain additional credit facilities from existing and other lenders as and when needed;

(c) the Group will continue to take measures to monitor the collection of the receivables related to urban redevelopment projects in accordance with the agreed schedules;

(d) the Group will continue its efforts to promote the pre-sales and sales of its properties under development and completed properties held for sale;

(e) the Group will continue to take active measures to collect the outstanding sales proceeds and other receivables and control its administrative costs and manage its capital expenditure; and

(f) the ultimate holding company has undertaken not to demand repayment of the amounts due from the Group until the Group is in the position to repay the amounts without impairing its financial position, and to provide ongoing financial support to the Group, as and when necessary, for its ongoing operations for the foreseeable future.

Based on the directors' assessment, the Group is able to continue as a going concern and it is appropriate to prepare the consolidated financial statements on a going concern basis.

The appropriateness of the preparation of the consolidated financial statements on a going concern basis is largely dependent on the successful implementation of the above plans and measures. In respect of the financial support from the ultimate holding company, the ultimate holding company has not made available to us the supporting documents or other evidence that we considered necessary to evaluate its financial position and financial viability, and hence its ability to provide the aforesaid financial support to the Group. As a result, we were unable to obtain sufficient appropriate audit evidence that we considered necessary to evaluate the feasibility of the successful implementation of the Group's plans and measures. There were no other alternative procedures that we could perform to satisfy ourselves as to the appropriateness of the directors' use of the going concern basis of accounting in preparing the consolidated financial statements.

Should the Group fail to achieve the above plans and measures, it might not be able to continue as a going concern, adjustments would have to be made to reduce the carrying values of the Group's assets to their net realisable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities, and to provide for any further liabilities which might arise. The effects of these adjustments have not been reflected in the consolidated financial statements.

Additional Matter – Scope Limitation on Investment in an Associate

As disclosed in note 18, the Group held an investment in an associate which was accounted for using the equity method. During the year ended 31 December 2025, the Group recognised its share of loss of the associate of approximately HK$279 million and share of other comprehensive income of the associate of approximately HK$13 million based on the consolidated financial information prepared by the management of the associate. As at 31 December 2025 and 2024, the carrying amounts of the Group's investment in the associate were approximately HK$82 million and HK$488 million, respectively. The associate was disposed of by the Group in March 2026.

For the purpose of our group audit, the associate is determined as the component at which audit work is to be performed on the entire financial information of the associate with the involvement of the component auditor to obtain sufficient appropriate audit evidence for our group audit opinion on the Group's consolidated financial statements for the year ended 31 December 2025. In addition, we are also required to obtain sufficient appropriate audit evidence on the opening balance of the Group's investment in the associate as at 1 January 2025.

In respect of the financial information of the associate, the component auditor (i) disclaimed its opinion due to its inability to obtain sufficient appropriate audit evidence in respect of the going concern assumption and (ii) were unable to obtain sufficient appropriate audit evidence in respect of the loan receivables and loan interest receivables, interest income on loan receivables and impairment loss on the loan receivables and loan interest receivables of the associate. Considering the adequacy of the work performed by the component auditor, however, we were unable to obtain sufficient appropriate audit evidence on the financial information of the associate based on our work performed.

The predecessor auditor also disclaimed its auditor's opinion on the Group's consolidated financial statements for the year ended 31 December 2024, and were unable to obtain sufficient appropriate audit evidence in respect of the (i) the share of loss of the associate, (ii) the share of other comprehensive loss of the associate; (iii) the impairment loss on investment in the associate; and (iv) the carrying amount of the investment in the associate. During our current year audit, these matters remain unresolved.

As a result of above, we were unable to determine whether (i) the Group's share of loss of the associate for the years ended 31 December 2025 and 2024 of approximately HK$279 million and HK$223 million respectively as included in the consolidated statement of profit or loss, (ii) the Group's share of other comprehensive income/loss of the associate for the years ended 31 December 2025 and 2024 of approximately HK$13 million and HK$12 million respectively as included in the consolidated statement of comprehensive income, (iii) the impairment loss on investment in the associate recognised for the years ended 31 December 2025 and 2024 of approximately HK$140 million and nil, respectively as included in the consolidated statement of profit or loss, (iv) the Group's investment in the associate as at 1 January 2025 of approximately HK$488 million as included in the consolidated statement of financial position; and (v) the related disclosures disclosed in note 18, were properly stated. There were no other satisfactory procedures that we could perform to determine whether any adjustments to these amounts were necessary.

Any adjustments that might have been found necessary might have a consequential significant effect on the financial position of the Group as at 31 December 2025 and 1 January 2025, and the financial performance of the Group for the years ended 31 December 2025 and 2024 and the related disclosures in the consolidated financial statements.

Even had there been no scope limitation relating to the appropriateness of the going concern assumption as described in the "Basis for Disclaimer of Opinion" section of our report which precluded us from expressing an opinion on the consolidated financial statements, our opinion would have been qualified for the additional matter as described above.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024, were audited by another auditor who disclaimed its opinion on those financial statements on 9 April 2025.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

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 and to issue an auditor's report. This report is made solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act of 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 these 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.

BDO Limited
Certified Public Accountants
Chan Wing Fai
Practising Certificate no. P05443

Hong Kong, 15 May 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
REVENUE	5	**1,390,711**	1,585,711
Cost of sales		**(191,855)**	(376,993)
Gross profit		**1,198,856**	1,208,718
Other income and gains, net	5	**256,822**	417,661
Selling and marketing expenses		**(24,670)**	(42,479)
Administrative expenses		**(168,974)**	(223,378)
Fair value loss on investment properties, net	14	**(446,704)**	(463,602)
Impairment losses on financial assets, net		**(4,960,115)**	(2,248,461)
Other expenses, net		**(914,630)**	(972,576)
Finance costs	6	**(936,427)**	(1,058,043)
Share of loss of an associate		**(278,960)**	(223,226)
LOSS BEFORE TAX	7	**(6,274,802)**	(3,605,386)
Income tax credit	10	**54,880**	137,951
LOSS FOR THE YEAR		**(6,219,922)**	(3,467,435)
Attributable to:			
Owners of the parent		**(6,187,439)**	(3,412,327)
Non-controlling interests		**(32,483)**	(55,108)
		(6,219,922)	(3,467,435)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted (HK cents per share)	12	**(70.68)**	(46.27)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 HK$'000	2024 HK$'000
LOSS FOR THE YEAR	**(6,219,922)**	(3,467,435)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**14,013**	(64,577)
Share of other comprehensive income/(loss) of an associate	**12,964**	(11,651)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	**26,977**	(76,228)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(6,192,945)**	(3,543,663)
Attributable to:		
Owners of the parent	**(6,159,634)**	(3,488,749)
Non-controlling interests	**(33,311)**	(54,914)
	(6,192,945)	(3,543,663)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS			
Property and equipment	13	**198,628**	214,953
Investment properties	14	**2,448,374**	2,829,529
Intangible assets	15	**3,411**	4,476
Investments in joint ventures	17	**10,979**	10,708
Investment in an associate	18	**81,587**	487,913
Trade receivables	21	**9,704,212**	12,590,151
Total non-current assets		**12,447,191**	16,137,730
CURRENT ASSETS			
Properties under development	19	**8,440,381**	8,037,624
Completed properties held for sale	20	**5,330,797**	4,688,340
Trade receivables	21	**1,111,385**	1,142,966
Prepayments, other receivables and other assets	22	**1,784,416**	2,538,181
Prepaid income tax		**194,036**	193,520
Financial assets at fair value through profit or loss	23	**26,428**	25,776
Cash and bank balances	24	**12,581**	17,003
Total current assets		**16,900,024**	16,643,410
CURRENT LIABILITIES			
Contract liabilities	25	**4,413,224**	3,734,485
Trade and other payables	26	**7,026,207**	6,383,891
Interest-bearing bank and other borrowings	27	**15,255,714**	13,745,845
Income tax payables	28	**3,815,441**	3,591,018
Total current liabilities		**30,510,586**	27,455,239
NET CURRENT LIABILITIES		**(13,610,562)**	(10,811,829)
TOTAL ASSETS LESS CURRENT LIABILITIES		**(1,163,371)**	5,325,901

	Notes	2025 HK$'000	2024 HK$'000
NON-CURRENT LIABILITIES			
Other payables	26	**149,643**	143,754
Interest-bearing bank and other borrowings	27	**2,804**	198,571
Deferred tax liabilities	29	**1,620,922**	1,724,106
Total non-current liabilities		**1,773,369**	2,066,431
Net (liabilities)/assets		**(2,936,740)**	3,259,470
EQUITY			
Equity attributable to owners of the parent			
Share capital	30	**885,064**	885,064
Reserves	31	**(5,157,165)**	1,142,089
		(4,272,101)	2,027,153
Perpetual capital securities	32	**1,323,753**	1,255,753
		(2,948,348)	3,282,906
Non-controlling interests		**11,608**	(23,436)
Total equity		**(2,936,740)**	3,259,470

Chu Hing Tsung
Director

Ye Lixia
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2025

	Attributable to owners of the parent											
	Share capital HK$'000 (note 30)	Share premium HK$'000 (note 31(i))	Merger reserve HK$'000 (note 31(ii))	Exchange fluctuation reserve HK$'000	Contributed surplus HK$'000 (note 31(iii))	Statutory reserve HK$'000 (note 31(iv))	Capital reserve HK$'000 (note 31(v))	Retained profits/ (accumulated loss) HK$'000	Total HK$'000	Perpetual capital securities HK$'000 (note 32)	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2024	722,564	5,626,160	(101,922)	(1,689,910)	239,404	41,601	(25,738)	333,021	5,145,180	1,187,753	31,478	6,364,411
Loss for the year	–	–	–	–	–	–	–	(3,480,327)	(3,480,327)	68,000	(55,108)	(3,467,435)
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations	–	–	–	(64,771)	–	–	–	–	(64,771)	–	194	(64,577)
Share of other comprehensive loss of an associate	–	–	–	(11,651)	–	–	–	–	(11,651)	–	–	(11,651)
Total comprehensive (loss)/income for the year	–	–	–	(76,422)	–	–	–	(3,480,327)	(3,556,749)	68,000	(54,914)	(3,543,663)
Issue of shares (note 30)	162,500	162,500	–	–	–	–	–	–	325,000	–	–	325,000
Deemed contribution from the parent of the Company (note 30)	–	–	–	–	–	–	113,722	–	113,722	–	–	113,722
At 31 December 2024 and 1 January 2025	**885,064**	**5,788,660***	**(101,922)***	**(1,766,332)***	**239,404***	**41,601***	**87,984***	**(3,147,306)***	**2,027,153**	**1,255,753**	**(23,436)**	**3,259,470**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(6,255,439)**	**(6,255,439)**	**68,000**	**(32,483)**	**(6,219,922)**
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations	**-**	**-**	**-**	**14,841**	**-**	**-**	**-**	**-**	**14,841**	**-**	**(828)**	**14,013**
Share of other comprehensive loss of an associate	**-**	**-**	**-**	**12,964**	**-**	**-**	**-**	**-**	**12,964**	**-**	**-**	**12,964**
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**27,805**	**-**	**-**	**-**	**(6,255,439)**	**(6,227,634)**	**68,000**	**(33,311)**	**(6,192,945)**
Acquisition of non-controlling interests	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(71,620)**	**(71,620)**	**-**	**68,355**	**(3,265)**
At 31 December 2025	**885,064**	**5,788,660***	**(101,922)***	**(1,738,527)***	**239,404***	**41,601***	**87,984***	**(9,474,365)***	**(4,272,101)**	**1,323,753**	**11,608**	**(2,936,740)**

* These reserve accounts comprise the consolidated reserves of (HK$5,157,165,000) (2024: HK$1,142,089,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(6,274,802)**	(3,605,386)
Adjustments for:			
Finance costs	6	**936,427**	1,058,043
Share of loss of an associate		**278,960**	223,226
Interest income	5	**(13)**	(36,680)
Depreciation of property and equipment	7	**12,062**	12,276
Depreciation of right-of-use assets	7	**5,321**	7,081
Amortisation of intangible assets	7	**1,162**	1,166
Change in fair value of investment properties	14	**446,704**	463,602
Provision for properties under development and completed properties held for sale	7	**24,949**	155,852
Impairment of hotel properties included in property and equipment	7	**4,645**	29,295
Impairment losses on financial assets, net	7	**4,960,115**	2,248,461
Impairment losses on interest in an associate		**140,331**	–
Loss on partial disposal of interest in an associate		**–**	642
Gain on disposal of investment properties	5	**–**	(33,308)
Gain on modification of contracts of bank and other borrowings	5	**(177,686)**	(325,827)
Gain on early termination of lease		**(19)**	–
Exchange realignment on net working capital		**6,619**	6,531
		364,775	204,974
Increase in properties under development and completed properties held for sale		**(258,407)**	(104,932)
Increase in trade receivables		**(1,097,171)**	(811,155)
Decrease/(increase) in prepayments, other receivables and other assets		**200,283**	(156,428)
Increase in contract liabilities		**276,195**	476,491
Increase in trade and other payables		**246,509**	890,321
Decrease in restricted cash		**945**	125,897
Cash (used in)/generated from operations		**(266,871)**	625,168
Corporate income tax paid		**(21)**	(4,386)
Net cash flows (used in)/generated from operating activities		**(266,892)**	620,782

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 HK$'000	2024 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from partial disposal of interest in an associate		–	64
Proceeds from disposal of investment properties		–	115,625
Interest received		13	187
Purchases of items of property and equipment	13	(422)	(281)
Decrease in restricted cash		–	157,731
Net cash flows (used in)/from investing activities		(409)	273,326
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings		112,320	216,314
Repayment of bank and other borrowings		(22,842)	(442,736)
Principal portion of lease payments		(4,405)	(6,750)
Advance from/(repayment to) related parties		209,119	(391,572)
Increase/(decrease) in amounts due to ultimate holding company		5,889	(27,127)
Interest paid		(36,577)	(242,738)
Net cash flows from/(used in) financing activities		263,504	(894,609)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(3,797)	(501)
Cash and cash equivalents at beginning of year		7,171	7,804
Effect of foreign exchange rate changes, net		84	(132)
CASH AND CASH EQUIVALENTS AT END OF YEAR	24	3,458	7,171
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and cash equivalents	24	3,458	7,171

1. CORPORATE AND GROUP INFORMATION

Zhuguang Holdings Group Company Limited (the "Company") is a limited liability company incorporated in Bermuda. The registered office of the Company is located at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

The Company has its primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 9 December 1996.

