

Building with the Times



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DIRECTORY

DIRECTORS

Executive Directors

Mr. Lu Wing Chi, Jesse (*Chairman*)

Mr. Lambert Lu (*Chief Executive*)

Mr. Yap Shee Liam (*Chief Financial Officer*)

Independent Non-executive Directors

Mr. Walujo Santoso, Wally

Mr. Chan Kwok Wai

Mr. Lo Wai Tung Welman

Ms. Patricia Chan

AUDIT COMMITTEE

Mr. Chan Kwok Wai (*Chairman*)

Mr. Walujo Santoso, Wally

Mr. Lo Wai Tung Welman

NOMINATION COMMITTEE

Mr. Lu Wing Chi, Jesse (*Chairman*)

Mr. Walujo Santoso, Wally

Mr. Lo Wai Tung Welman

Ms. Patricia Chan

REMUNERATION COMMITTEE

Mr. Lo Wai Tung Welman (*Chairman*)

Mr. Lu Wing Chi, Jesse

Mr. Lambert Lu

Mr. Walujo Santoso, Wally

Ms. Patricia Chan

AUTHORISED REPRESENTATIVES

Mr. Lambert Lu

Ms. Chow Siu Yin, Dora

COMPANY SECRETARY

Ms. Chow Siu Yin, Dora

LEGAL ADVISERS

Johnson Stokes & Master

Clifford Chance

Conyers Dill & Pearman

INDEPENDENT AUDITOR

Deloitte Touche Tohmatsu

Registered Public Interest Entity Auditors

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking
Corporation Limited

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

REGISTERED OFFICE

Clarendon House

2 Church Street

Hamilton HM11

Bermuda

PRINCIPAL PLACE OF BUSINESS

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108 Gloucester Road

Wanchai, Hong Kong

Tel: (852) 2828 6363

Fax: (852) 2598 6861

E-mail: info@seagroup.com.hk

BRANCH REGISTRAR IN HONG KONG

Tricor Investor Services Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Tel: (852) 2980 1333

Fax: (852) 2810 8185

LISTING

The shares of the Company are listed and traded on the Main Board of The Stock Exchange of Hong Kong Limited.

STOCK CODE AND BOARD LOT

251/2,000 shares

WEBSITE

www.seagroup.com.hk

HIGHLIGHTS

For the year ended 31 December 2025



THE CENDAS, Hong Kong (development managed by the Group)



Revenue

HK\$423.0 million
(2024: HK\$414.1 million)



Operating profit before fair value changes on investment properties

HK\$217.8 million
(2024: HK\$201.9 million)



Loss attributable to the Shareholders

HK\$186.7 million
(2024: HK\$136.7 million)



Net asset value ("NAV") and NAV per share of the Group attributable to the Shareholders as at 31 December 2025

HK\$7,815.0 million and HK\$13.0 respectively*



Proposed final dividend per share

HK3 cents

* After adjusting hotel property to fair market value

LOCATION OF THE GROUP'S PROPERTIES/PROJECTS

UNITED KINGDOM



CHINA

Hong Kong

UNITED KINGDOM London

- 20 Moorgate
- 33 Old Broad Street



CHINA Hong Kong

- 1 Shouson Hill Road East
- Crowne Plaza Hong Kong Causeway Bay
- Grand Victoria
- Jardine's Lookout
- Repulse Bay
- Winway Building



PROPERTY PORTFOLIO

At 31 December 2025

Particulars of Development Properties/Properties for Sale

Name	Location	Group's Interest (%)	Approximate Site Area (sq. ft.)	Approximate Gross Floor Area (sq. ft.)	Usage	Stage/Estimated Completion Year
HONG KONG						
Grand Victoria	6 Lai Ying Street and 8 Lai Ying Street, South West Kowloon, Hong Kong	14.5	208,262	987,812	Residential	Completed
Repulse Bay	Rural Building Lot No. 1203 at South Bay Road, Repulse Bay, Hong Kong	50	21,173	19,055	Residential	Site formation/2026

Particulars of Investment Properties/Hotel

Name	Location	Group's Interest (%)	Approximate Gross Floor Area (sq. ft.)	Usage	Lease Expiry
HONG KONG					
Crowne Plaza Hong Kong Causeway Bay	8 Leighton Road, Causeway Bay, Hong Kong	100	160,869	Hotel	6 November 2049
Winway Building	50 Wellington Street, Central, Hong Kong	58.83	60,000	Commercial	999 years commencing from 26 June 1843
Jardine's Lookout	No. 89–93 Tai Hang Road, Hong Kong (Inland Lot No. 7384)	100	22,000	Residential	125 years commencing from 25 April 1957
1 Shouson Hill Road East	1 Shouson Hill Road East, Deep Water Bay, Hong Kong	100	16,308	Residential	30 June 2047

Name	Location	Group's Interest (%)	Approximate Net Internal Area (sq. ft.)	Usage	Lease Expiry
UNITED KINGDOM					
33 Old Broad Street	33–41 Old Broad Street and 1–6 Union Court, London EC2	100	191,165	Office	Freehold
20 Moorgate	20 Moorgate, London, EC2R 6DA	100	154,854	Office	Long Lease

CHAIRMAN'S STATEMENT



During the year, the recovery of global market is still be affected by the geopolitical tensions and economic challenges. The major developed countries implemented monetary policies including interest rate cuts by their central banks. In China, GDP growth met the target through controlled stimulus measures, despite ongoing trade frictions and weak consumer sentiment. A number of ongoing unfavourable factors like the uncertainty on US tariffs, the war in Ukraine and in Middle-East, are weakening on the economic growth and broken the supply chains. Despite these difficulties, the Group's stable operation and strong financial position have played a key role in navigating through the year.

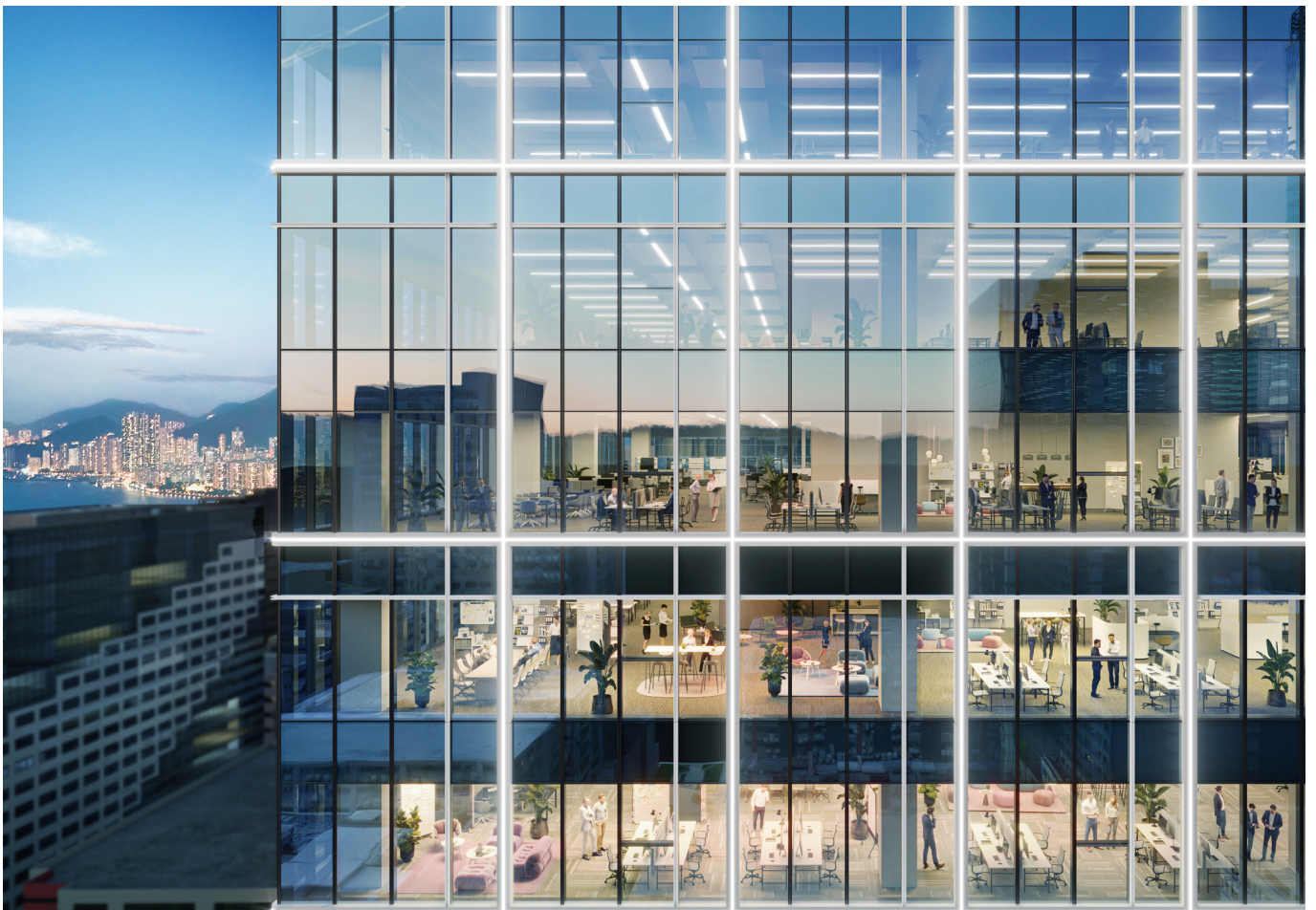
The hospitality industry worldwide shows sign of improvement in 2025, driven by accumulated demand for leisure and business travel. In Hong Kong, the sector benefited from the increase in business activities driven by revival in IPO momentum and government initiatives, including the set-up of new infrastructures in the Airport and Kai Tak Sport Park for hosting of large-scale events. However, challenges such as staffing shortages, rising operational costs, and a shift toward cost-conscious short-haul travel pressured the hotel room rates. Overall, the industry showed sustained momentum, with expectations for further growth in 2026 supported by enhanced connectivity with Mainland China and promotional campaigns.

The Group continues to prioritise property development and investment as its core business. In the Hong Kong property market, 2025 marked a stabilisation phase following the full withdrawal of cooling measures in late 2024, leading to increased transaction volumes and modest price appreciation. Commercial real estate generally faced headwinds from high vacancies and falling rents, but there was sights for stabilisation seen in the

improving leasing activities in central area. For residential segments, particularly luxury properties, we saw resilient demand from local and international buyers. In addition to the further capital and profit repatriation from the sales of properties in Grand Victoria, the Group's other development projects are making good progress in accordance with their development schedules.

The Group strives to maintain a balanced investment property portfolio emphasising high-quality assets to mitigate business risks and capitalise on varying business cycles. We continue to focus on reputable tenants to contribute a stable rental income to the Group, while prudent development strategies in luxury residential projects contributed to the Group's long-term value creation.

CHAIRMAN'S STATEMENT



THE CENDAS, Hong Kong (development managed by the Group)

The uncertain economic outlook brings both challenges and opportunities to the Group. We continuous to maintain prudent financial management approach and closely monitor the ever-changing markets, such as interest rate trends and the global geopolitical climate, as to adjust our investment strategy promptly and effectively. By staying alert and adaptive, we aim to take advantage of the evolving market conditions and make informed decisions that support with our long-term goals.

I am confident that the Group will continue to enhance and develop its portfolio of strategic business projects that are well positioned to become key revenue driver in the years ahead. I would also like to take the opportunity to thank our shareholders, partners and colleagues for their concerted effort and support, which is the important basis for the steady growth of our business. Their contributions are vital to the Group's success.

Lu Wing Chi, Jesse
Chairman

25 March 2026

CHIEF EXECUTIVE'S REPORT



FY2025 Highlights

Hong Kong's economy still faced significant challenges due to a complex landscape of heightened geopolitical tensions, trade conflicts, and high interest rates. Despite the ongoing economic and geopolitical uncertainties, the Group generated an operating profit of HK\$217.8 million, increased 8% from HK\$201.9 million in 2024. The Group reported a loss of HK\$186.7 million for the year of 2025 mainly due to the non-cash fair value losses on investment properties of HK\$104.1 million.

Property Development and Investment

The Hong Kong residential property market in 2025 marked a significant turnaround from the prolonged downturn seen in recent years. While the full removal of property cooling measures, eased loan-to-value ratios, interest rate cuts, wealth effects from the strong stock market helped to boost buyer confidence. The revival in IPO activities and development of family office centre also help to drive the demand for quality property market. Although we remain cautiously optimistic about the longer-term outlook for the sector, the high level of unsold inventory and slow reduction on interest still affect the market in the near term.

The commercial real estate sector continues to face challenges in 2025, with office rents declined modestly and vacancy rates remaining high, although leasing activity improved notably in core districts that driven by financial institutions. Persistently high borrowing costs continued to pressure borrowers' repayment ability and depressed asset valuations. These challenges undermined overall market stability, creating cautious investment sentiment and constrained transaction activity.

The Group has successfully built its development pipeline in Hong Kong over the years through the acquisition of redevelopment sites, participating in government tenders and bidding for projects. The Group also focuses on developing luxury residential projects. The two development projects at South Bay Road, Repulse Bay and Jardine's Lookout are progressing well according to their development schedules.

CHIEF EXECUTIVE'S REPORT

Hotel Operations and Management

Hong Kong's hotel sector in 2025 showed sign of recovery, with average occupancy rates strengthening to 87% (up from 85% in 2024). While there has been a further increase in the number of visitors up to 49.9 million in 2025, the growing preference for short-haul and cost-conscious travel has put pressure on room rates. Meanwhile, persistent staff shortages and rising operational costs continue to put pressure on hotel margins.

Besides the completion of major infrastructures such as Three-runway System at Hong Kong International Airport and Kai Tak Sports Park in East Kowloon, the Hong Kong government is also actively implementing initiatives, mega events and financial conferences to promote and enhance Hong Kong's business travel and tourism attractions.

The performance of the Group's hotel slightly dropped during the year, but higher occupancy and better room rates from the late third quarter of 2025 eased the impact. The hotel's management will continue in broadening our revenue base and strengthening cost controls to safeguard the hotel's profitability. Our commitment to enhancing competitiveness and delivering exceptional experiences to our valued guests remains unwavering. Through prudent management and strategic decision-making, we aim to navigate challenges while maximizing the potential of our business.

Balance Sheet and Management

Despite the high interest rate environment and economic headwinds, the Group demonstrated resilience and maintained robust financial flexibility throughout 2025. While market conditions slowed sales activity in the first half of the year, demand for the Grand Victoria project remained strong by offering attractive incentives. To date, over 1,410 units have been sold, generating total proceeds exceeding HK\$23.4 billion. More than HK\$1.8 billion has been accumulately repatriated to the Group.

Other than the cash inflows generated from Grand Victoria, the Group benefits from stable cash flows from its investment portfolio and hotel operations, which have reduced its gearing ratio and improved liquidity. With HK\$5.8 billion in available funds¹ and no major refinancing needs until late 2026, the Group maintained a healthy gearing ratio and is well-positioned to maintain financial flexibility and navigate uncertainties.



THE CENDAS, Hong Kong (development managed by the Group)

¹ It includes cash, undrawn facilities and highly liquid marketable securities, net of leverage.

CHIEF EXECUTIVE'S REPORT

Results Highlights

In FY2025, the Group recorded revenue of HK\$423.0 million (FY2024: HK\$414.1 million), which was slightly improved by 2.1% as compared to FY2024.

Loss attributable to the Shareholders for the year amounted to HK\$186.7 million (FY2024: HK\$136.7 million). The increased loss mainly due to the non-cash fair value losses of HK\$104.1 million (FY2024: HK\$14.5 million) on investment properties, with offsetting a lower finance cost of HK\$291.5 million in FY2025 (FY2024: HK\$365.1 million).

The Group remains resilient and continues to generate sustainable value for its Shareholders. As a result, the Board recommended a final dividend of HK3 cents per share. Together with an interim dividend of HK2 cents per share, the total dividend for the year will amount to HK5 cents per share. The Group is committed to maintaining a stable dividend policy in the long run.