During the year, the Company's principal activity was investment holding and the Company and its subsidiaries (collectively the "Group") were principally engaged in property development, project management, property investment, hotel operation and other property development related services in the mainland of the People's Republic of China (the "PRC" or "Chinese Mainland").

In the opinion of the Company's directors (the "Directors"), the holding company and the ultimate holding company of the Company is Rong De Investments Limited ("Rong De"), which is incorporated in the British Virgin Islands ("BVI").

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company names	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Equity interest attributable to the Company		Principal activities
			Direct	Indirect	
Nam Fong International Group Limited	British Virgin Islands/ Hong Kong	US$50,000	100%	–	Investment holding
Zhuguang Group Limited (珠光集團有限公司)	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
South Trend Holdings Limited (南興控股有限公司)	British Virgin Islands/ Hong Kong	US$1	100%	–	Investment holding
Splendid Reach Limited (熙達有限公司)	British Virgin Islands/ Hong Kong	US$138,000	100%	–	Investment holding
Perfect Master Enterprises Limited (佳儒企業有限公司)	British Virgin Islands/ Hong Kong	US$1,000	–	100%	Project management
Graceful Link Limited (愉興有限公司)	Hong Kong	HK$2	–	100%	Property investment
Diamond Crown Limited (毅冠有限公司)	Hong Kong	HK$2	–	100%	Property investment

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Company names	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Speedy Full Limited (速溢有限公司)	Hong Kong	HK$2	–	100%	Property investment
Guangzhou City Runfa Property Company Limited@ (note (a)) (廣州市潤發房地產有限公司)	PRC/Chinese Mainland	RMB132,880,000	–	100%	Property development
Xianghe County Yijing Property Development Company Limited@ (note (a)) (香河縣逸景房地產開發有限公司)	PRC/Chinese Mainland	RMB148,410,100	–	100%	Property development
Guangdong Hailian Building Company Limited* (note (a)) (廣東海聯大廈有限公司)	PRC/Chinese Mainland	US$99,000,000	–	100%	Property development and property investment
Guangzhou Dong Gang He Zhong Property Company Limited@ (note (a)) (廣州東港合眾房地產有限公司)	PRC/Chinese Mainland	RMB100,000,000	–	100%	Property development
Guangzhou Zhuguang Industrial Group Company Limited* ("Zhuguang Industrial") (note (a)) (廣州珠光實業集團有限公司)	PRC/Chinese Mainland	RMB160,000,000	–	100%	Property development and property investment
Guangzhou City Runqi Property Company Limited@ (note (a)) (廣州市潤啟房地產有限公司)	PRC/Chinese Mainland	RMB99,652,457	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Company names	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Feng Shun Jia Rong Trading Company Limited# ("Jia Rong") (notes (a) and (b)) (豐順佳榮貿易有限公司)	PRC/Chinese Mainland	RMB1,000,000	–	note (b)	Investment holding
Guangdong Xilong Industrial Investment Company Limited# ("Guangdong Xilong") (notes (a) and (b)) (廣東喜龍實業投資有限公司)	PRC/Chinese Mainland	RMB120,000,000	–	note (b)	Property development and property investment
Fengshun Yujing Property Company Limited@ (note (a)) (豐順御景房地產有限公司)	PRC/Chinese Mainland	RMB200,000,000	–	100%	Property development
Guangdong Luhu Hot Spring Holiday Hotel Company Limited# (note (a)) (廣東鹿湖温泉假日酒店有限公司)	PRC/Chinese Mainland	RMB2,000,000	–	100%	Hotel operation
Guangzhou Yunling Lake Hotel Company Limited# (note (a)) (廣州雲嶺湖酒店有限公司)	PRC/Chinese Mainland	RMB10,000,000	–	100%	Hotel operation
Guangzhou Zhenchao Property Development Company Limited@ (note (a)) (廣州振超房地產開發有限公司)	PRC/Chinese Mainland	RMB50,000,000	–	100%	Property development
Meizhou Yujing Property Company Limited@ (note (a)) (梅州御景房地產有限公司)	PRC/Chinese Mainland	RMB50,000,000	–	100%	Property development

1. CORPORATE AND GROUP INFORMATION *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Company names	Place of incorporation/ registration and operations	Issued ordinary/ registered share capital	Equity interest attributable to the Company Direct	Indirect	Principal activities
Zhongshan Zhuguang Property Company Limited* (note (a)) (中山市珠光房地產有限公司)	PRC/Chinese Mainland	RMB50,000,000	–	50%	Property development
Guangzhou Zhuguang Urban Renewal Group Company Limited@ (note (a)) (廣州珠光城市更新集團有限公司)	PRC/Chinese Mainland	RMB1,992,100,000	–	100%	Investment holding
Guangzhou Shunji Industry Company Limited@ (note (a)) (廣州舜吉實業有限公司)	PRC/Chinese Mainland	RMB12,500,000	–	100%	Property development
Guangzhou Development Automobile City Co., Ltd. ("AEC")@ (note (a)) (廣州發展汽車城有限公司)	PRC/Chinese Mainland	RMB901,960,800	–	100%	Property development

\# Registered as domestic limited liability companies under PRC law
@ Registered as wholly-foreign-owned enterprises under PRC law
* Registered as Sino-foreign equity entities under PRC law

Notes:

(a) The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

(b) The Directors are of the opinion that, notwithstanding the lack of equity ownership, in substance, based on certain contractual agreements, the Group has control over Jia Rong and Guangdong Xilong so as to obtain benefits from their activities. Accordingly, Jia Rong and Guangdong Xilong are accounted for as the Company's indirect wholly-owned subsidiaries for accounting purposes.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

2.1 BASIS OF PRESENTATION

Going concern basis

For the year ended 31 December 2025, the Group recorded a net loss of approximately HK$6,220 million and, as at that date, had net current liabilities and net liabilities of approximately HK$13,611 million and HK$2,937 million, respectively. In addition, as at 31 December 2025, the Group had outstanding interest-bearing bank and other borrowings of HK$15,256 million that are either repayable within 12 months from the end of the reporting period or on demand, while its cash and bank balances amounted to HK$13 million. Included in these bank and other borrowings, substantial of which had not been repaid according to the scheduled repayment dates under the relevant loan agreements. These events or conditions may cast significant doubt on the Group's ability to continue as a going concern.

In view of these circumstances, the Directors have given careful consideration to the future working capital and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient funds to fulfill its financial obligations and continue as a going concern for at least 12 months from 31 December 2025. The Group has formulated the following plans and measures to mitigate the liquidity pressure and to improve its cash flows.

(a) the Group has been proactively communicating with the relevant lenders on the Group's business plan, operations and financial position such that they will not demand immediate repayment of the Group's borrowings;

(b) the Group is actively discussing with the lenders of certain bank and other borrowings to re-finance its existing borrowings and to obtain additional credit facilities from existing and other lenders as and when needed;

(c) the Group will continue to take measures to monitor the collection of the receivables related to urban redevelopment projects in accordance with the agreed schedules;

(d) the Group will continue its efforts to promote the pre-sales and sales of its properties under development and completed properties held for sale;

(e) the Group will continue to take active measures to collect outstanding sales proceeds and other receivables and control its administrative costs and manage its capital expenditure; and

(f) the ultimate holding company has undertaken not to demand repayment of the amounts due from the Group until the Group is in the position to repay the amounts without impairing its financial position, and to provide ongoing financial support to the Group, as and when necessary, for its ongoing operations for the foreseeable future.

2.1 BASIS OF PRESENTATION *(continued)*

Going concern basis *(continued)*

The Directors have reviewed the Group's cash flow forecast, covering a period of at least 17 months from the end of the reporting period, prepared by the management. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due for at least 12 months from 31 December 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

(a) the continual support from the existing lenders of the Group such that they will not demand immediate repayment of the relevant borrowings;

(b) the successful and timely agreement with the lenders on the extension of the repayment dates of existing borrowings subject to the Group's financial and liquidity position, and the securing of additional credit facilities from existing and other lenders as and when needed;

(c) the successful and timely collection of receivables related to urban redevelopment projects in accordance with the agreed schedules;

(d) the ability of the Group in achieving its plans for the pre-sales and sales of properties under development and completed properties held for sale, which are highly sensitive to the sentiment in the local real estate market and buyer confidence in the areas where the Group's principal property projects are situated; and

(e) the financial capability of the ultimate holding company to honour its undertaking not to demand repayment of amounts due from the Group and to provide adequate and timely financial support to the Group when required.

These indicate the existence of a material uncertainty 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 discharges its liabilities in the normal course of business.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their net realisable amounts, to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively, and to provide for any further liabilities which might arise. The effects of these adjustments have not been reflected in these consolidated financial statements.

2.2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial assets at fair value through profit or loss which have been measured at fair value. The financial statements are presented in Hong Kong Dollars ("HK$") and all values are rounded to the nearest thousand (HK$'000) except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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 above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendment to HKAS 21	*Lack of Exchangeability*

The nature and the impact of the revised HKFRS Accounting Standards are described below:

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The application of Amendments to HKAS 21 in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these new and revised HKFRS Accounting Standards, if applicable, when they become effective.

HKFRS 18	*Presentation and Disclosure in Financial Statements*[2]
HKFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to HKFRS 10 and HKAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to Hong Kong Interpretation 5	*Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause*[2]
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7[1]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below:

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently assessing the impact of HKFRS 18 on the presentation and disclosure of its financial statements, particularly the categorisation of income and expenses and the presentation of new subtotals in the statement of profit or loss. Based on the preliminary assessment, HKFRS 18 is not expected to have a material impact on the Group's financial performance or financial position.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRSs. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRSs. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19. Some of the Company's subsidiaries are considering the application of HKFRS 19 in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- HKFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS *(continued)*

- HKAS 7 *Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2.5 MATERIAL ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of a joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates and joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity transferred by the Group and liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Business combinations and goodwill *(continued)*

Impairment is determined by assessing the recoverable amount of the cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties and financial assets at fair value through profit or loss at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Fair value measurement *(continued)*

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than investment properties, properties under development, properties held for sale and deferred tax assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Related parties *(continued)*

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group 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 employees of either the Group or an entity related to the Group;

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

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

(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 parent of the Group.

Property and equipment and depreciation

Property and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of owned property and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Property and equipment and depreciation *(continued)*

Depreciation is calculated on the straight-line basis to write off the cost of each item of owned property and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Motor vehicles	3 to 10 years
Furniture, fittings and office equipment	3 to 5 years
Hotel properties	20 years

Where parts of an item of property and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Acquired computer software licences are capitalised on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of ranging from 5 to 10 years.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Properties under development

Properties under development for sale are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and construction costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

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

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the period of the retirement or disposal.

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Leases

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

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Land use rights	37 years
Office properties	3 years

The Group's right-of-use assets are included in property and equipment. If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

When the right-of-use assets relate to interests in leasehold land held as inventories, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "Properties under development". When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "Investment properties".

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(b) Lease liabilities *(continued)*

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing bank and other borrowings.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is 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 recognition exemption for leases of low-value assets to leases of any office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Investments and other financial assets

Initial recognition and measurement

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial assets at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset or debt instrument to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Investments and other financial assets *(continued)*

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(a) Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired, or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of the consideration that the Group could be required to repay.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Impairment of financial assets *(continued)*

Simplified approach

For trade receivables (other than receivables for urban redevelopment projects and rentals) that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, and payables at amortised cost, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings and amount due to the ultimate holding company.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(a) Financial liabilities at amortised cost (trade and other payables and borrowings)

After initial recognition, trade and other payables and interest-bearing borrowings 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. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Financial liabilities *(continued)*

Subsequent measurement (continued)

(b) Senior notes

Senior notes issued by the Company that contain both liability and early redemption option components (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability components and amortised over the period of the senior notes using the effective interest method.

(c) Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the 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.

Cash and bank balances

Cash and cash equivalents in the statement of financial position comprise cash on hand and at bank, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay the principal or to pay any distribution are classified as part of equity.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Income tax *(continued)*

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and

- in respect of taxable temporary differences associated with interests in subsidiaries and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary difference; and

- in respect of deductible temporary differences associated with interests in subsidiaries and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Government grant

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when or as control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

Sale of properties

Revenue is recognised at a point in time when the purchaser obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

Project management services

Revenue from the provision of project management services is recognised over the term of the property development projects and urban redevelopment projects.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

Hotel operation

Revenue from room sales and other ancillary services is recognised over time on a daily basis. Hot spring admission income is recognised at the point in time when admission tickets are sold and redeemed by the customers. Catering income received from the sales of food and beverage is recognised at the point in time when the services are rendered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Finance component of income from urban redevelopment projects is recognised on an accrual basis by applying the rate that exactly discounts the amount of receivables over the expected completion time of the urban redevelopment projects to the net carrying amount of the receivables of urban redevelopment projects.

Other income

Interest income is recognised 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 to the net carrying amount of the financial asset.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Contract costs

Other than the costs which are capitalised as properties under development and property and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Cost of obtaining contracts

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (e.g., commission to sales agents). Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Other employee benefits

Pension scheme

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the “Pension Scheme”) operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the Pension Scheme. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing contributions under the Pension Scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the Pension Scheme.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The capitalisation interest rate of bank and other borrowings was 33.9% for the year ended 31 December 2025 (2024: 23.9%).

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they have been approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollar which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in other comprehensive income.

2.5 MATERIAL ACCOUNTING POLICIES *(continued)*

Foreign currencies *(continued)*

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries, joint ventures and associates operating outside Hong Kong are currencies other than Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollar at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into Hong Kong dollar at the exchange rate that approximate to those prevailing at the dates of the transactions. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into Hong Kong dollar at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollar at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Property lease classification – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Judgements *(continued)*

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development for sale included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction and included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

Allocation of construction cost on properties under development

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

Determining the method to estimate variable consideration and assessing the constraint for the project management service income

Contracts for the project management services include a right to share the profits from the performance of the underlying urban redevelopment projects that give rise to variable consideration. The Group determines that the expected value method is the appropriate method to be used in estimating the variable consideration, given that there is a wide range of possible outcomes which are subject to the performance of the underlying urban redevelopment projects. The key assumptions used in estimating the variable consideration by the management include budgeted gross margins and discount rate.

Before including any amount of variable consideration in the transaction price, the Group considers whether the amount of variable consideration is constrained, based on the uncertainty on probable profits from the performance of the urban redevelopment projects and the amount of the variable consideration.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

(continued)

Estimation uncertainty

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.

Impairment assessment on receivables for urban redevelopment projects

The Group uses a probability of default approach to calculate ECLs for receivables for urban redevelopment projects. Impairment losses on receivables for urban redevelopment projects were measured as either 12-month expected credit losses or lifetime expected credit loss, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

The probability of default approach is the estimation of the likelihood of default over a given time horizon. It is defined as the probability of default of a counterparty over a one-year period or over the remaining time to maturity depending on either 12-month expected credit losses or lifetime expected credit losses. Probability of default is initially estimated based on the credit rating of the debtor provided by external ratings agencies. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the counterparties. The Group will adjust the historical credit loss experience with an economic adjustment. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the property development sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's receivables for urban redevelopment projects is included in note 21 to the financial statements.

Estimation of fair value of investment properties

Investment properties were revalued at each reporting date based on the appraised market value provided by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date. Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are included in note 14 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

Estimation uncertainty *(continued)*

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the tax authorities, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Going concern assumptions

The Directors have prepared the consolidated financial statements for the year ended 31 December 2025 based on a going concern basis. The assessment of the going concern assumption, as stated in Note 2.1, involves making judgement by the Directors, about the future outcome of events or conditions which are uncertain. The significant judgements include the following:

– Continued support from existing lenders, with no immediate repayment demands.

– Timely agreement with lenders to extend repayment terms and secure additional credit facilities when needed.

– Successful and timely collection of receivables from urban redevelopment projects as scheduled.

– Achievement of pre-sales and sales targets for properties, subject to local market real estate conditions and buyer confidence.

– Financial capability of the ultimate holding company to defer repayment demands and to provide timely financial support to the Group when required.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments are as follows:

(a) the property development segment engages in the development and sale of properties;

(b) the project management services segment engages in the provision of project management services to property development projects and urban redevelopment projects; and

(c) the property investment and hotel operation segment invests in properties for their rental income potential and/or for capital appreciation and engages in hotel operation.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that the change in fair value of derivative financial instruments, gain on bargain purchase, gain on disposal of subsidiaries, share of profit/loss of joint ventures, net, share of profit/loss of an associate, reversal of impairment on investment in an associate included in other income and gains, net, finance costs (other than interest on lease liabilities) and income tax expenses as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude investments in joint ventures and an associate, deferred tax assets, unlisted investments classified as financial assets at fair value through profit or loss, cash and bank balances as these assets are managed on a group basis.

Segment liabilities exclude bank and other borrowings (other than lease liabilities), current income tax payables, deferred tax liabilities, amount due to a joint venture and amounts due to the ultimate holding company as these liabilities are managed on a group basis.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2025

	Property development HK$'000	Project management services HK$'000	Property investment and hotel operation HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	230,257	1,026,876	133,578	1,390,711
Segment results	(500,274)	(3,936,282)	(471,757)	(4,908,313)
Reconciliation:				
Share of loss of an associate				(278,960)
Finance costs (other than interest on lease liabilities)				(936,427)
Impairment of interest in an associate included in other expenses				(140,331)
Corporate and other unallocated expenses				(10,771)
Loss before tax				(6,274,802)
Income tax credit				54,880
Loss for the year				(6,219,922)
Segment assets	15,066,725	11,936,341	2,212,574	29,215,640
Reconciliation:				
Corporate and other unallocated assets				131,575
Total assets				29,347,215
Segment liabilities	11,142,032	4,432	233,628	11,380,092
Reconciliation:				
Corporate and other unallocated liabilities				20,903,863
Total liabilities				32,283,955
Other segment information:				
Depreciation	7,655	4,066	5,662	17,383
Amortisation	1,162	–	–	1,162
Capital expenditure*	187	4,563	235	4,985
Fair value loss on investment properties, net	–	–	446,704	446,704
Impairment losses on financial assets, net	57,564	4,778,253	124,298	4,960,115
Provision for properties under development and completed properties held for sale	24,949	–	–	24,949
Impairment of hotel properties	–	–	4,645	4,645
Gain on modification of contracts of bank and other borrowings	177,686	–	–	177,686

* Capital expenditure consists of additions to property and equipment.

4. OPERATING SEGMENT INFORMATION *(continued)*

Year ended 31 December 2024

	Property development HK$'000	Project management services HK$'000	Property investment and hotel operation HK$'000	Total HK$'000
Segment revenue:				
Sales to external customers	242,866	1,144,676	198,169	1,585,711
Segment results	(774,020)	(1,103,785)	(423,421)	(2,301,226)
Reconciliation:				
Share of loss of an associate				(223,226)
Finance costs (other than interest on lease liabilities)				(1,057,093)
Corporate and other unallocated expenses				(23,841)
Loss before tax				(3,605,386)
Income tax credit				137,951
Loss for the year				(3,467,435)
Segment assets	14,466,113	14,728,014	3,045,613	32,239,740
Reconciliation:				
Corporate and other unallocated assets				541,400
Total assets				32,781,140
Segment liabilities	9,839,496	5,876	253,291	10,098,663
Reconciliation:				
Corporate and other unallocated liabilities				19,423,007
Total liabilities				29,521,670
Other segment information:				
Depreciation	7,923	5,821	5,613	19,357
Amortisation	1,166	–	–	1,166
Capital expenditure*	127	–	154	281
Fair value loss on investment properties, net	–	–	463,602	463,602
Impairment losses on financial assets, net	275,501	1,925,641	47,319	2,248,461
Provision for properties under development and completed properties held for sale	155,852	–	–	155,852
Impairment of hotel properties	–	–	29,295	29,295
Gain on disposal of investment properties	–	–	33,308	33,308
Gain on modification of contracts of bank and other borrowings	325,827	–	–	325,827

* Capital expenditure consists of additions to property and equipment.

4. OPERATING SEGMENT INFORMATION *(continued)*

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers is generated in Mainland China and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the Directors, the presentation of geographical information would not provide additional useful information to the users of these financial statements.

Information about major customers

For the year ended 31 December 2025, revenue of approximately HK$1,026,876,000 (2024: HK$1,030,316,000) was derived from a single customer, including revenue derived from a group of entities which are known to be subsidiaries of that customer, and was attributable to the project management services segment. Further details are set out in note 37(b) to the financial statements.

For the year ended 31 December 2025, revenue of approximately HK$201,929,000 (2024: Nil) was derived from a single customer was attributable to the property development segment.

5. REVENUE, OTHER INCOME AND GAINS, NET

An analysis of the Group's revenue is as follows:

	2025 **HK$'000**	2024 HK$'000
Revenue from contracts with customers		
Sale of properties	**230,257**	242,866
Hotel operation income	**57,185**	67,194
	287,442	310,060
Revenue from other sources		
Finance component of income from urban redevelopment projects	**1,026,876**	1,144,676
Rental income from investment property operating leases:		
– fixed lease payments	**76,393**	130,975
	1,103,269	1,275,651
Total revenue	**1,390,711**	1,585,711

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers

(i) Disaggregated revenue information

	2025 **HK$'000**	2024 HK$'000
Type of goods or services		
Sale of properties	**230,257**	242,866
Hotel operation income	**57,185**	67,194
	287,442	310,060
Timing of revenue recognition		
At a point in time	**263,048**	282,602
Over time	**24,394**	27,458
Total revenue from contracts with customers	**287,442**	310,060

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 **HK$'000**	2024 HK$'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	**168,688**	200,965

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Revenue from contracts with customers *(continued)*

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of properties

For a property sales contract for which the control of the property is transferred at a point in time, the performance obligation is satisfied when the physical possession or the legal title of the completed property is obtained by the purchaser.

The contracted sales amounts allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relating to the sale of properties as at the end of the year was HK$1,005,934,000 (2024: HK$784,824,000), of which the performance obligations are to be satisfied within two years. All other contracted sales amounts allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The Group applies the practical expedient on the exemption to disclose the information on the remaining performance obligations that have original expected durations of one year or less. The amounts disclosed above do not include variable consideration which is constrained.

Project management services

Revenue from the provision of project management services is recognised over the term of the property development projects and urban redevelopment projects. The revenue from the provision of project management services was not recognised during the year (2024: Nil) as the amount of consideration was constrained.

Hotel operation income

The performance obligation is satisfied as services are rendered or goods are delivered and payment is generally received in advance.

5. REVENUE, OTHER INCOME AND GAINS, NET *(continued)*

Other income and gains, net

An analysis of the Group's other income and gains, net is as follows:

	2025 HK$'000	2024 HK$'000
Interest income	**13**	36,680
Management service income	**9,947**	15,280
Gain on disposal of investment properties	**–**	33,308
Gain on modification of contracts of bank and other borrowings	**177,686**	325,827
Others	**69,176**	6,566
	256,822	417,661

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2025 HK$'000	2024 HK$'000
Interest on bank and other borrowings and senior notes	**1,116,328**	1,210,744
Interest expense arising from revenue contracts	**300,543**	178,352
Interest on lease liabilities	**340**	950
Total interest expense	**1,417,211**	1,390,046
Less: interest capitalised	**(480,784)**	(332,003)
	936,427	1,058,043

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	2025 HK$'000	2024 HK$'000
Cost of properties sold		**142,911**	321,087
Cost of service provided		**48,944**	55,906
Depreciation of property and equipment	13	**12,062**	12,276
Depreciation of right-of-use assets	13	**5,321**	7,081
Amortisation of intangible assets*	15	**1,162**	1,166
Lease payments not included in the measurement of lease liabilities		**5,806**	11,722
Auditor's remuneration		**3,800**	8,300
Foreign exchange differences, net**		**(41,540)**	(17,393)
Employee benefit expense (including directors' remuneration (note 8))			
Wages and salaries		**85,341**	123,255
Retirement benefit scheme contributions***		**9,365**	10,856
		94,706	134,111
Impairment losses on financial assets, net			
Impairment of trade receivables, net	21	**4,353,232**	2,037,486
Impairment of deposits and other receivables, net	22	**606,883**	210,975
		4,960,115	2,248,461
Provision for properties under development and completed properties held for sale**		**24,949**	155,852
Impairment of hotel properties included in property and equipment**	13	**4,645**	29,295
Impairment loss on investment in an associate**	18	**140,331**	–
Direct operating expenses (including repairs and maintenance) arising on rental earning investment properties		**10,287**	30,502

* The amortisation is included in "Administrative expenses" in the consolidated statement of profit or loss.

** These items are included in "Other income and gains, net"/"Other expenses, net" in the consolidated statement of profit or loss.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

Note: The Group recorded provision for charges and related expenses of certain borrowings of the Group of approximately HK$625,227,000 (2024: HK$602,108,000).