For more details on our financial results, please refer to the section entitled "Management Discussion and Analysis".

Strengthening Our Business Resilience

While the Group's FY2025 performance faced pressures from high interest costs, geopolitical tensions (e.g. Russia-Ukraine war, trade conflicts) and global economic volatility, it remains focused on prudent capital management.

The Group maintains a highly selective approach to investments. We focus on high potential projects in key urban areas, working closely with stakeholders to identify assets with untapped potential. This approach aligns with the Group's emphasis on high-end real estate while ensuring rigorous due diligence and long-term value creation.



Crowne Plaza Hong Kong Causeway Bay, Hong Kong



Crowne Plaza Hong Kong Causeway Bay, Hong Kong

CHIEF EXECUTIVE'S REPORT



THE CENDAS, Hong Kong (development managed by the Group)

Capital Structure and Liquidity

Adhering to prudent management of our capital, the Group continued to optimize its capital structure to ensure sufficient liquidity.

As at 31 December 2025, the Group's total available fund amounted to HK\$5,577.0 million which include the Group's total pledged bank deposits, time deposits, bank balances and cash of HK\$2,340.4 million (2024: HK\$2,645.6 million) and unutilised facilities of HK\$3,236.6 million (2024: HK\$2,996.5 million). A committed revolving club loan of HK\$1,000.0 million provided by 7 renowned financial institutions is included in the Group's loan facilities. The facility provides ample liquidity to support future development.

Our net gearing ratio (adjusting for hotel revaluation surplus of HK\$3,983.8 million, which is not recognized on the balance sheet) stood at 31.9% as at 31 December 2025 (2024: 31.4%). Although hotel valuations were affected by the weak economy, the Group's credit standing remains healthy.

CHIEF EXECUTIVE'S REPORT

Corporate Governance and Corporate Social Responsibility

We believe a high standard of corporate governance is an essential element to enhance sustainable development and provide a high degree of transparency to our investors. During the year, the Group received a number of international awards that recognized our efforts in its corporate governance and corporate social responsibility. The Group is committed to continuing its efforts to strengthen corporate social responsibility in all aspects and will continue to provide investors with a high degree of transparency in information disclosures.

Examples of awards include:

Hong Kong – Grand Victoria

- Urban Design & Architecture Design Awards 2025: Gold Winner

Hong Kong – THE CENDAS (development managed by the Group)

- 2025–26 Asia Pacific Property Awards: Office Development for Hong Kong



Outlook

The uncertainty factors in 2025 included trade tariffs, ongoing geopolitical tensions and conflicts continue to pose threats to global economic growth in 2026 which affected the trade and investment confidence. The International Monetary Fund (IMF) projected that the global growth would be 3.3% in 2026, the same as for 2025 but still below the average annual growth rate of 3.7% during 2000 to 2019. Major central banks, including the U.S. Federal Reserve and the European Central Bank, having cut rates multiple times in 2025 to support recovery. Looking ahead, many factors continue to create uncertainty in the interest rate movement.

CHIEF EXECUTIVE'S REPORT

Hong Kong's business environment continues to grow moderately, benefit by the removal of property cooling measures last year, recovery in tourism, revival in IPO activities and strong stock market. However, the property market encountered some resistance as the abundant housing supply and cautious buyer sentiment contribute to a gradual recovery in the sector.

In 2025, the hospitality industry faced significant challenges such as rising costs, lower room rates due to budget-conscious travelers, and strong competition from nearby destinations. To reinforce Hong Kong as the role of an international tourism and aviation centre, the Three-runway System has been completed and the passenger departure facilities at the new Terminal 2 at the Hong Kong International Airport are scheduled to commence operation in middle of 2026. Also, the newly opened Kai Tak Sports Park, being the city's largest sports and entertainment complex, sets to host mega events ranging from cultural festivities to sports competition and outdoor concerts. Looking forward to 2026, the sector is expected to continue its recovery.

Despite the challenges and uncertainties, Hong Kong benefits from robust support from the mainland. It continues to thrive as a global trade and financial hub, strategically positioned as a gateway to China. The city's unique legal framework and geographical strengths equip it to tackle future obstacles and navigate uncertainties with resilience.

The Group has built a solid reputation in property development and investment, supported by a diversified portfolio that continues to deliver stable and substantial recurring income. These strengths, coupled with our strong financial position, will empower us to navigate economic uncertainties and capitalize on emerging opportunities.

We remain committed to deliver substantial returns to shareholders, and we firmly believe that our company is well-positioned for continued success in the years to come.

Lambert Lu
Chief Executive

25 March 2026



Grand Victoria, Hong Kong



1 Shouson Hill Road East, Hong Kong

DIRECTORS' BIOGRAPHICAL INFORMATION

MR. LU WING CHI, JESSE

Chairman

Executive Director

Mr. Lu Wing Chi, Jesse, aged 79, joined the Group in 1969 and currently is the Chairman and Executive Director. He is also the chairman of the Nomination Committee and the Executive Committee and a member of the Remuneration Committee.

Mr. Lu is a director of various members of the Group and holds directorship in NLI (the controlling shareholder of the Company), NYH, Port Lucky, SEA Fortune and Ambleside Glory (all of them are substantial shareholders of the Company). He has more than 55 years of experience in property development and investment in Hong Kong and overseas as well as godown and factory operations.

Mr. Lu is the son of Mr. Lu Chu Mang (the founder of the Group) and the father of Mr. Lambert Lu (the Executive Director and Chief Executive).

MR. LAMBERT LU

Executive Director

Chief Executive

Mr. Lambert Lu, aged 49, joined the Group in 1999 and currently is the Executive Director and Chief Executive. He is also a member of the Executive Committee and Remuneration Committee.

Mr. Lu is a director of a number of companies within the Group and holds directorship in NLI (the controlling shareholder of the Company), NYH, Port Lucky, SEA Fortune and Ambleside Glory (all of them are substantial shareholders of the Company).

Mr. Lu was previously a member of the Henan Provincial Committee of Chinese People's Political Consultative Conference, a vice chairman of The Chamber of Hong Kong Listed Companies and a member of the Advisory Board of the MBA Programmes of The Chinese University of Hong Kong. He holds a Bachelor's degree from the University of British Columbia in Canada.

Mr. Lu is the son of Mr. Lu Wing Chi, Jesse (the Chairman and Executive Director).

MR. YAP SHEE LIAM

Executive Director

Chief Financial Officer

Mr. Yap Shee Liam, *FCPA*, aged 52, joined the Group as the Financial Controller in 2015 and has been appointed as Executive Director and Chief Financial Officer since January 2021. He is also a member of the Executive Committee and a director of a number of companies within the Group.

Prior to joining the Group, Mr. Yap was an assistant finance director of Fortune Real Estate Investment Trust (a real estate investment trust listed in Hong Kong and also listed in Singapore prior to 2019) from 2012 to 2015. He was a deputy financial controller of Lai Sun Development Company Limited (a company listed in Hong Kong) from 2008 to 2012. Previous to that he was senior manager of Messrs. Deloitte Touche Tohmatsu from 1997 to 2008. Mr. Yap has more than 25 years of experience in finance, accounting, treasury and auditing.

He holds a Bachelor Degree in Business Administration with major in Accounting from Hong Kong Baptist University.

DIRECTORS' BIOGRAPHICAL INFORMATION

MR. WALUJO SANTOSO, WALLY

Independent Non-Executive Director

Mr. Walujo Santoso, Wally, aged 72, has acted as an Independent Non-executive Director since December 1994. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee.

Mr. Santoso is also the Managing Director of Grand Ocean (International) Limited (a private trading company incorporated in Hong Kong) and has over 45 years of experience in international trading and manufacturing. He holds a Diploma in Accounting.

Mr. Santoso did not hold any directorship in other listed public companies in the last three years.

MR. CHAN KWOK WAI

Independent Non-Executive Director

Mr. Chan Kwok Wai, FCCA, FCPA, FCPA(Aust.), ACG, TEP, AFP, aged 69, has acted as an Independent Non-executive Director and a member of the Audit Committee since June 2019. He was appointed as the chairman of the Audit Committee in May 2021.