8. DIRECTORS' REMUNERATION

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 HK$'000	2024 HK$'000
Fees	**900**	1,035
Other emoluments:		
Salaries, allowances and benefits in kind	**7,990**	5,546
Pension scheme contributions	**92**	93
	8,082	5,639
	8,982	6,674

The remuneration of each of the Directors is set out below:

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2025				
Executive directors:				
Mr. Chu Hing Tsung (note (i))	–	14	14	28
Mr. Liao Tengjia (note (ii))	–	1,835	–	1,835
Mr. Huang Jiajue (note (iii))	–	1,875	78	1,953
Mr. Liu Jie* (note (iv))	–	2,432	–	2,432
Mr. Chu Muk Chi (note (v))	–	–	–	–
Ms. Ye Lixia (note (vi))	–	1,834	–	1,834
	–	7,990	92	8,082
Independent non-executive directors:				
Mr. Leung Wo Ping	300	–	–	300
Mr. Wong Chi Keung	300	–	–	300
Dr. Feng Ke	300	–	–	300
	900	–	–	900
	900	7,990	92	8,982

8. DIRECTORS' REMUNERATION *(continued)*

The remuneration of each of the Directors is set out below: (continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2024				
Executive directors:				
Mr. Chu Hing Tsung (note (i))	–	18	18	36
Mr. Liao Tengjia (note (ii))	–	3,299	–	3,299
Mr. Huang Jiajue (note (iii))	–	116	75	191
Mr. Liu Jie* (note (iv))	–	1,397	–	1,397
Mr. Chu Muk Chi (note (v))	–	–	–	–
Ms. Ye Lixia (note (vi))	–	716	–	716
	–	5,546	93	5,639
Independent non-executive directors:				
Mr. Leung Wo Ping	345	–	–	345
Mr. Wong Chi Keung	345	–	–	345
Dr. Feng Ke	345	–	–	345
	1,035	–	–	1,035
	1,035	5,546	93	6,674

Notes:

(i) During the year ended 31 December 2025, Mr. Chu Hing Tsung waived his director's emoluments of HK$227,000 for the year ended 31 December 2025 and HK$2,982,000 for the year ended 31 December 2024.

(ii) During the year ended 31 December 2025, Mr. Liao Tengjia waived his director's emoluments of HK$600,000 for the year ended 31 December 2025 and HK$3,063,000 for the year ended 31 December 2024.

(iii) During the year ended 31 December 2025, Mr. Huang Jiajue waived his director's emoluments of HK$600,000 for the year ended 31 December 2025 and HK$3,848,000 for the year ended 31 December 2024.

(iv) During the year ended 31 December 2025, Mr. Liu Jie did not waive his director's emoluments for the year ended 31 December 2025 but waived his director's emoluments of HK$3,101,000 for the year ended 31 December 2024.

(v) During the year ended 31 December 2025, Mr. Chu Muk Chi waived his director's emoluments of HK$960,000 for the year ended 31 December 2025 and HK$960,000 for the year ended 31 December 2024.

(vi) During the year ended 31 December 2025, Ms. Ye Lixia waived her director's emoluments of HK$600,000 for the year ended 31 December 2025 and HK$1,876,000 for the year ended 31 December 2024.

* Mr. Liu Jie is also the chief executive officer of the Company.

Save as disclosed above, there was no arrangement under which a director waived or agreed to waive any remuneration during the year (2024: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose emoluments were the highest emoluments within the Group included four individuals (2024: three individuals) were the directors of the Company whose emoluments paid or payable during the year is disclosed in Note 8 above. The emoluments of the remaining one individual (2024: two individuals) paid or payable during the year is also disclosed as follows:

	2025 **HK$'000**	2024 HK$'000
Salaries, allowances and benefits	**1,200**	1,960
Pension scheme contributions	**18**	36
	1,218	1,996

The remaining one individual (2024: two individuals) with the highest emoluments within the Group paid or payable during the year are within the following bands:

	2025 **HK$'000**	2024 HK$'000
Nil to HKD1,000,000	**–**	1
HKD1,000,001 to HKD1,500,000	**1**	1

10. INCOME TAX

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2024: Nil). Taxes on profits assessable in Mainland China have been calculated at the rates of tax prevailing in the jurisdictions in which the majority of the Group's subsidiaries operate.

	2025 **HK$'000**	2024 HK$'000
Current:		
PRC CIT	**114,612**	109,822
PRC LAT	**35,427**	27,401
	150,039	137,223
Deferred (note 29)	**(204,919)**	(275,174)
Total tax credit for the year	**(54,880)**	(137,951)

10. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for Mainland China in which the majority of the Group's subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the year, are as follows:

	2025		2024	
	HK$'000	**%**	HK$'000	%
Loss before tax	**(6,274,802)**		(3,605,386)	
Tax charge at the statutory income tax rate	**(1,568,700)**	**25.0**	(901,346)	25.0
Lower tax rate for specific provinces or enacted by local authority	**17,329**	**(0.3)**	(86,885)	2.4
Losses attributable to joint ventures and an associate	**69,183**	**(1.1)**	36,832	(1.0)
Adjustment in respect of deferred tax of previous periods	**(49,559)**	**0.8**	1,329	–
Income not subject to tax	**(23,055)**	**0.4**	(53,786)	1.5
Expenses not deductible for tax	**1,226,982**	**(19.5)**	507,107	(14.1)
Tax losses not recognised	**246,370**	**(3.9)**	338,246	(9.4)
PRC LAT	**35,427**	**(0.6)**	27,401	(0.8)
Tax effect on PRC LAT	**(8,857)**	**0.1**	(6,849)	0.2
Tax credit at the Group's effective rate	**(54,880)**	**0.9**	(137,951)	3.8

The share of tax credit attributable to an associate amounting to HK$10,378,100 (2024: HK$5,182,000) was included in "Share of loss of an associate" in the consolidated statement of profit or loss.

11. DIVIDENDS

No dividend in respect of the year ended 31 December 2025 (2024: Nil) was proposed by the board of directors of the Company.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 8,850,632,753 (2024: 7,521,456,404) outstanding during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2025 and 2024.

The calculations of the basic and diluted loss per share are based on:

	2025	2024
Loss attributable to equity holders of the parent and perpetual capital securities (HK$'000)	**(6,187,439)**	(3,412,327)
Distribution related to perpetual capital securities (HK$'000)	**(68,000)**	(68,000)
Loss used in the basic and diluted earnings per share calculations (HK$'000)	**(6,255,439)**	(3,480,327)
Weighted average number of ordinary shares outstanding during the year (thousand shares)	**8,850,633**	7,521,456

13. PROPERTY AND EQUIPMENT

	Right-of-use assets			Owned assets				
	Land use rights HK$'000	Office properties HK$'000	Sub-total HK$'000	Motor vehicles HK$'000	Furniture, fittings and equipment HK$'000	Hotel properties HK$'000	Sub-total HK$'000	Total HK$'000
31 December 2025								
At 1 January 2025:								
Cost	48,560	17,464	66,024	13,949	11,666	649,578	675,193	741,217
Accumulated depreciation and impairment	(8,438)	(11,885)	(20,323)	(13,221)	(10,244)	(482,476)	(505,941)	(526,264)
Net carrying amount	40,122	5,579	45,701	728	1,422	167,102	169,252	214,953
At 1 January 2025, net of accumulated depreciation and impairment	40,122	5,579	45,701	728	1,422	167,102	169,252	214,953
Additions	–	4,823	4,823	176	246	–	422	5,245
Depreciation provided during the year	(1,255)	(4,066)	(5,321)	(78)	(606)	(11,378)	(12,062)	(17,383)
Impairment	–	–	–	–	–	(4,645)	(4,645)	(4,645)
Early termination of lease	–	(2,183)	(2,183)	–	–	–	–	(2,183)
Exchange realignment	321	–	321	18	31	2,271	2,320	2,641
At 31 December 2025, net of accumulated depreciation and impairment	39,188	4,153	43,341	844	1,093	153,350	155,287	198,628
At 31 December 2025:								
Cost	49,787	4,823	54,610	15,185	11,912	665,988	693,085	747,695
Accumulated depreciation and impairment	(10,599)	(670)	(11,269)	(14,341)	(10,819)	(512,638)	(537,798)	(549,067)
Net carrying amount	39,188	4,153	43,341	844	1,093	153,350	155,287	198,628

13. PROPERTY AND EQUIPMENT *(continued)*

	Right-of-use assets			Owned assets				
	Land use rights HK$'000	Office properties HK$'000	Sub-total HK$'000	Motor vehicles HK$'000	Furniture, fittings and equipment HK$'000	Hotel properties HK$'000	Sub-total HK$'000	Total HK$'000
31 December 2024								
At 1 January 2024:								
Cost	49,621	17,464	67,085	13,949	11,385	663,780	689,114	756,199
Accumulated depreciation and impairment	(7,156)	(6,064)	(13,220)	(12,984)	(9,535)	(453,213)	(475,732)	(488,952)
Net carrying amount	42,465	11,400	53,865	965	1,850	210,567	213,382	267,247
At 1 January 2024, net of accumulated depreciation and impairment	42,465	11,400	53,865	965	1,850	210,567	213,382	267,247
Additions	–	–	–	–	281	–	281	281
Depreciation provided during the year	(1,260)	(5,821)	(7,081)	(220)	(675)	(11,381)	(12,276)	(19,357)
Impairment	–	–	–	–	–	(29,295)	(29,295)	(29,295)
Exchange realignment	(1,083)	–	(1,083)	(17)	(34)	(2,789)	(2,840)	(3,923)
At 31 December 2024, net of accumulated depreciation and impairment	40,122	5,579	45,701	728	1,422	167,102	169,252	214,953
At 31 December 2024:								
Cost	48,560	17,464	66,024	13,949	11,666	649,578	675,193	741,217
Accumulated depreciation and impairment	(8,438)	(11,885)	(20,323)	(13,221)	(10,244)	(482,476)	(505,941)	(526,264)
Net carrying amount	40,122	5,579	45,701	728	1,422	167,102	169,252	214,953

13. PROPERTY AND EQUIPMENT *(continued)*

At 31 December 2025, the Group's property and equipment with an aggregate carrying amount of HK$193,340,000 (2024: HK$207,224,000) were pledged to banks to secure certain of the bank and other borrowings granted to the Group (note 27(a)(i)).

During the year ended 31 December 2025, the Group's performance was affected by the slow-down in the PRC market and general economic environment, and impairment related to hotel properties in property and equipment of HK$4,645,000 (2024: HK$29,295,000) has been recorded in "Other expenses, net". Hotel operation is determined as a cash-generating unit ("CGU") under the property investment and hotel operation segment.

As at 31 December 2025, recoverable amount of this CGU was approximately HK$192,538,000 (2024: HK$207,335,000) and has been determined by the fair value less costs of disposal calculation where the fair value was determined as level 3. The recoverable amount is measured using the discounted cash flow method with a pre-tax discount rate of 8% (2024: 8%) and terminal yield of 6% (2024: 6%).

14. INVESTMENT PROPERTIES

	2025 **HK$'000**	2024 HK$'000
Carrying amount at 1 January	**2,829,529**	3,444,060
Disposal	**–**	(82,317)
Net loss from fair value adjustments	**(446,704)**	(463,602)
Exchange realignment	**65,549**	(68,612)
Carrying amount at 31 December	**2,448,374**	2,829,529

The Group's investment properties were revalued on 31 December 2025 and 2024 based on valuations performed by Greater China Appraisal Limited, an independent professionally qualified valuer.

At 31 December 2025, certain of the Group's investment properties with an aggregate carrying amount of HK$2,093,709,000 (2024: HK$2,175,884,000) were pledged to banks to secure certain of the bank and other borrowings granted to the Group (note 27(a)(ii)).

14. INVESTMENT PROPERTIES *(continued)*

The Group's investment properties are leased to third parties under operating leases, further details of which are included in note 16 to the financial statements.

Fair value hierarchy

At 31 December 2025 and 2024, the fair value measurement of all of the Group's investment properties used significant unobservable inputs (Level 3) as defined in HKFRS 13.

During the year, there were no transfers of fair value measurements between Level 1 (quoted prices in active markets) and Level 2 (significant observable inputs) and no transfers into or out of Level 3 (2024: Nil).

The Group's finance department includes a team that reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation methodologies and results are held between management and the valuer at least once every six months, in line with the Group's reporting dates.

At each financial year end, the finance department:

- evaluated all major inputs to the independent valuation report;
- assessed property valuation movements compared to the prior year's valuation report; and
- held discussions with the independent valuer.

14. INVESTMENT PROPERTIES *(continued)*

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Range or weighted average 2025	2024
Office	Term and reversionary method	Term yields	**3.5%–4.0%**	3.5%–4.0%
		Reversion yields	**4.0%–5.5%**	4.0%–5.5%
		Market rents (RMB/sq m/month)	**73–150**	63–152
Retail	Term and reversionary method	Term yields	**3.25%-4.75%**	3.25%–4.25%
		Reversion yields	**3.75%-5.25%**	3.75%–5.25%
		Market rents (RMB/sq m/month)	**105–389**	100–410
	Direct comparison method	Market price (RMB/sq m)	**24,000–63,000**	29,000–74,000
Hotel	Direct comparison method	Market price (RMB/sq m)	**6,300–26,390**	7,340–28,000

The valuations of investment properties were based on either (i) the term and reversionary approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, and negatively correlated to term yields and reversion yields; or (ii) the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate.

15. INTANGIBLE ASSETS

	Computer software HK$'000
31 December 2025	
Cost at 31 December 2024 and 1 January 2025, net of accumulated amortisation	**4,476**
Amortisation during the year	**(1,162)**
Exchange realignment	**97**
At 31 December 2025	**3,411**
At 31 December 2025:	
Cost	**11,772**
Accumulated amortisation	**(8,361)**
Net carrying amount	**3,411**
31 December 2024	
Cost at 31 December 2023 and 1 January 2024, net of accumulated amortisation	5,747
Amortisation during the year	(1,166)
Exchange realignment	(105)
At 31 December 2024	4,476
At 31 December 2024:	
Cost	11,734
Accumulated amortisation	(7,258)
Net carrying amount	4,476

16. LEASES

The Group as a lessee

The Group has lease contracts for land and office properties used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 37 years, and no ongoing payments will be made under the terms of these land leases. Leases of office properties and motor vehicles generally have lease terms of 3 years.