Mr. Chan served as an executive director of South Asia Textiles (Holdings) Limited (a private company incorporated in Hong Kong) from May 2020 to May 2023 and was the co-chief executive from March 2022 to May 2023. Prior to that, Mr. Chan was an executive director and the head of greater China at Hang Seng Bank Limited from February 2016 to May 2017. He also served as an executive director of Sun Hung Kai Properties Limited from July 2009 to November 2015 and the chief financial officer of the same company from July 2009 to January 2016. From 1995 to 2009, Mr. Chan held various roles at Hang Seng Bank Limited including executive director and general manager, chief financial officer, deputy general manager, assistant general manager and head of Financial Control Division. He was appointed as an accounting consultant of the Ministry of Finance of the People's Republic of China. Mr. Chan has many years of experience in accounting, banking and professional services industries. Mr. Chan holds a Master of Business Administration degree from the University of Warwick England.

MR. LO WAI TUNG WELMAN

Independent Non-Executive Director

Mr. Lo Wai Tung Welman, aged 49, has acted as an Independent Non-executive Director and a member of the Audit Committee, Nomination Committee and Remuneration Committee since May 2021. He was appointed as the chairman of the Remuneration Committee in May 2024.

Mr. Lo currently is the Founder and Chairman of Glide East (Holdings) Limited, a design and manufacturing company in Hong Kong. He has more than 20 years of experience in international trading and manufacturing. In addition, he acts as consultant for numerous intellectual property creative organizations. Mr. Lo holds a Bachelor of Commerce degree from the University of British Columbia in Canada.

Mr. Lo did not hold any directorship in other listed public companies in the last three years.

MS. PATRICIA CHAN

Independent Non-Executive Director

Ms. Patricia Chan, aged 50, has acted as an Independent Non-executive Director and a member of the Remuneration Committee since May 2024. She was appointed as a member of the Nomination Committee in May 2025.

Ms. Chan has been the Head of Investor Relations of KML Technology Group Limited (a company listed in Hong Kong) since 2018. Prior to her current role, she had solid involvements in hospitality management, property management and corporate management in Switzerland, Boston and Hong Kong. Ms. Chan holds a Bachelor of Science degree in International Hospitality Management from Les Roches, Swiss Hotel Association School of Hotel Management (currently named as Les Roches International School of Hotel Management) and a Master of Science degree in Administrative Studies from Boston University. She also completed investor relations and housing management programs in Hong Kong and the United States.

FINANCIAL HIGHLIGHTS

Statement of Profit or Loss Highlights

HK\$ million, unless otherwise stated

	For the year ended 31 December				2025
	2021	2022	2023	2024	
Revenue	530.6	371.7	413.8	414.1	423.0
Profit (loss) attributable to the Shareholders	70.2	(383.7)	(853.7)	(136.7)	(186.7)
Total dividends declared (per share) (HK cents)	5.0	5.0	5.0	5.0	5.0
Basic earnings (loss) per share for profit (loss) attributable to the Shareholders (HK\$)	0.11	(0.64)	(1.42)	(0.23)	(0.31)

	As at 31 December				2025
	2021	2022	2023	2024	
Total assets	14,369.9	13,786.1	12,143.8	11,107.4	10,536.2
Total liabilities	(8,914.2)	(9,098.3)	(8,056.7)	(7,183.9)	(6,705.0)
Adjusted NAV attributable to the Shareholders ^{Note 1}	10,509.5	9,481.5	8,710.8	8,357.3	7,815.0
Adjusted NAV per share attributable to the Shareholders (HK\$) ^{Note 1}	17.5	15.7	14.5	13.9	13.0

Note 1: The adjusted NAV and adjusted NAV per share attributable to the Shareholders are calculated on the basis of the Group's respective book NAV after adjusting hotel property (which is on cost basis in the book) to fair market value determined by an independent property valuer.



1 Shouson Hill Road East, Hong Kong

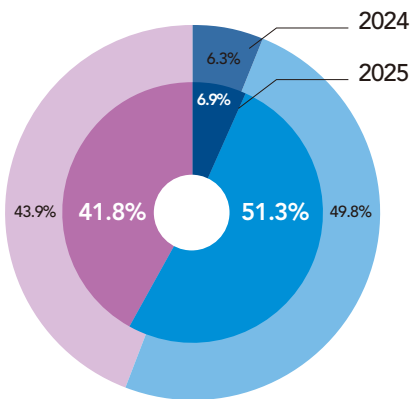
FINANCIAL HIGHLIGHTS

Segment Information



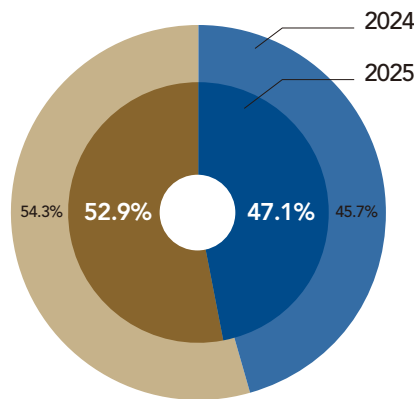
Grand Victoria, Hong Kong

Segment Revenue for External Sales



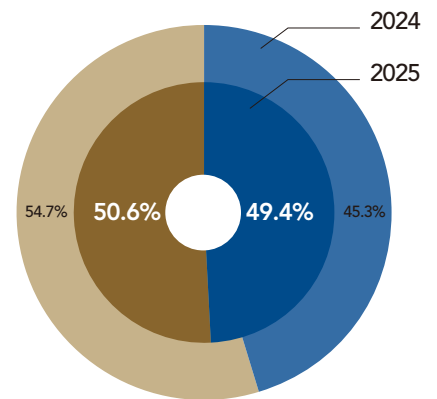
- Financial Investment
- Property Investment
- Hotel Operation

Revenue for External Customers by Geographical Location of Properties



- United Kingdom
- Hong Kong

Property Assets by Geographical Segment



- United Kingdom
- Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS



THE CENDAS, Hong Kong (development managed by the Group)

Financial Summary

Revenue for the year ended 31 December 2025 amounted to HK\$423.0 million (2024: HK\$414.1 million). The revenue was principally attributable to the recognition of rental income from investment properties, revenue from hotel operation and return from financial investment.

The ordinary operating profit of the Group increased to HK\$217.8 million (2024: HK\$201.9 million) during the year. The loss attributable to the Shareholders for the year amounted to HK\$186.7 million (2024: HK\$136.7 million), equivalent to a basic loss per share of HK31.0 cents (2024: HK22.7 cents). The loss attributable to the Shareholders in current year was mainly due to (i) fair value loss on investment properties and (ii) the finance costs of bank borrowings. The finance costs reduced by 20.2% comparing to 2024. The abovementioned fair value loss is non-cash item and has no immediate impact on the cashflow of the Group.

As at 31 December 2025, the Group's equity attributable to the Shareholders amounted to HK\$3,831.2 million (2024: HK\$3,923.5 million). The net asset value per share attributable to the Shareholders as at 31 December 2025 was HK\$6.4 as compared with HK\$6.5 as at 31 December 2024.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group's property assets (including interests in two joint ventures) by geographical location at the year end were as follows:

	31 December 2025 HK\$' million	31 December 2024 HK\$' million
Hong Kong	3,999.7	4,451.4
The United Kingdom	3,900.6	3,683.4
Total	7,900.3	8,134.8

The Group's hotel property is stated at cost less accumulated depreciation charges at a carrying value of HK\$466.2 million (2024: HK\$486.2 million), whereas the market value as determined by valuation carried out by an independent property valuer is HK\$4,450.0 million (2024: HK\$4,920.0 million). For the purpose of providing supplementary information, if the carrying value of the Group's hotel property was restated to its market value, the adjusted total property assets, the adjusted net asset value and adjusted net asset value per share attributable to the Shareholders as at 31 December 2025 would be HK\$11,884.1 million (2024: HK\$12,568.6 million), HK\$7,815.0 million (2024: HK\$8,357.3 million) and HK\$13.0 (2024: HK\$13.9) respectively.