(a) *Right-of-use assets*

The carrying amounts of the Group's right-of-use assets and the movements during the year are disclosed in note 13 to the financial statements.

(b) *Lease liabilities*

The carrying amount of lease liabilities (included under interest-bearing bank and other borrowings) and the movements during the year are as follows:

	Lease liabilities	
	2025	2024
	HK$'000	HK$'000
Carrying amount at 1 January	**5,876**	11,676
Addition	**4,823**	–
Accretion of interest recognised during the year	**340**	950
Early termination	**(2,202)**	–
Payments	**(4,405)**	(6,750)
Carrying amount at 31 December	**4,432**	5,876
Analysed into:		
Current portion	**1,628**	5,876
Non-current portion	**2,804**	–

The maturity analysis of lease liabilities is disclosed in note 40 to the financial statements.

16. LEASES *(continued)*

The Group as a lessee *(continued)*

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2025 **HK$'000**	2024 HK$'000
Interest on lease liabilities	**340**	950
Depreciation charge of right-of-use assets	**5,321**	7,081
Expense relating to short-term lease	**5,806**	11,722
Total amount recognised in profit or loss	**11,467**	19,753

(d) The total cash outflow for leases is disclosed in note 33(b) to the financial statements.

The Group as a lessor

The Group leases its investment properties (note 14) under operating lease arrangements. The terms of the leases generally require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was HK$76,393,000 (2024: HK$130,975,000).

At the end of the reporting period, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	2025 **HK$'000**	2024 HK$'000
Within one year	**73,606**	134,674
After one year but within two years	**63,610**	125,847
After two years but within three years	**63,531**	124,048
After three years but within four years	**58,325**	95,633
After four years but within five years	**52,757**	29,604
After five years	**402,673**	136,133
	714,502	645,939

17. INVESTMENTS IN JOINT VENTURES

	2025 HK$'000	2024 HK$'000
Share of net assets	**10,979**	10,708

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2025 HK$'000	2024 HK$'000
Aggregate carrying amount of the Group's investments in the joint ventures	**10,979**	10,708

18. INVESTMENT IN AN ASSOCIATE

	2025 HK$'000	2024 HK$'000
Share of net assets, listed in Hong Kong	**632,213**	898,208
Provision for impairment	**(550,626)**	(410,295)
	81,587	487,913

Particulars of the Group's associate are as follows:

Company name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest	Principal activities
Silver Grant International Holdings Group Limited* ("Silver Grant")	Ordinary shares	Hong Kong	29.50% (2024: 29.50%)	Investments, property leasing and new energy investment and operation

The Group's shareholding in the associate comprises equity shares held by a wholly-owned subsidiary of the Company.

18. INVESTMENT IN AN ASSOCIATE *(continued)*

Impairment testing of investment in an associate

As at 31 December 2025, the market value of the shares of Silver Grant held by the Group was HK$58,471,000 (2024: HK$59,830,000), whereas its carrying amount was HK$81,587,000 (2024: HK$487,913,000). The Group carried out an impairment assessment to determine whether the Group's interest in the associate was impaired. The impairment assessment requires the estimation of the recoverable amount, the higher of the value in use and the its fair value less costs of disposal.

For the year ended 31 December 2025, the fair value is measured with reference to the consideration amount of the disposal transaction entered on 28 November 2025 and is classified as level 1. Based on the impairment assessment, HK$140,331,000 of impairment loss was recognised for the year ended 31 December 2025. As at 31 December 2025, the recoverable amount was approximately HK$81,587,000.

For the year ended 31 December 2024, the recoverable amount of Silver Grant's investment in petrochemical business has been determined based on the value in use. The value in use was determined based on financial budgets covering a five-year period approved by senior management, under which a terminal growth rate of 2% beyond the fifth year was adopted. The pre-tax discount rate applied to the cash flow projections is 14.5%. Key assumptions on which management has based its cash flow projections to undertake impairment testing include: (i) sales growth rates and budgeted gross margins on the petrochemical business which are based on expected market development and management experience in the industry; and (ii) pre-tax discount rate which reflects specific risks relating to the underlying business. Based on the impairment assessment, no impairment loss was recognised for the year ended 31 December 2024.

18. INVESTMENT IN AN ASSOCIATE *(continued)*

Financial information of Silver Grant

Silver Grant is considered as a material associate of the Group and is accounted for using the equity method. The following table illustrates the summarised financial information in respect of the Silver Grant adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	2025 HK$'000	2024 HK$'000
Current assets	**2,480,927**	2,831,570
Non-current assets, excluding goodwill	**3,474,647**	4,041,615
Goodwill on acquisition of an associate	**267,672**	267,672
Current liabilities	**(4,273,816)**	(4,223,476)
Non-current liabilities	**(504,238)**	(200,933)
Net assets	**1,445,192**	2,716,448
Non-controlling interests	**58,212**	(311,238)
Total equity	**1,503,404**	2,405,210
Total equity, excluding goodwill	**1,235,732**	2,137,538
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**29.50%**	29.50%
Group's share of net assets of the associate, excluding goodwill	**364,541**	630,536
Goodwill on acquisition	**267,672**	267,672
Impairment	**(550,626)**	(410,295)
Carrying amount of the investment	**81,587**	487,913
Revenue	**96,459**	89,421
Loss for the year	**(967,391)**	(784,569)
Loss attributable to owners of the investee	**(945,682)**	(756,743)
Other comprehensive income/(loss) for the year	**46,115**	(67,076)
Other comprehensive income/(loss) attributable to owners of the investee	**43,949**	(39,498)
Total comprehensive loss for the year	**(921,276)**	(851,645)
Total comprehensive loss attributable to owners of the investee	**(901,733)**	(796,241)
Market value of the Group's investment as at 31 December	**58,471**	59,830

19. PROPERTIES UNDER DEVELOPMENT

	2025 HK$'000	2024 HK$'000
Properties under development expected to be completed within normal operating cycle and classified as current assets are expected to be recoverable:		
Within one year	**4,329,703**	3,765,481
After one year	**4,110,678**	4,272,143
	8,440,381	8,037,624

At 31 December 2025, certain of the Group's properties under development with an aggregate carrying amount of HK$3,257,752,000 (2024: HK$2,742,163,000) were pledged to secure certain of the bank and other borrowings granted to the Group (note 27(a)(iii)).

20. COMPLETED PROPERTIES HELD FOR SALE

At 31 December 2025, certain of the Group's completed properties held for sale with an aggregate carrying amount of HK$3,143,635,000 (2024: HK$2,941,473,000) were pledged to secure certain of the bank and other borrowings granted to the Group (note 27(a)(iv)).

21. TRADE RECEIVABLES

	Notes	2025 HK$'000	2024 HK$'000
Receivables from sales of properties	(a)	–	1,323
Receivables from property investment and hotel operation		**247,081**	263,951
Less: Impairment allowance	(c)	**(130,538)**	(49,315)
Net receivables from property investment and hotel operation	(a)	**116,543**	214,636
Receivables for urban redevelopment projects			
Related parties	37(d)	**17,169,268**	15,670,453
Third parties		**596,709**	582,006
	(b)	**17,765,977**	16,252,459
Less: Impairment allowance	(c)	**(7,066,923)**	(2,735,301)
Net receivables for urban redevelopment projects		**10,699,054**	13,517,158
Total		**10,815,597**	13,733,117
Portion classified as non-current assets		**(9,704,212)**	(12,590,151)
Current portion		**1,111,385**	1,142,966

Notes:

(a) An ageing analysis of the receivables from sales of properties, property investment and hotel operation as at the end of the reporting period, based on the revenue recognition date or invoice date and net of loss allowance, is as follows:

	2025 HK$'000	2024 HK$'000
Current to 180 days	**12,771**	158,503
181 to 365 days	**22,018**	45,304
Over 365 days	**81,754**	12,152
	116,543	215,959

21. TRADE RECEIVABLES *(continued)*

Notes: *(continued)*

(b) The Group has entered into project management agreements with related parties and third parties for urban redevelopment projects. According to the project management agreements, the Group has the contractual right and responsibility (including the funding responsibility) to provide project management services in relation to the urban redevelopment projects. In return, the Group is entitled to a finance component of income arising from a fixed rate of return at an agreed percentage of funds incurred and contributed by the Group under its contractual funding responsibility and a management service income from the performance of the underlying urban redevelopment projects. For the years ended 31 December 2025 and 2024, no management service income arising from the performance of the underlying urban redevelopment projects was recognised as the amount of consideration was constrained.

An ageing analysis of the receivables for urban redevelopment projects as at the end of the reporting period, based on the recognition date and before loss allowance, is as follows:

	2025 **HK$'000**	2024 HK$'000
Within 1 year	**1,102,944**	1,188,413
Over 1 year but less than 2 years	**651,388**	1,316,397
Over 2 years but less than 3 years	**1,140,317**	1,652,874
Over 3 years	**14,871,328**	12,094,775
	17,765,977	16,252,459

(c) The movements in the loss allowance for impairment of receivables are as follows:

	2025 **HK$'000**	2024 HK$'000
At beginning of year	**2,784,616**	794,711
Impairment losses (note 7)	**4,353,232**	2,037,486
Exchange realignment	**59,613**	(47,581)
At end of year	**7,197,461**	2,784,616

21. TRADE RECEIVABLES *(continued)*

Notes: *(continued)*

(c) *(continued)*

Impairment assessment is performed on the Group's receivables for urban redevelopment projects, property investment and hotel operation at each reporting date by considering the probability of default of the counterparties or comparable companies with published credit ratings. As at 31 December 2025, the probability of default applied ranged from 4.2% to 100% (2024: from 6.2% to 100%) and the loss given default was estimated from 61.2% to 61.8% (2024: from 32.4% to 82.4%). The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The adjusted loss rate as at 31 December 2025 ranged from 3.1% to 61.2% (2024: from 7.3% to 54.4%).

As at 31 December 2025 and 2024, the loss allowance of the receivables from sales of properties was assessed to be minimal given that the balances were zero or there was no recent history of default or overdue amounts.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	**2025** **HK$'000**	2024 HK$'000
Prepaid construction costs and others		**1,420,497**	1,411,642
Prepaid business taxes and other levies		**126,437**	121,855
Cost of obtaining contracts		**–**	20,245
		1,546,934	1,553,742
Other receivables			
Related parties	(a), 37(d)	**1,012,548**	988,260
Third parties		**175,405**	331,843
		1,187,953	1,320,103
		2,734,887	2,873,845
Less: Impairment allowance	(b)	**(950,471)**	(335,664)
Total		**1,784,416**	2,538,181
Portion classified as non-current assets		**–**	–
Current portion		**1,784,416**	2,538,181

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS *(continued)*

Notes:

(a) As at 31 December 2025, other receivables (before allowance for impairment) amounting to HK$997,417,000 (2024: HK$972,840,000) represented funds provided to certain related parties for property development projects in the PRC of which the project management service agreements were terminated during the year ended 31 December 2022. The balances are unsecured and interest-free. Pursuant to a supplemental agreement entered into by the Group in December 2025, the balances are repayable by 31 December 2026.

(b) The movements in the loss allowance for impairment of financial assets included in prepayments, other receivables and other assets are as follows:

	2025 **HK$'000**	2024 HK$'000
At beginning of year	**335,664**	130,647
Impairment losses (note 7)	**606,883**	210,975
Exchange realignment	**7,924**	(5,958)
At end of year	**950,471**	335,664

Impairment assessment is performed on the Group's prepayments, other receivables and other assets at each reporting date by considering the probability of default of the counterparties or comparable companies with published credit ratings. As at 31 December 2025, the probability of default applied 100% (2024: ranged from 6.2% to 18.8%) and the loss given default was estimated at 61.0% to 61.2% (2024: 61.0% to 61.2%). The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The adjusted loss rate as at 31 December 2025 ranged from 61.0% to 61.2% (2024: ranged from 5.4% to 11.6%).

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK$'000	2024 HK$'000
Other unlisted investments, at fair value (Note)	**26,428**	25,776
Portion classified as current assets	**(26,428)**	(25,776)
Non-current portion	**–**	–

Note: As at 31 December 2025, the Group held certain unlisted PRC investment funds for an aggregate amount of HK$26,428,000 (2024: HK$25,776,000). The investment funds are managed with expected return equal to one-year prevailing savings interest rate quoted by the People's Bank of China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. CASH AND BANK BALANCES

	Notes	2025 HK$'000	2024 HK$'000
Restricted cash			
Guarantee deposits for construction projects	(a)	**333**	2,820
Deposits held at banks due to disputes		**8,790**	7,012
		9,123	9,832
Cash and cash equivalents		**3,458**	7,171
		12,581	17,003

Notes:

(a) Pursuant to the relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of pre-sale proceeds of properties with designated bank accounts as guaranteed deposits for the construction of the related properties. The deposits can only be used for the purchase of construction materials and payments of construction fees for the relevant property projects. The deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.

24. CASH AND BANK BALANCES *(continued)*

Notes: *(continued)*

(b) The Group's cash and bank balances are denominated in the following currencies:

	2025 HK$'000	2024 HK$'000
RMB	**11,568**	15,915
HK$	**832**	908
US$	**181**	180
Cash and bank balances	**12,581**	17,003

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods of between one day and three months depending on immediate cash requirements of the Group, and earn interest at the respective short-term time deposit rates. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

25. CONTRACT LIABILITIES

Contract liabilities represent sales proceeds received from buyers in connection with the Group's pre-sales of properties.