Dividends

The Board has resolved to recommend for Shareholders' approval at the 2026 AGM the payment of a final dividend of HK3 cents (2024: HK3 cents) per share for the year ended 31 December 2025 to the Shareholders whose names appear on the register of members at the close of business on Tuesday, 2 June 2026. The relevant dividend warrants are expected to be despatched on or before Tuesday, 16 June 2026.

Business Review

Property Investment and Development

The Group continues to focus on property development and property investment projects. The strategy of the Group will be determined by the Board taking into consideration market opportunities, the Group's financial resources and its core competence. It is the Group's approach to review and optimize the project portfolios from time to time. Currently, the Group's core projects mainly consist of two residential projects in Hong Kong (No. 1 Shouson Hill Road East and Inland Lot No. 7384 at Jardine's Lookout), a commercial property in Hong Kong (a portion of Winway Building) and two joint venture residential development projects ("Grand Victoria" at West Kowloon Waterfront and Rural Building Lot No. 1203 at South Bay Road, Repulse Bay), and two investment properties in London, the United Kingdom (20 Moorgate and 33 Old Broad Street).



1 Shouson Hill Road East, Hong Kong

MANAGEMENT DISCUSSION AND ANALYSIS

Hong Kong

During the year, the Group continues its effort in the residential development project in West Kowloon Waterfront "Grand Victoria"¹. The Group holds 14.5% equity interest in the project. The development has been completed with certificate of compliance issued. More than 1,410 units of the project have been sold with total sale proceeds of more than HK\$23.4 billion. During the year, the Group received approximately HK\$312.2 million (2024: HK\$777.8 million) cash repatriated from the project. As at 31 December 2025, the Group's interest in this joint venture was HK\$177.7 million (31 December 2024: HK\$504.1 million) (including loans to joint ventures) of which HK\$127.2 million to be received within one year from the year ended 31 December 2025 and classified under current assets.

Winway Building², one of the Group's investment property, is at the prime location of the central business district of Hong Kong and is a high quality commercial property. The rental income generated from the property for the year ended 31 December 2025 remained relatively stable in this challenging time for office.

The Group owns a residential property project at Shouson Hill Road East for long term investment. The renovation works were completed. The Group will continue to hold the project for long term investment purpose. During the year ended 31 December 2025, the Group entered into a formal agreement to sell an investment property at a net cash consideration of HK\$128,000,000 in Hong Kong to an independent third party and the transaction has been completed in October 2025.

The Group also focuses on developing luxury residential projects. The Group holds 50% equity interest in South Bay Road, Repulse Bay project which is located at traditional luxury residential area Repulse Bay, it is being developed into luxury residences with endless intoxicating sea views, featuring a stunning panoramic view of Repulse Bay. In addition, the Group also 100% holds a land site located at Jardine's Lookout for luxury residential development. The two development projects are progressing well according to their development schedules.



Grand Victoria, Hong Kong



Grand Victoria, Hong Kong

¹ The Group is being a part of the consortium comprised of well-known property developers.

² The Group owns approximately 59% of the gross floor area of Winway Building.

MANAGEMENT DISCUSSION AND ANALYSIS



33 Old Broad Street, London



20 Moorgate, London

The United Kingdom

The Group owns two investment properties located in the heart of London in the United Kingdom.

20 Moorgate, London is almost fully let to the Prudential Regulation Authority (a regulatory body of the Bank of England) as headquarter under long-term lease agreements.

33 Old Broad Street, London is fully leased to Bank of Scotland and guaranteed by HBOS Plc (a wholly-owned subsidiary of the Lloyds Banking Group) for a fixed term until 2039 with fixed rental uplift every five years. The rent increased by 13% last year, in accordance with the lease terms. The tenant completed significant renovation works at 33 Old Broad Street and moved in as Lloyds Banking Group's new head office in 2025.

Given the strong lease covenants on our reputable tenants, the UK properties continue to provide stable cash flow to the Group, reflecting the Group's success in making investment strategy and the Group's capability to withstand in any market instability.

MANAGEMENT DISCUSSION AND ANALYSIS

Hotel Operation

Crowne Plaza Hong Kong Causeway Bay is a 29-storey five-star hotel comprising 263 guest rooms with ancillary facilities and is operated under the brand of Crowne Plaza of the InterContinental Hotels Group. During the year, the hotel's performance experienced a slight decline. However, this downward trend was largely mitigated by a strong pick-up in occupancy and improved average room rates beginning in late 3rd quarter of 2025, which effectively set off the earlier decline.

The Group is taking all practicable measures to address the challenges and opportunities at hand. We understand the importance of delivering exceptional experience that exceed our guests' expectations. The Group will continue to improve the quality of its hotel services to ensure our guests have enjoyable experiences during their stays in our hotel.

Financial Investment

Adhering to prudent management of our capital, the Group continues to optimize its capital structure and decrease the gearing. As at 31 December 2025, the Group held financial investment of approximately HK\$220.4 million (31 December 2024: HK\$246.2 million), which are comprised of listed equity and debt securities and unlisted investments.

The Group did not record any impairment loss on debt securities in both years ended 31 December 2025 and 2024.

Financial Resources and Liquidity

Treasury Policies

The Group adheres to prudent treasury policies. As at 31 December 2025, all of the Group's project borrowings are on a non-recourse basis, with no cross default covenants at corporate level.

During the year, the Group continued to maintain high financial flexibility and liquidity under the environment of high interest rates and economic downturn. Following the lifting of all tightening control by the Hong Kong Government, Grand Victoria experienced strong sales momentum, leading to the Group consistently receiving significant cash returns from the project. The Group's robust cash contributions from other investment projects and hotel further strengthen its ability to reduce gearing ratio and finance costs. Looking ahead, the Group does not anticipate significant refinancing needs until 2026. These factors demonstrate the Group's ample financial flexibility and liquidity.



Crowne Plaza Hong Kong Causeway Bay, Hong Kong



Pavilion at Crowne Plaza Hong Kong Causeway Bay, Hong Kong



33 Old Broad Street, London

MANAGEMENT DISCUSSION AND ANALYSIS

Working Capital and Loan Facilities

As at 31 December 2025, the Group's total available fund amounted to HK\$5,577.0 million (2024: HK\$5,642.1 million) which includes the Group's total pledged bank deposits, time deposits, bank balances and cash of HK\$2,340.4 million (2024: HK\$2,645.6 million) and unutilised facilities of HK\$3,236.6 million (2024: HK\$2,996.5 million). The total financial investments (including debt instruments at fair value through other comprehensive income, financial assets at fair value through profit or loss and equity instruments at fair value through other comprehensive income) amounted to HK\$220.4 million as at 31 December 2025 (2024: HK\$246.2 million).

Included in the Group's loan facilities is a committed revolving club loan with approximately HK\$1,000.0 million facility amount provided by 7 renowned financial institutions. The committed club loan provides the Group with abundant liquidity, ensuring financing flexibility for future business development.

The Group will continue enhancing its competitive strengths, in order to strive for stable and promising returns, and achieve mutually beneficial objectives.

As at 31 December 2025, the Group's bank borrowings was HK\$6,348.2 million (2024: HK\$6,842.1 million). After netting off the pledged bank deposits, time deposits, bank balance, cash and the financial investments, the Group had a net debt position of HK\$3,787.4 million (2024: HK\$3,950.3 million) with gearing ratio of 31.9% (2024: 31.4%) (calculated on the basis of net debt as a percentage of the adjusted total property assets with hotel property adjusted to fair market value of HK\$4,450.0 million (2024: HK\$4,920.0 million)).

As at 31 December 2025, maturity of the Group's outstanding borrowings was as follows:

	31 December 2025 HK\$' million	31 December 2024 HK\$' million
Due		
Within 1 year	1,144.7	1,257.1
1–2 years	684.1	1,599.8
3–5 years	4,146.2	3,529.6
Over 5 years	407.7	500.2
	6,382.7	6,886.7
Less: Unamortised front-end fee	(34.5)	(44.6)
	6,348.2	6,842.1

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

For the Company's subsidiaries operating in Hong Kong, the total bank borrowings drawn as at 31 December 2025 amounted to HK\$3,739.4 million (2024: HK\$4,424.3 million) which comprised of secured bank borrowings of HK\$2,541.0 million (2024: HK\$2,765.8 million) and unsecured bank borrowings of HK\$1,198.4 million (2024: HK\$1,658.5 million). The secured bank borrowings were secured by properties with carrying value of HK\$3,300.2 million (2024: HK\$3,478.2 million) and pledged cash of HK\$52.4 million (2024: HK\$63.0 million).