The changes in contract liabilities was mainly due to the additional pre-sales made during the year. As at 1 January 2024, contract liabilities amounted to HK$3,273,417,000.

26. TRADE AND OTHER PAYABLES

	Notes	2025 HK$'000	2024 HK$'000
Trade and bills payables	(a)	**3,257,129**	3,035,632
Amounts due to related parties	37(d)	**317,373**	102,878
Amount due to a joint venture	37(d)	**5,536**	5,399
Amount due to ultimate holding company	37(d)	**149,643**	143,754
Other payables and accruals	(b)	**2,371,007**	2,206,404
Other tax payables		**1,070,125**	1,023,873
Financial guarantee contracts		**5,037**	9,705
		7,175,850	6,527,645
Portion classified as current liabilities		**(7,026,207)**	(6,383,891)
Non-current portion		**149,643**	143,754

Notes:

(a) An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the due date, is as follows:

	2025 HK$'000	2024 HK$'000
Within 1 year	**2,984,160**	2,779,178
Over 1 year	**272,969**	256,454
	3,257,129	3,035,632

The trade payables are non-interest-bearing and unsecured.

Included in trade and bills payables of the Group as at 31 December 2025 were an aggregate amount of HK$89,435,000 (2024: HK$77,304,000) due to Guangzhou Zhuguang Property Management Company Limited, a related company of the Group, for the provision of property management services, which are unsecured, interest-free and repayable on demand.

Included in trade and bills payables of the Group as at 31 December 2025 were an aggregate amount of HK$13,590,000 (2024: HK$12,352,000) due to Guangdong Zhuguang Group Company Limited, a related company of the Group. These balances are unsecured, interest-free and repayable on demand (note 37(d)).

(b) As at 31 December 2025, other payables amounting to HK$50,522,000 (2024: HK$49,818,000) were amounts due to the non-controlling shareholders of the Group, which are unsecured, interest-free and repayable on demand (note 37(d)).

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025		2024	
	Effective interest rate (%)	HK$'000	Effective interest rate (%)	HK$'000
Current				
Lease liabilities (note 16(b))		1,628		5,876
Bank borrowings – secured	3.87%-9.06%	8,191,080	5.87%–9.06%	7,560,700
Other borrowings – secured	6.52%-15.42%	5,228,464	6.52%–14.45%	4,575,381
2022 Senior Notes	13.08%-15.24%	1,834,542	13.23%–15.07%	1,603,888
		15,255,714		13,745,845
Non-current				
Lease liabilities (note 16(b))		2,804		–
Bank borrowings – secured	–	–	6.71%	198,571
		2,804		198,571
		15,258,518		13,944,416

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	2025 HK$'000	2024 HK$'000
Analysed into:		
Bank borrowings repayable:		
Within one year or on demand	**8,191,080**	7,560,700
In the second year	**–**	24,361
In the third to fifth years, inclusive	**–**	80,443
Over five years	**–**	93,767
	8,191,080	7,759,271
Other borrowings repayable:		
Within one year or on demand	**5,228,464**	4,575,381
2022 Senior Notes repayable:		
Within one year or on demand	**1,834,542**	1,603,888
Lease liabilities repayable:		
Within one year or on demand	**1,628**	5,876
In the second year	**1,737**	–
In the third to fifth years, inclusive	**1,067**	–
	4,432	5,876
	15,258,518	13,944,416

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes:

(a) Certain of the Group's bank and other borrowings are secured or guaranteed by:

(i) pledges over the Group's property and equipment with carrying amount at the end of the reporting period of approximately HK$193,340,000 (2024: HK$207,224,000) (note 13);

(ii) pledges over the Group's investment properties with an aggregate carrying amount at the end of the reporting period of approximately HK$2,093,709,000 (2024: HK$2,175,884,000) (note 14);

(iii) pledges over the Group's properties under development with an aggregate carrying amount at the end of the reporting period of approximately HK$3,257,752,000 (2024: HK$2,742,163,000) (note 19);

(iv) pledges over the Group's completed properties held for sale with an aggregate carrying amount at the end of the reporting period of approximately HK$3,143,635,000 (2024: HK$2,941,473,000) (note 20);

(v) pledges over the equity interests of certain subsidiaries of the Company for borrowings of the Group amounting to HK$8,510,681,000 (2024: HK$7,957,013,000) as at the end of the reporting period;

(vi) corporate guarantees executed and security provided by the Company's ultimate holding company for the senior notes of the Group amounting to HK$1,834,542,000 (2024: HK$1,603,888,000) as at the end of the reporting period;

(vii) corporate guarantees executed by the Company for borrowings of the Group amounting to HK$9,106,398,000 (2024: HK$8,156,751,000) as at the end of the reporting period;

(viii) personal guarantee executed by certain Directors for borrowings of the Group amounting to HK$10,179,028,000 (2024: HK$9,331,197,000) as at the end of the reporting period; and

(ix) pledge of assets and guarantees provided by GD Zhuguang Group (as defined in note 37) for borrowings of the Group amounting to HK$11,775,342,000 (2024: HK$10,803,199,000) as at the end of the reporting period.

27. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Notes: *(continued)*

(b) On 22 September 2022, the Company issued 3-year secured guaranteed senior notes the ("2022 Senior Notes") with an aggregate principal amount of US$210,000,000, the net proceeds of which were primarily used to repay the outstanding senior notes issued in 2019. In accordance with the terms and conditions of the 2022 Senior Notes, the Company, at its option, may redeem all or a portion of the 2022 Senior Notes at any time after 12 months from the issue date and from time to time prior to the maturity date at the redemption price plus accrued and unpaid interest up to the redemption date. Further, the Company shall, on the date falling 12 months after the issue date, redeem 10% of the aggregate principal amount (the "First Mandatory Redemption Aggregate Principal Amount"), and shall, on the date falling 24 months after the issue date, redeem 20% of the aggregate principal amount (the "Second Mandatory Redemption Aggregate Principal Amount"). The remaining outstanding principal amount of the 2022 Senior Notes shall originally be due on 21 September 2025. Pursuant to an amendment deed entered into by the Group in March 2024, the repayment of the remaining balance of the First Mandatory Redemption Aggregate Principal Amount of US$18,900,000 was extended to 21 September 2025. The 2022 Senior Notes are denominated in US$ with an interest rate at 12% per annum.

On 25 October 2024, (i) the Company, (ii) the noteholders and (iii) the obligors (other than the Company) entered into the third amendment deed (the "Third Amendment Deed"), pursuant to which the interest rate of the 2022 Senior Notes was adjusted to 6.5% per annum for the periods (i) from 22 June 2024 to 21 September 2024, and (ii) from 22 September 2024 to the maturity date. Pursuant to the Third Amendment Deed, the repayment of the Second Mandatory Redemption Aggregate Principal Amount of US$42,000,000 was extended to 21 September 2025. Further details of the Third Amendment Deed are set out in the announcement of the Company dated 12 November 2024.

As at 31 December 2025, US$207,900,000 (2024: US$207,900,000) of the 2022 Senior Notes remained outstanding.

Rong De has provided pledge of assets and guarantees for the 2022 Senior Notes of HK$1,834,542,000 (2024: HK$1,603,888,000) at 31 December 2025.

(c) As detailed in note 2.1 to the financial statements, the Group's outstanding interest-bearing bank and other borrowings as at 31 December 2025 included borrowings of HK$15,254,000,000 which have not been repaid according to the scheduled repayment dates.

(d) The Group's bank and other borrowings with carrying amounts of HK$4,432,000 (2024: HK$5,876,000), HK$13,419,544,000 (2024: HK$12,334,652,000) and HK$1,834,542,000 (2024: HK$1,603,888,000) are denominated in HK$, RMB and US$, respectively.

(e) The Group's bank and other borrowings with carrying amounts of HK$6,834,431,000 (2024: HK$7,146,618,000) and HK$8,424,087,000 (2024: HK$6,797,798,000) are carried at floating interest rates and fixed interest rates, respectively.

(f) As at 31 December 2025, the Group's bank and other borrowings with carrying amounts of approximately HK$4,234,178,000 had original contractual repayment dates beyond 31 December 2026 which have been reclassified as current liabilities due to default in payment in certain bank and other borrowings.

28. INCOME TAX PAYABLES

	2025 HK$'000	2024 HK$'000
PRC CIT payable	**2,572,814**	2,398,251
PRC LAT payable	**1,242,627**	1,192,767
	3,815,441	3,591,018

29. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

	2025 HK$'000	2024 HK$'000
Deferred tax assets recognised in the consolidated statement of financial position	**–**	–
Deferred tax liabilities recognised in the consolidated statement of financial position	**(1,620,922)**	(1,724,106)
	(1,620,922)	(1,724,106)

The movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax assets

	Impairment of receivables and deposits HK$'000
At 1 January 2024	11,177
Charged to profit or loss during the year (note 10)	(11,177)
At 31 December 2024, 1 January 2025 and 31 December 2025	–

29. DEFERRED TAX *(continued)*

Deferred tax liabilities

	Fair value adjustments of financial assets at fair value through profit or loss HK$'000	Temporary difference on revaluation gains of investment properties HK$'000	Fair value adjustments on business combinations HK$'000	Undistributed profits of PRC subsidiaries HK$'000	Temporary difference on LAT HK$'000	Total HK$'000
At 1 January 2024	273,040	407,937	1,297,584	79,428	779	2,058,768
Credited to profit or loss during the year (note 10)	–	(261,743)	(24,608)	–	–	(286,351)
Exchange realignment	(5,842)	(5,784)	(36,122)	(546)	(17)	(48,311)
At 31 December 2024 and 1 January 2025	**267,198**	**140,410**	**1,236,854**	**78,882**	**762**	**1,724,106**
Credited to profit or loss during the year (note 10)	**–**	**(138,495)**	**(66,424)**	**–**	**–**	**(204,919)**
Exchange realignment	**6,750**	**1,708**	**92,627**	**631**	**19**	**101,735**
At 31 December 2025	**273,948**	**3,623**	**1,263,057**	**79,513**	**781**	**1,620,922**

The Group had unutilised tax losses of approximately HK$7,245,036,000 as at 31 December 2025 (2024: HK$6,259,556,000) for offsetting against future taxable profits of the tax entity in which the losses arose. Deferred tax assets have not been recognised for these tax losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Pursuant to the PRC CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement became effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2025, deferred tax liability amounted to HK$79,513,000 (2024: HK$78,882,000) has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, other than the above-mentioned, it is not probable that other subsidiaries will distribute such earnings in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. SHARE CAPITAL

	2025	2024
	HK$'000	HK$'000
Authorised:		
10,000,000,000 ordinary shares of HK$0.1 each	**1,000,000**	1,000,000
Issued and fully paid:		
8,850,632,753 (2024: 8,850,632,753) ordinary shares of HK$0.1 each	**885,064**	885,064

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	**Share capital**
		HK$'000
At 1 January 2024	7,225,632,753	722,564
Shares issued	1,625,000,000	162,500
At 31 December 2024, 1 January 2025 and 31 December 2025	**8,850,632,753**	**885,064**

In October 2024, the Company allotted and issued 1,625,000,000 shares to Rong De at the subscription price of HK$0.2 per share for a total consideration of HK$325,000,000 (the "Subscription Price"). Pursuant to the related subscription agreement, the Subscription Price was settled by way of set-off of the loan principal due to Rong De, and the related outstanding interest accrued on the loan amounted to HK$113,722,000 was waived by Rong De and discharged in full. The accrued interest waived of HK$113,722,000 had been credited to the capital reserve account of the Company.

31. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

(i) Share premium

The share premium represents the excess of the proceeds received over the nominal value of the Company's shares issued.

(ii) Merger reserve

The merger reserve was set up upon the share swap for the Company to acquire its subsidiaries.

(iii) Contributed surplus

The contributed surplus was credited from the share premium cancellation in prior years. The application of the contributed surplus is governed by the Companies Act of Bermuda.

(iv) Statutory reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in the PRC, and were approved by the respective boards of directors.

(v) Capital reserve

Gain or loss arising from the acquisition of non-controlling interests and from disposal of partial interests of the Group's subsidiaries without loss of control was recognised as capital reserve. The deemed contribution from the parent of the Company was credited to the capital reserve.

32. PERPETUAL CAPITAL SECURITIES

(i) On 29 October 2018, the Company issued perpetual capital securities with a principal amount of HK$800,000,000 to Rong De, the ultimate holding company of the Company.

The securities confer the holders a right to receive distributions at the applicable distribution rate of 6% per annum from and including 29 October 2018, payable semi-annually on 20 June and 20 December of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the Company, in whole or in part.

(ii) On 30 November 2021, the Company issued perpetual capital securities with a principal amount of HK$250,000,000 to Rong De, the ultimate holding company of the Company.

The securities confer the holders a right to receive distributions at the applicable distribution rate of 8% per annum from and including 30 November 2021, payable semi-annually on 20 June and 20 December of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. The securities may be redeemed at the option of the Company, in whole or in part.

In the opinion of the Directors, the Company is able to control the delivery of cash or other financial assets to the holders of the perpetual capital securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the perpetual capital securities are classified as equity instruments of the Company.

33. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

	Bank and other borrowings HK$'000	Amount due to a joint venture included in trade and other payables HK$'000	Amount due to ultimate holding company included in trade and other payables HK$'000	Amounts due to related parties included in trade and other payables HK$'000
At 1 January 2024	13,848,797	5,517	577,142	499,264
Finance cost	1,179,233	–	32,461	–
Gain on modification of contracts of bank and other borrowings	(325,827)	–	–	–
Changes from financing cash flows	(475,910)	–	(27,127)	(391,572)
Non-cash transaction (note 30)	–	–	(438,722)	–
Foreign exchange movement	(281,877)	(118)	–	(4,814)
At 31 December 2024 and 1 January 2025	**13,944,416**	**5,399**	**143,754**	**102,878**
Finance cost	**1,116,668**	**–**	**–**	**–**
New leases	**4,823**	**–**	**–**	**–**
Early termination of leases	**(2,202)**	**–**	**–**	**–**
Gain on modification of contracts of bank and other borrowings	**(177,686)**	**–**	**–**	**–**
Changes from financing cash flows	**48,496**	**–**	**5,889**	**209,119**
Foreign exchange movement	**324,003**	**137**	**–**	**5,376**
At 31 December 2025	**15,258,518**	**5,536**	**149,643**	**317,373**

(b) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 HK$'000	2024 HK$'000
Within operating activities	**5,761**	11,722
Within financing activities	**4,405**	6,750
	10,166	18,472

34. FINANCIAL GUARANTEES

The Group provided had the following financial guarantees as at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
Guarantees in respect of the mortgage facilities provided to certain purchasers of the Group's properties	**924,454**	1,249,798

Note:

The Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principal together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principal together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees at initial recognition and the expected credit loss allowance are not significant as the Directors consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.

35. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank and other borrowings are included in note 27 to the financial statements.

36. COMMITMENTS

The Group had the following capital commitments as at the end of the reporting period:

	2025 HK$'000	2024 HK$'000
Contracted, but not provided for:		
Properties under development	**381,425**	449,411

37. RELATED PARTY TRANSACTIONS

(a) Names and relationships with related parties

Names	Relationships
Rong De	Ultimate holding company of the Company
Mr. Chu Hing Tsung (alias Mr. Zhu Qing Yi)	Major shareholder of Rong De, the chairman of the Company's board of directors (the "Board"), the Company's executive director, and a member of key management personnel of the Company
Mr. Liao Tengjia	Major shareholder of Rong De, deputy chairman of the Board, the Company's executive director and a member of key management personnel of the Company
Mr. Huang Jiajue	Deputy chairman of the Board, the Company's executive director, and a member of key management personnel of the Company
Beijing Zhuguang Property Development Company Limited ("BJ Zhuguang Property")	Mr. Liao Tengjia is considered to have significant influence in this company
Beijing Quan Ying Property Development Company Limited ("BJ Quan Ying")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangdong Fengshun Luhu Hot Spring Resort Co., Ltd. ("GD Fengshun Luhu")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangdong Zhuguang Group Company Limited ("GD Zhuguang Group")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Conghua Zhuguang Investment Company Limited ("GZ Conghua Zhuguang Investment")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Dongzhi Real Estate Development Co., Ltd. ("GZ Dongzhi")	Non-controlling shareholder in Guangzhou Hongyue Investment Co., Ltd, a subsidiary of the Company
Guangzhou Gaopai Real Estate Investment Co., Ltd ("Gaopai Real Estate")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Shiqi Property Development., Ltd ("Shi Qi")	Joint venture of the Group
Guangzhou Yifa Industrial Development Co., Ltd ("Yifa Industrial")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Yingfu Investment Co., Ltd. ("GZ Ying Fu Investment")	Non-controlling shareholder in Zhongshan Zhuguang Property Company Limited
Guangzhou Zhuguang Investment Company Limited ("GZ Zhuguang Investment")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Zhuguang Property Development Company Limited ("GZ Zhuguang Property")	Mr. Liao Tengjia is considered to have significant influence in this company
Guangzhou Zhuguang Property Management Company Limited ("GZ Zhuguang Property Management")	Controlled by a close family member of Mr. Chu Hing Tsung
Xianghe Zhauang Real Estate Company Limited ("XH Zhuguang Real Estate")	Mr. Liao Tengjia is considered to have significant influence in this company

37. RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

In addition to the transactions detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	Notes	**2025 HK$'000**	2024 HK$'000
Finance component of income receivable from GD Zhuguang Group and its subsidiaries	(i)	**1,026,876**	1,030,316
Service income receivable from GD Zhuguang Group and its subsidiaries	(ii)	**–**	4,834
Property management service fees payable to GZ Zhuguang Property Management	(ii), (iii)	**17,601**	21,106
Rental expenses payable to GZ Zhuguang Investment	(ii)	**–**	5,151

Notes:

(i) The finance component of income was derived from the receivables related to urban redevelopment projects in accordance with the terms of the underlying agreements.

(ii) The above transactions were conducted in accordance with the terms of the underlying agreements.

(iii) The relevant related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(iv) GD Zhuguang Group has provided pledges of its assets and guarantees for the Group's bank and other borrowings of HK$11,775,342,000 (2024: HK$10,803,199,000) as at 31 December 2025 whereas the Group has provided certain pledges of its assets and corporate guarantees for certain loans of GD Zhuguang Group and certain of its subsidiaries for which a financial guarantee contract liability of HK$5,037,000 (2024: $9,705,000) has been recognised by the Group at the end of the reporting period.

The financial guarantee contract liability is measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor.

(v) Rong De has provided pledges of its assets and guarantees for the Group's senior notes of HK$1,834,542,000 (2024: HK$1,603,888,000) at 31 December 2025 (note 27(a)(ix)).

(vi) During the years ended 31 December 2025 and 2024, the Group's principal place of business in the PRC was provided by GD Zhuguang Group for which no charge was made.

37. RELATED PARTY TRANSACTIONS *(continued)*

(c) Compensation of key management personnel of the Group

In the opinion of the Directors, the Directors and the chief executive officer of the Company represent the key management personnel of the Group and details of the compensation of the key management personnel are set out in note 8 to the financial statements.

(d) Outstanding balances with related parties:

As at 31 December 2025 and 2024, the Group had the following material balances with related parties:

	Notes	**2025** **HK$'000**	2024 HK$'000
Amounts due from related parties relating to receivables for urban redevelopment projects included in trade receivables			
– GD Zhuguang Group		**2,852,676**	2,782,387
– GZ Zhuguang Property		**9,326,864**	8,346,719
– GZ Conghua Zhuguang Investment		**1,211,324**	1,181,477
– GZ Zhuguang Investment		**3,778,404**	3,359,870
	21, (iv)	**17,169,268**	15,670,453
Amounts due from related parties included in prepayments, other receivables and other assets			
– GZ Zhuguang Property Management		**1,056**	1,031
– BJ Zhuguang Property		**997,417**	972,840
– Yifa Industrial		**8,288**	8,890
– GD Zhuguang Group		**5,787**	5,499
	22, (i), (iv)	**1,012,548**	988,260
Amounts due to related parties included in trade and bills payables			
– GD Zhuguang Group	26(a)	**13,590**	12,352
– GZ Zhuguang Property Management	26(a)	**89,435**	77,304
		103,025	89,656

37. RELATED PARTY TRANSACTIONS *(continued)*

(d) Outstanding balances with related parties: *(continued)*

	Notes	2025 HK$'000	2024 HK$'000
Amount due to a joint venture included in trade and other payables			
– Shi Qi	26, (ii)	**5,536**	5,399
Amounts due to related parties included in trade and other payables			
– GD Zhuguang Group		**249,511**	45,740
– GZ Zhuguang Property Management		**67,862**	57,138
	26, (ii)	**317,373**	102,878
Amounts due to non-controlling shareholders included in trade and other payables			
– GZ Ying Fu Investment		**39,857**	38,875
– GZ Dongzhi		**10,665**	10,943
	26(b), (ii)	**50,522**	49,818
Amounts due to ultimate holding company (Rong De) included in trade and other payables	26, (iii)	**149,643**	143,754
Perpetual capital securities held by ultimate holding company	32	**1,323,753**	1,255,753

Notes:

(i) Amounts due from related parties included in prepayments, other receivables and other assets were derived from the provision of management services, which would be settled in accordance with mutually agreed terms.

(ii) Amounts due to related parties, a joint venture and non-controlling shareholders included in trade and other payables are unsecured, interest-free and repayable on demand.

(iii) As at 31 December 2025, amounts due to ultimate holding company included in other payables are unsecured, interest-free and repayable after one year.

37. RELATED PARTY TRANSACTIONS *(continued)*

(d) Outstanding balances with related parties: *(continued)*

Notes: (continued)

(iv) During the year ended 31 December 2025, the Group recognised expected credit losses of HK$4,746,550,000 (2024: HK$1,578,473,000) for the amounts due from related parties.

38. FINANCIAL INSTRUMENTS BY CATEGORY

Other than unlisted PRC investment funds being classified as financial assets at fair value through profit or loss as disclosed in note 23 to the financial statements, all financial assets and financial liabilities of the Group as at 31 December 2025 and 2024 were financial assets at amortised cost and financial liabilities at amortised cost, respectively.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments as at 31 December 2025 and 2024 approximated to their fair values.

Management has assessed that the fair values of trade receivables, deposits and other receivables, restricted cash, cash and cash equivalents, trade and other payables and the bank and other borrowings (2024: current portion of bank and other borrowings) approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The carrying amounts of the amounts due to ultimate holding company (2024: non-current portion of bank and other borrowings and amounts due to ultimate holding company) approximate to their fair values. The fair values of the non-current portion of bank and other borrowings and amounts due to ultimate holding company have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes of fair value as a result of the Group's own non-performance risk for bank and other borrowings as at 31 December 2025 and 2024 were assessed to be insignificant.

The Group has estimated the fair value of unlisted PRC investment funds by using a discounted cash flow valuation model based on the market interest rate of instruments with similar terms and risks.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	**Significant observable inputs (Level 2) HK$'000**	**Significant unobservable inputs (Level 3) HK$'000**	**Total HK$'000**
Financial assets				
Financial assets at fair value through profit or loss	**–**	**–**	**26,428**	**26,428**

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Financial assets				
Financial assets at fair value through profit or loss	–	–	25,776	25,776

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

The movements in fair value measurements of financial assets within Level 3 are as follows:

	2025 **HK$'000**	2024 HK$'000
Financial assets at fair value through profit or loss:		
At 1 January	**25,776**	26,340
Exchange realignment	**652**	(564)
At 31 December	**26,428**	25,776

The details of the valuation technique and the inputs used in the fair value measurement of financial assets at fair value through profit or loss have been disclosed in note 23 to the financial statements.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2024: Nil).

The Group's principal financial instruments comprise bank and other borrowings and amounts due from/to related parties. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are market risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Directors review and agree policies for managing each of these risks and they are summarised below.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Market risk

The Group's assets are predominantly in the form of investment properties, properties under development and completed properties held for sale in the PRC. In the event of a severe downturn in the property market in the PRC, these assets may not be readily realised.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than term deposits held at banks and receivables from urban redevelopment projects, the Group does not have significant interest-bearing assets. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other borrowings with floating interest rates.

The following table demonstrates the sensitivity at the end of the reporting period to reasonably possible change in interest rates, with all other variables held constant, of the Group's loss before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	**(Increase)/ decrease in loss before tax**
		HK$'000
2025		
RMB	**0.5%**	**(34,172)**
RMB	**(0.5%)**	**34,172**
2024		
RMB	0.5%	(35,733)
RMB	(0.5%)	35,733

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES
(continued)

Foreign currency risk

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign currency through debt or equity financing, including by means of borrowings or capital contributions from the shareholders.

All of the Group's revenue-generating operations are transacted in RMB. The majority of the Group's assets and liabilities are denominated in RMB except for the Company and certain investment holding companies within the Group operating in Hong Kong, in which bank and other borrowings were denominated either in HK$ or US$.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the HK$ exchange rate against RMB and US$, with all other variables held constant, of the Group's loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate	Decrease/ (increase) in loss before tax HK$'000
2025		
If HK$ weakens against RMB	**5%**	**(29)**
If HK$ strengthens against RMB	**(5%)**	**29**
If HK$ weakens against US$	**5%**	**(91,718)**
If HK$ strengthens against US$	**(5%)**	**91,718**
2024		
If HK$ weakens against RMB	5%	(90)
If HK$ strengthens against RMB	(5%)	90
If HK$ weakens against US$	5%	(80,185)
If HK$ strengthens against US$	(5%)	80,185

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 34.