Subsidiaries of the Company operating in the United Kingdom pledged its investment properties with an aggregate carrying value of HK\$3,900.6 million (2024: HK\$3,683.4 million) and pledged cash of HK\$108.4 million as at 31 December 2025 (2024: HK\$134.9 million) to secure bank borrowings of HK\$2,643.3 million (2024: HK\$2,462.4 million).

Staff and Emolument Policy

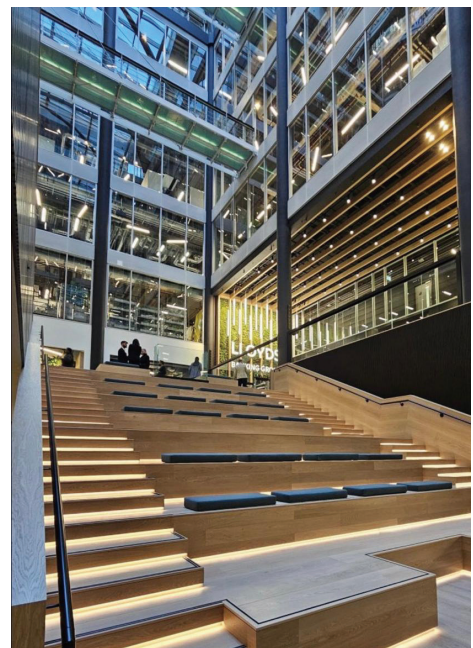
As at 31 December 2025, the Group had a total of approximately 180 employees (2024: 190 employees) in Hong Kong. Employee costs, including the emoluments of the directors of the Group, amounted to HK\$94.5 million for the year ended 31 December 2025 (2024: HK\$96.6 million).

The Group maintains a good working relationship with its employees and continues to recruit, retain and develop competent individuals committed for its long-term success and growth. Salary and benefits of employees are reviewed at least annually both in response to market conditions and trends, and in conjunction with individual appraisals based on qualifications, experience, skills, responsibilities, performance and development potentials. Discretionary bonuses are granted in line with the Group's financial results and employees' performance. Fringe benefits including medical insurance scheme, study and training allowances, examination leave and voluntary employer contributions to retirement schemes are offered to employees. In addition, to retain and motivate management staff and good performers, the Company has adopted a share option scheme and a share award scheme to grant options and awards to its employees (including Directors) on a discretionary basis. To further enhance employee relations and communications, recreational activities for general staff with senior management's participation are arranged.

Outlook

The global economic landscape continues to feature a complex mix of recovery and ongoing uncertainty. According to the International Monetary Fund (IMF), global growth is projected at 3.3% in 2026 and 3.2% in 2027. While downside risks remain elevated due to persistent trade fragmentation, geopolitical tensions, potential delays in interest rate cuts, and U.S. tariffs, these pressures are partly offset by continued technology investment and fiscal support in major economies.

China's economy grew 5% in 2025, supported by government stimulus measures, although the property sector remained under pressure and domestic demand stayed weak. Looking ahead to 2026, the growth is expected to maintain stable, with policy focus shifting toward boosting consumption, improving social protection, and rebalancing the economy toward high-value services while maintaining export strength. At the same time, China will continue to make strategic progress in technological innovation and advanced manufacturing.



33 Old Broad Street, London

MANAGEMENT DISCUSSION AND ANALYSIS



Grand Victoria, Hong Kong

The Hong Kong's real estate market is expected to maintain positive momentum in long run, continuing the stabilization seen in 2025. Positive drivers include ongoing talent inflows, strong wealth effects from a booming stock market, and the return of mainland Chinese buyers, all supporting growth in quantity and lead to gradual improvement on price. However, the persistent supply overhang and geopolitical risks continue to put pressure and limit the price growth.

Hong Kong's tourism industry is expected to improve in 2026, building on the 2025 performance which visitor arrivals reached almost 50 million. This growth will be supported by mega events and conventions which attract visitors from around the globe. Also, with the operation of new facilities such as the Kai Tak Sports Park in East Kowloon, the Three-runway System and new Terminal 2 at the Hong Kong International Airport, Hong Kong will create a new phase in event and tourism development. While the total number of visitors is expected to rise further, the sector will still face challenges from competition with other regional destinations and ongoing pricing pressures.

The UK economy grew modestly by 1.3% in 2025, held back by fiscal uncertainties and weak consumer spending. Although improving retail sales and business activities provide some grounds for optimism, the outlook suggests a slow recovery. The Group's UK property portfolio will sustain a stable rental income, supported by the long term leases from reputable tenants.

Looking ahead to 2026, ongoing geopolitical tensions and trade conflicts are likely to continue presenting challenges to the business environment. Nevertheless, we remain confident in Hong Kong's resilience and long-term growth potential. The Group is fully committed to proactively capturing emerging opportunities while maintaining prudent financial discipline and a strong balance sheet, ensuring we are well positioned to create sustainable long-term value for our shareholders.

FINANCIAL CALENDAR

Results Announcements

2025 Annual results announcement	25 March 2026 (Wednesday)
2026 Interim results announcement	on or before 31 August 2026 (Monday)

Book Close Dates

For ascertaining Shareholders' eligibility to attend and vote at the 2026 Annual General Meeting

Latest time to lodge transfer documents	4:30 p.m. on 13 May 2026 (Wednesday)
Closure of register of members	14 May 2026 (Thursday) to 20 May 2026 (Wednesday) (both days inclusive)
Record date	14 May 2026 (Thursday)

For ascertaining Shareholders' entitlement to the proposed final dividend

Latest time to lodge transfer documents	4:30 p.m. on 26 May 2026 (Tuesday)
Closure of register of members	27 May 2026 (Wednesday) to 2 June 2026 (Tuesday) (both days inclusive)
Record date	2 June 2026 (Tuesday)

Annual General Meeting

2026 AGM	20 May 2026 (Wednesday)
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Final Dividend

Ex-dividend date for 2025 final dividend	22 May 2026 (Friday)
Payment of 2025 final dividend (subject to Shareholders' approval at the 2026 AGM)	16 June 2026 (Tuesday)

CORPORATE GOVERNANCE REPORT

The Company recognises the importance of good corporate governance to the Company's development and has devoted considerable efforts to identifying, formulating, establishing and enhancing corporate governance practices appropriate to the Company's needs. The Board, having regard to the size and nature of businesses of the Group, periodically reviews the Company's corporate governance practices to meet the rising expectations of Shareholders and comply with increasingly stringent regulatory requirements.

1. Corporate Governance Practices

Throughout the year ended 31 December 2025, the Company had applied the principles and complied with all the code provisions as set out in the CG Code contained in Appendix C1 to the Listing Rules.

2. Corporate Culture and Strategy

Founded in Hong Kong in 1956, the Group has adhered its core philosophy which offering sustainable returns to its Shareholders, while fosters an atmosphere where our employees can grow with the Company. At the same time, we pursue sustainability in parallel with our quality development to foster long-term value creation for customers, society and the environment.

We believe that a healthy corporate culture is vital for the Company to achieve its vision and mission towards sustainable growth. The Company upholds high standards of integrity and business ethics and has zero tolerance for misconduct and unethical behaviour of all kinds. The Group's ethical standards, values and regulatory requirements are set out in its Employee Handbooks and company policies like the whistleblowing policy, anti-corruption policy etc. which apply to directors and all levels of employees of the Group.

The Group highly values the well-being and betterment of its staff and is dedicated to pursuing a culture that encourages its employees to develop their skill sets and feel that they are part of a team. The Group provides excellent development opportunities for employees to enhance their knowledge base and unleash their own potential in order to meet new challenges. Besides, the Group organizes a host of activities such as company outings and networking gatherings to develop a good sense of belonging.

Adherence to the Group's philosophy of "Building with the Times" with the concerted effort of our professional management team and employees, our core strategy direction is to seek continuous growth by grasping continuing opportunities, during challenging times as they arise, and develops into a respectable, trustworthy and renowned property conglomerate.

CORPORATE GOVERNANCE REPORT

3. Board of Directors

Composition

As at the date of this report, the Board has seven members comprising three Executive Directors and four INED.

Board of Directors
<i>Executive Directors</i>
Mr. Lu Wing Chi, Jesse (<i>Chairman</i>) Mr. Lambert Lu (<i>Chief Executive</i>) Mr. Yap Shee Liam (<i>Chief Financial Officer</i>)
<i>Independent Non-executive Directors</i>
Mr. Walujo Santoso, Wally Mr. Chan Kwok Wai Mr. Lo Wai Tung Welman Ms. Patricia Chan

An updated list of Directors and their roles and functions has been maintained on the websites of the Company and HKEX. Biographical particulars of the existing Directors are set out in the section headed "Directors' Biographical Information" on pages 14 and 15.

Board Independence

The Board recognizes that Board independence is pivotal in good corporate governance and Board effectiveness. To ensure that a strong independent element on, and independent views and input are available to the Board for enhancing an objective and effective decision making, the Board established mechanisms for independent views and input to the Board in November 2022. A summary of the mechanisms is set out below:

(i) Composition

The Board ensures the appointment of at least three INED and at least one-third of the Board members being INED (or such higher threshold as may be required by the Listing Rules from time to time).

(ii) Independence Assessment

The Nomination Committee must strictly adhere to the Nomination Policy with due regard to the Board Diversity Policy and the independence assessment criteria as set out under the Listing Rules upon nomination and appointment of an INED for the Board's approval.

The Nomination Committee will assess annually the independence of all the existing INED who are required to confirm in writing their compliance of independence requirements as set out under Rule 3.13 of the Listing Rules.

CORPORATE GOVERNANCE REPORT

(iii) Open Board Culture

The Chairman encourages questions and challenges from all Directors in particular of the INED and their comments and concerns will be closely followed up and addressed. All Directors are given an opportunity to include matters in the agenda for the Board meetings.

(iv) Conflicts of Interest

If a Director has a conflict of interest in a matter that is determined to be material, the matter should be dealt with by a physical Board meeting. INED and their close associates (as defined in the Listing Rules) have no material interest in the matter should be present at that Board meeting to express their views and input on the matter.

(v) Independent Professional Advice

Directors, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense to assist them in the performance of their duties to the Company.

During the year ended 31 December 2025, more than one-third of the Board were INED and at least an INED possessed appropriate professional qualifications or accounting or related financial management expertise as required under the Listing Rules.

In addition, the Company received from each of the INED an annual confirmation in writing of his independence pursuant to Rule 3.13 of the Listing Rules and considered all of the INED including their immediate family members (as defined in the Listing Rules) were independent during the year 2025.

The Board reviewed the implementation and effectiveness of the mechanisms, and considered the mechanisms were appropriate and effective during the year ended 31 December 2025. The Board will continue to review the mechanisms on an annual basis.

Role and Function

The Company is governed by the Board and the Directors are accountable to the Shareholders for the activities and performance of the Group. To oversee the Group's business and development, the Board has reserved for its decision and consideration the following matters:

- (i) adoption and overall oversight of objectives and strategic plans;
- (ii) amendment to memorandum of association and bye-laws of the Company as well as alteration of share capital;
- (iii) approval of interim dividends and other distribution and recommendation of final dividends for the Shareholders' approval;
- (iv) establishment of Board committees and delegation of powers of the Board to the Board committees;
- (v) appointment, re-appointment, re-designation and removal of Board members;
- (vi) approval of significant accounting policies and practices;
- (vii) oversight of corporate governance, risk management and internal controls; and
- (viii) other significant matters.

CORPORATE GOVERNANCE REPORT

Matters other than mentioned above have been delegated by the Board to the management and the major ones are execution of the Board's decisions (including business strategies and initiatives it has adopted) and daily operations, preparation of annual and interim financial statements for the Board's approval before public reporting, implementation of adequate systems of internal control and risk management as well as compliance with relevant requirements, rules and regulations.

The four INED serve the relevant function of bringing independent judgement and valuable guidance and advice on the development, performance and risk management of the Group. They come from diverse business and professional backgrounds in the fields of international trading, financial, accounting, business management and investor relations, rendering valuable expertise and experience to promote the best interests of the Company and its Shareholders as a whole and ensuring that issues are considered in an independent and a more objective manner. The INED also serve on the Audit, Remuneration and Nomination Committees. Compositions of these Board committees are set out on pages 34 to 38.

Corporate Governance Function

The Board is also responsible for performing the corporate governance duties including:

- (i) to develop and review the Company's policies and practices on corporate governance;
- (ii) to review and monitor the training and continuous professional development of Directors and senior management;
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (iv) to develop, review and monitor the code of conduct applicable to employees and Directors; and
- (v) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year ended 31 December 2025, the Board reviewed the Company's corporate governance practices.

Directors' Appointment, Retirement and Re-election

The Company entered into letters of appointment with all INED with no specified length or proposed length of service with the Company as Directors. Pursuant to the Bye-Laws, every Director shall retire from office no later than the third AGM after he was last elected or re-elected. Further, any Director appointed by the Board as an additional Board member or to fill a casual vacancy shall hold office only until the first annual general meeting of the Company after his appointment and shall then be eligible for re-election.

For an INED who has served the Company for more than nine years, his further appointment will be subject to a separate resolution to be approved by the Shareholders. The papers to the Shareholders accompanying that resolution will state why the Board (or the Nomination Committee) believes the Director is still independent and should be re-elected, including the factors considered, the process and the discussion of the Board (or the Nomination Committee) in arriving at such determination.

In accordance with Bye-Laws 88(A), 88(B) and 89 of the Bye-Laws and the CG Code, Messrs Lambert Lu, Walujo Santoso, Wally and Chan Kwok Wai will retire as Directors by rotation and, being eligible, have offered themselves for re-election at the 2026 AGM.

CORPORATE GOVERNANCE REPORT

Diversity

(a) Board Diversity Policy

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. The Board Diversity Policy was updated in March 2024 to include measurable objectives for implementing the policy and progress on achieving those objectives (including the gender diversity at Board level) in accordance with the CG Code. The Company believes the current Board composition has the appropriate diversity in terms of gender, experience, professional knowledge and skills and is committed to maintain at least one female representation at the Board level and may adjust the proportion of female directors over time as and when appropriate. The Board will continue to take initiatives to strengthen the Board diversity where appropriate.

Under the Board Diversity Policy, all Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. Selection of candidates will be considered by the Company from a number of aspects, including but not limited to cultural and educational background, experience, skills, knowledge, length of service, age and gender. The Company's business model and specific needs will also be taken into account in determining the optimum composition of the Board.

The Nomination Committee will monitor the implementation of the Board Diversity Policy and will review the Board Diversity Policy annually and recommend revisions to the Board for consideration and approval where necessary.

(b) Workforce Diversity Policy

The Board has adopted Workforce Diversity Policy in May 2025 which sets out the approach to achieve inclusion and diversity in the workforce (including senior management). The Group is committed to fostering an inclusive, diverse, and supportive workplace where all employees are valued, respected, and treated fairly with equal access to opportunities. The Company does not tolerate any form of bias, discrimination, harassment and violence in the workplace and in any work-related circumstances, and commits to upholding workforce diversity and strives to maintain an appropriate balance gender diversity in its workforce including senior management.

The Board places emphasis on diversity (including gender diversity) across all levels of the Group. As at 31 December 2025, the Group achieved a relatively balanced gender diversity in the workforce (including the senior management) which comprises 47% male and 53% female. When hiring employees, the Group considers a number of factors, including gender, age, cultural and education background, qualification, ethnicity, professional experience, skills and knowledge etc. The overall workforce gender of the Group is relatively balanced taking into account the business models and operation needs of the Group. Details of the Group's gender diversity at workforce level are set out in the 2025 ESG Report to be published on the websites of HKEX and the Company in April 2026.