At the end of the reporting period, the Group had certain concentrations of credit risk as 95% (2024: 95%) and 99% (2024: 99%) of the Group's trade receivable were due from the Group's largest customer and five largest customers, respectively.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables	18,336	22,126	206,619	–	247,081
Receivables for urban redevelopment projects included in trade receivables					
– Doubtful*	–	9,326,864	8,439,113	–	17,765,977
Financial assets included in prepayments, other receivables and other assets					
– Normal*	190,536	–	–	–	190,536
– Doubtful*	–	–	997,417	–	997,417
Restricted cash					
– Not yet past due	9,123	–	–	–	9,123
Cash and cash equivalents					
– Not yet past due	3,458	–	–	–	3,458
Financial guarantees issued					
– Not yet past due	1,339,366	–	–	–	1,339,366
	1,560,819	9,348,990	9,643,149	–	20,552,958

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk *(continued)*

Maximum exposure and year-end staging (continued)

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Simplified approach HK$'000	Total HK$'000
Trade receivables	263,951	–	–	1,323	265,274
Receivables for urban redevelopment projects included in trade receivables					
– Doubtful*	–	16,252,459	–	–	16,252,459
Financial assets included in prepayments, other receivables and other assets					
– Normal*	347,263	–	–	–	347,263
– Doubtful*	–	1,351,544	–	–	1,351,544
Restricted cash					
– Not yet past due	9,832	–	–	–	9,832
Cash and cash equivalents					
– Not yet past due	7,171	–	–	–	7,171
Financial guarantees issued					
– Not yet past due	1,654,487	–	–	–	1,654,487
	2,282,704	17,604,003	–	1,323	19,888,030

* The credit quality of receivables for urban redevelopment projects and financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk *(continued)*

Movements in the allowances for impairment that has been recognised for account receivables

	12-month ECLs	Lifetime ECLs	Lifetime ECLs	
	Stage 1 HK$'000	Stage 2 HK$'000	Stage 3 HK$'000	Total HK$'000
At 1 January 2024	607,243	187,468	–	794,711
Transfer to lifetime ECL not credit-impaired	(558,401)	558,401	–	–
Charged to profit or loss	546	2,036,940	–	2,037,486
Exchange realignment	(73)	(47,508)	–	(47,581)
At 31 December 2024 and 1 January 2025	49,315	2,735,301	–	2,784,616
Transfer to lifetime ECL not credit-impaired	**(49,315)**	**49,315**	**–**	**–**
Transfer to lifetime ECL credit-impaired	**–**	**(964,185)**	**964,185**	**–**
Charged to profit or loss	**167**	**146,863**	**4,206,202**	**4,353,232**
Exchange realignment	**2**	**16,133**	**43,478**	**59,613**
At 31 December 2025	**169**	**1,983,427**	**5,213,865**	**7,197,461**

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from the pre-sale of properties, committed credit facilities, and short-term and long-term borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining an adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing. 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 to the changing local real estate market environment, changing plan on urban redevelopment project investments, implementing cost control measures, promotion of sales of completed properties, and accelerating sales with more flexible pricing. The Group will pursue such strategies based on its assessment of relevant future costs and benefits.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Within one year or on demand HK$'000	In the second year HK$'000	In the third to fifth years, inclusive HK$'000	Over five years HK$'000	Total HK$'000
2025					
Interest-bearing bank and other borrowings (excluding lease liabilities)	**15,254,086**	**–**	**–**	**–**	**15,254,086**
Lease liabilities	**1,868**	**1,868**	**1,090**	**–**	**4,826**
Trade and other payables	**7,026,207**	**149,643**	**–**	**–**	**7,175,850**
	22,282,161	**151,511**	**1,090**	**–**	**22,434,762**
Financial guarantees issued: Maximum amount guaranteed	**1,339,366**	**–**	**–**	**–**	**1,339,366**
2024					
Interest-bearing bank and other borrowings (excluding lease liabilities)	13,752,145	36,493	106,779	103,656	13,999,073
Lease liabilities	6,188	–	–	–	6,188
Trade and other payables	6,383,891	143,754	–	–	6,527,645
	20,142,224	180,247	106,779	103,656	20,532,906
Financial guarantees issued: Maximum amount guaranteed	1,654,487	–	–	–	1,654,487

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Liquidity risk *(continued)*

As at the reporting date, certain borrowings due in 2025 are default and therefore will be immediately repayable if requested by the lenders have been classified as current liabilities, and management continues to actively monitor and manage the Group's liquidity position through cash flow forecasting and ongoing discussions with the noteholders.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a gearing ratio, which is net debt divided by the total capital. Net debt includes total bank and other borrowings less cash and cash equivalents, restricted cash and term deposits with initial terms of over three months. Total capital comprises total equity plus net debt. The Group aims to maintain a healthy and stable gearing ratio.

The gearing ratios as at the end of the reporting periods were as follows:

	2025 **HK$'000**	2024 HK$'000
Interest-bearing bank and other borrowings	**15,258,518**	13,944,416
Less: Cash and cash equivalents	**(3,458)**	(7,171)
Restricted cash	**(9,123)**	(9,832)
Net debt	**15,245,937**	13,927,413
Total equity	**(2,936,740)**	3,259,470
Total capital	**12,309,197**	17,186,883
Gearing ratio	**124%**	81%

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 HK$'000	2024 HK$'000
NON-CURRENT ASSETS		
Property and equipment	–	5,579
Investments in subsidiaries	–	580,897
Total non-current assets	–	586,476
CURRENT ASSETS		
Amounts due from subsidiaries	6,741,298	14,695,536
Deposits and other receivables	2,551	4,519
Cash and cash equivalents	659	664
Total current assets	6,744,508	14,700,719
CURRENT LIABILITIES		
Amounts due to subsidiaries	10,535,838	10,272,632
Other payables and accruals	52,578	57,907
Interest-bearing bank and other borrowings	1,834,541	1,609,763
Income tax payables	1,168	1,139
Total current liabilities	12,424,125	11,941,441
NET CURRENT (LIABILITIES)/ASSETS	(5,679,617)	2,759,278
TOTAL ASSETS LESS CURRENT LIABILITIES	(5,679,617)	3,345,754
NON-CURRENT LIABILITIES		
Other payables	97,202	91,311
Total non-current liabilities	97,202	91,311
Net (liabilities)/assets	(5,776,819)	3,254,443
EQUITY		
Share capital	885,064	885,064
Reserves (note)	(7,985,636)	1,113,626
	(7,100,572)	1,998,690
Perpetual capital securities	1,323,753	1,255,753
Total equity	(5,776,819)	3,254,443

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY *(continued)*

Note:

A summary of the Company's reserves is as follows:

	Share premium HK$'000	Contributed surplus HK$'000	Capital reserve HK$'000	Accumulated losses HK$'000	Total HK$'000
At 1 January 2024	5,626,160	717,209	–	(1,967,969)	4,375,400
Loss and total comprehensive loss for the year	162,500	–	–	(3,537,996)	(3,375,496)
Deemed contribution from the parent of the Company	–	–	113,722	–	113,722
At 31 December 2024 and 1 January 2025	**5,788,660**	**717,209**	**113,722**	**(5,505,965)**	**1,113,626**
Loss and total comprehensive loss for the year	**–**	**–**	**–**	**(9,099,262)**	**(9,099,262)**
At 31 December 2025	**5,788,660**	**717,209**	**113,722**	**(14,605,227)**	**(7,985,636)**

As at 31 December 2025, the contributed surplus of the Company includes (i) approximately HK$477,805,000 that arose when the Company issued shares in exchange for the shares of companies being acquired, and represented the difference between the nominal value of the Company's shares issued and the value of the shares acquired; and (ii) approximately HK$239,404,000 which was credited from the share premium cancellation in the prior years. The application of the contributed surplus is governed by the Companies Act of Bermuda.

The capital reserve of the Company represents the deemed contribution from the parent of the Company.

42. EVENT AFTER REPORTING PERIOD

On 28 November 2025, the Group entered into an agreement with Rong De, the ultimate holding company of the Group, which is subject to approval at a special general meeting to be held by the Company, to dispose of the entire interests in an associate of the Group. The total consideration for the disposal was HK$81,587,000. Completion of the disposal took place on 31 March 2026. Further details of the disposal were disclosed in the relevant announcements dated 28 November 2025 and 15 January 2026 and the circular of the Company dated 19 December 2025 published by the Company respectively.

43. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors of the Company on 15 May 2026.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is as follows:

	Year ended 31 December				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Restated)		
RESULTS					
Revenue	**1,390,711**	1,585,711	2,303,576	2,838,843	2,985,021
Gross profit	**1,198,856**	1,208,718	1,527,422	1,966,695	2,262,611
(Loss)/profit before tax	**(6,274,802)**	(3,605,386)	(791,315)	(952,129)	445,860
Income tax credit/(expense)	**54,880**	137,951	(88,855)	(69,630)	(336,244)
(Loss)/profit for the year	**(6,219,922)**	(3,467,435)	(880,170)	(1,021,759)	109,616
Attributable to:					
Owners of the parent	**(6,187,439)**	(3,412,327)	(815,010)	(997,194)	71,018
Non-controlling interests	**(32,483)**	(55,108)	(65,160)	(24,565)	38,598
	(6,219,922)	(3,467,435)	(880,170)	(1,021,759)	109,616

	As at 31 December				
	2025	2024	2023	2022	2021
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
			(Restated)		
ASSETS AND LIABILITIES					
Total assets	**29,347,215**	32,781,140	35,708,100	37,119,082	42,897,797
Total liabilities	**(32,283,955)**	(29,521,670)	(29,343,689)	(29,767,564)	(33,821,494)
Net (liabilities)/assets	**(2,936,740)**	3,259,470	6,364,411	7,351,518	9,076,303
Total equity	**(2,936,740)**	3,259,470	6,364,411	7,351,518	9,076,303

Investment properties		Attributable beneficial interest to the Group	Total Saleable GFA m^2	Existing use	Lease term
1.	Levels 31–33, 35–39, 40–43 and 45 Royal Mediterranean Hotel No. 518 Tianhe Road Tianhe District Guangzhou Guangdong Province The PRC	100%	18,184	H	Medium lease
2.	Various floors Zhukong International Lot A2-1 Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	60,891	C/O	Medium lease
3.	Various units Central Park Lot H3-3 Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	50	C/O	Medium lease
4.	Various floors Hua Cheng Yujing Garden No. 770 Hua Cheng Da Dao Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	12,820	C/O	Medium lease

PARTICULARS OF PROPERTIES

Investment properties		Attributable beneficial interest to the Group	Total Saleable GFA m^2	Existing use	Lease term
5.	G235 Yangguang Section Fengshun New Area Fengshun County Meizhou City Guangdong Province The PRC	100%	9,482	C/H	Medium lease
6.	Various retail units Tianhu Yujing Shui Di Village Jiulibu District Wenquan Town Conghua Guangzhou Guangdong Province The PRC	100%	2,001	C	Medium lease
7.	Meizhou Yujing Hotel Chaotang Village Chengdong Town Meixian District Meizhou City Guangdong Province The PRC	100%	7,389	H	Medium lease

Property held as property and equipment		Attributable beneficial interest to the Group	Total Saleable GFA m^2	Existing use	Lease term
8.	Guangzhou Vlamhoo Hotel No. 383 Cong Cheng Da Dao Conghua Guangzhou Guangdong Province The PRC	100%	42,331	H	Medium lease

Property development projects		Attributable beneficial interest to the Group	Site area m²	Total GFA m²	Total Saleable GFA m²	Completed and sold properties m²	Completed properties held for sale m²	Under development m²	Completed properties held as investment properties/ property and equipment m²	Existing use	Estimated/ actual date of completion
9.	Zhukong International Lot A2-1, Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	10,449	133,297	109,824	45,588	3,345	–	60,891	C/CP/O	2015
10.	Pearl Yunling Lake Provincial Highway S355 line Jiekou Street Conghua Guangzhou Guangdong Province The PRC	100%	200,083	126,657	110,417	44,053	24,033	–	42,331	R/H/V	2017–2021
11.	Yujing Scenic Garden Provincial Highway G105 line Jiulibu District Jiangpu Town Conghua Guangzhou Guangdong Province The PRC	100%	294,684	892,070	760,206	669,071	91,135	–	–	R/C/CP/S	2014–2020
12.	Tianhu Yujing Shui Di Village Jiulibu District Wenquan Town Conghua Guangzhou Guangdong Province The PRC	100%	55,031	241,556	186,894	140,111	44,782	–	2,001	R/C/CP	2016
13.	Central Park Lot H3-3 Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	3,430	36,489	28,706	25,693	2,963	–	50	S/C/CP	2015
14.	Pearl Yijing No.168 Xin Kai Street West Section Xianghe County Langfang City Hebei Province The PRC	100%	45,310	192,441	164,603	154,361	10,242	–	–	R/C/CP	2017–2020
15.	Xincheng Yujing Zhong Su Shang Wei Sunshine Village Tang Nan Town Fengshun County Meizhou City Guangdong Province The PRC	100%	280,836	355,352	310,716	262,683	38,551	–	9,482	R/V/C/CP	2018–2023

PARTICULARS OF PROPERTIES

Property development projects		Attributable beneficial interest to the Group	Site area m²	Total GFA m²	Total Saleable GFA m²	Completed and sold properties m²	Completed properties held for sale m²	Under development m²	Completed properties held as investment properties/ property and equipment m²	Existing use	Estimated/ actual date of completion
16.	Nansha Scenic Jinzhou Main Street Nansha District Guangzhou The PRC	100%	28,319	103,266	92,544	92,532	12	–	–	R/C/CP	2012–2013
17.	Project Tian Ying Jiang Pu Street Conghua Guangzhou The PRC	100%	22,742	74,502	59,679	52,843	6,836	–	–	R/C/CP	2019
18.	Hua Cheng Yujing Garden No. 770 Hua Cheng Da Dao Zhujiang New Town Tianhe District Guangzhou Guangdong Province The PRC	100%	60,237	144,123	108,675	87,695	6,510	–	14,470	R/C/CP/O	2017–2019
19.	Meizhou Chaotang Project Chaotang Village Chengdong Town Meixian District Meizhou City The PRC	100%	46,793	55,248	34,202	–	–	26,813	7,389	H/V	2021–2026
20.	Yujing Yayuan Guoji Fuyong Nanqu Zhongshan City The PRC	50%	15,745	50,471	38,005	35,927	2,078	–	–	R/C/CP	2020
21.	Zhuguang Financial Town One Huangpu Road East Tianhe District Guangzhou Guangdong Province The PRC	100%	63,637	516,401	391,881	15,253	97,772	278,856	–	R/C/O/CP	2022–2028

R-Residential C-Commercial CP-Car Park H-Hotel O-Office V-Villa S-Service Apartment