The Board will monitor the implementation of the Workforce Diversity Policy and will review the Workforce Diversity Policy from time to time and revise it where necessary.

CORPORATE GOVERNANCE REPORT

Meetings

The Board conducts meetings on a regular basis with at least 14 days' notice and on an ad hoc basis with reasonable notice that are required for significant and important issues. Before each Board and committee meetings, relevant agendas and documents with appropriate information are sent to Directors who are consulted for including matters in the agendas. The Board has four scheduled meetings a year to, amongst other matters, approve the final results and interim results respectively and consider financial and operating performances of the Company. All businesses transacted at the Board meetings are well-documented and the records are maintained properly. The Board members are provided with appropriate and sufficient information in a timely manner to keep abreast of the Group's latest developments.

During the year ended 31 December 2025, the Board held four meetings and the attendance record of each Director is set out in the following table:

Directors	Attendance/Number of Board meetings held in 2025
<i>Executive Directors</i>	
Mr. Lu Wing Chi, Jesse (<i>Chairman</i>)	4/4
Mr. Lambert Lu (<i>Chief Executive</i>)	4/4
Mr. Yap Shee Liam (<i>Chief Financial Officer</i>)	4/4
<i>INED</i>	
Mr. Walujo Santoso, Wally	4/4
Mr. Chan Kwok Wai	4/4
Mr. Lo Wai Tung Welman	4/4
Ms. Patricia Chan	4/4

Note: The Chairman met all INED without the presence of other Directors in 2025.

Relationship

Mr. Lu Wing Chi, Jesse (the Chairman and Executive Director) is the father of Mr. Lambert Lu (the Executive Director and Chief Executive). Other than this, there is no financial, business, family and other material relationship among other members of the Board.

Notwithstanding the above relationships, there has been an effective and balanced board collectively responsible for the Company's activities and affairs. In addition, the roles of the Chairman and the Chief Executive are separate and performed by different Directors. Their roles and responsibilities had been clearly set out and approved by the Board.

During the year 2025, more than half of the Board members were INED whose views carried significant weight in the Board's decisions. Directors have been free to discuss issues properly put to the Board meetings and express their views and concerns. No individual or small group can dominate the Board's decision-making process.

CORPORATE GOVERNANCE REPORT

Training, Professional Development and Insurance for Directors

When a newly-appointed Director joins the Group, he/she will receive an induction briefing that will give him/her an understanding of the Group, its businesses and Director's responsibilities.

The Company provides a Directors' Handbook to the Directors to give them an overview of key governance issues and key guidelines relating to their roles, responsibilities and ongoing obligations, and will update the handbook from time to time. The Directors are also provided with monthly updates on the Company's financial and operating performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

Directors are provided with timely updates on business trends and changes in laws and compliance issues relevant to the Group. The Company also encourages its Directors to enroll in relevant professional development courses to continually update and further improve their relevant knowledge and skills. An in-house training session conducted by Deloitte was organised for the year 2025 as parts of the continuous professional development for the Directors to enhance their understanding of emerging trends in digital assets within Hong Kong.

A summary of training participated by the Directors during the year ended 31 December 2025 is as follows:

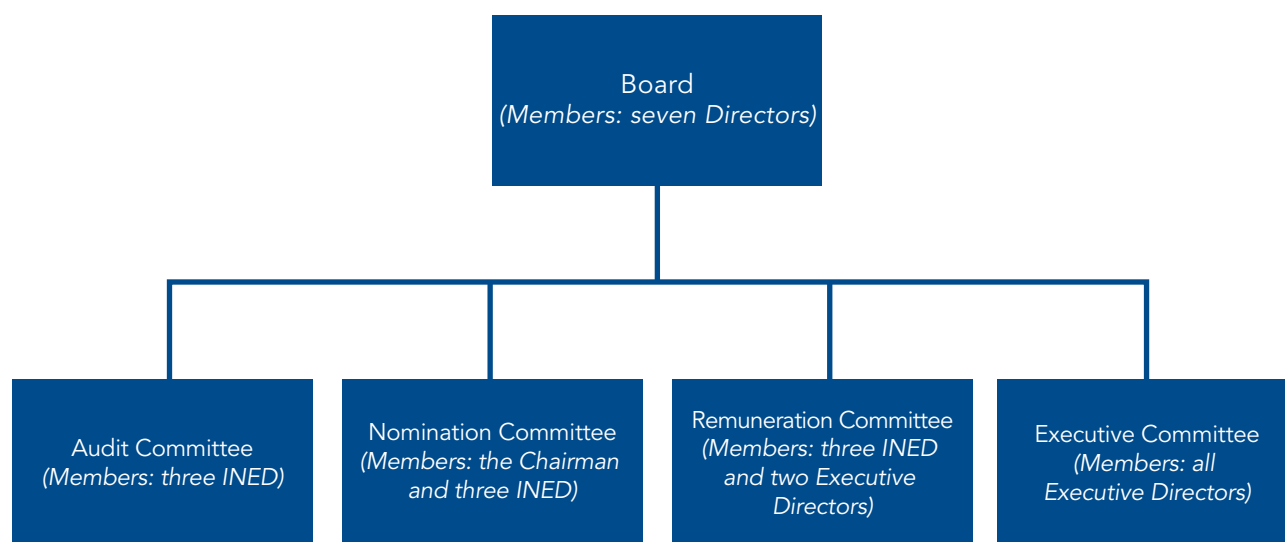
Directors	Attending seminars, briefing and/or reading materials in relation to updates on business trends, laws, rules and regulations	Reading regulatory updates and information relevant to the Group or its business
<i>Executive Directors</i>		
Mr. Lu Wing Chi, Jesse (<i>Chairman</i>)	✓	✓
Mr. Lambert Lu (<i>Chief Executive</i>)	✓	✓
Mr. Yap Shee Liam (<i>Chief Financial Officer</i>)	✓	✓
<i>INED</i>		
Mr. Walujo Santoso, Wally	✓	✓
Mr. Chan Kwok Wai	✓	✓
Mr. Lo Wai Tung Welman	✓	✓
Ms. Patricia Chan	✓	✓

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

CORPORATE GOVERNANCE REPORT

4. Delegation – Board Committees

The Board has properly delegated its powers and established the Audit Committee, Nomination Committee, Remuneration Committee and Executive Committee with specific written terms of reference that clearly deal with their authority and duties, to oversee particular aspects of the Company's affairs and assist in the execution of the Board's responsibilities.



Audit Committee

Composition

The Audit Committee was established in 1999. The terms of reference of the Audit Committee were published on the websites of the Company and HKEX. The Audit Committee currently comprises three members and all of them are INED. The attendance record of the committee members at the meetings held during the year ended 31 December 2025 is set out below:

Committee Members	Attendance/Number of Audit Committee meetings held in 2025
<i>INED</i>	
Mr. Chan Kwok Wai (<i>chairman</i>)	2/2
Mr. Walujo Santoso, Wally	2/2
Mr. Lo Wai Tung Welman	2/2

Role and Function

The primary duties of the Audit Committee are to ensure the objectivity and credibility of financial reporting, the effectiveness of the audit process in accordance with applicable standards, the effectiveness and adequacy of the Group's risk management and internal control systems as well as to maintain an appropriate relationship with the independent external auditor of the Company.

CORPORATE GOVERNANCE REPORT

During the year ended 31 December 2025, the Audit Committee met twice with representatives of the management and Deloitte (the independent auditor of the Company) to discuss the auditing and financial reporting matters. During the meetings, the Audit Committee in particular reviewed and discussed about:

- (i) the accounting principles and policies adopted by the Group;
- (ii) the annual results (including the announcement thereof) and the audited financial statements for the year ended 31 December 2024;
- (iii) the interim results (including the announcement thereof) and the financial statements for the six months ended 30 June 2025;
- (iv) any significant findings by the independent auditor during the financial audit and other audit issues;
- (v) the letters of management representations issued to the independent auditor in connection with the audit or review of the Group's relevant financial statements; and
- (vi) the risk management and internal control systems including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Audit Committee also recommended to the Board for the re-appointment of Deloitte and reviewed the relevant audit fees. In March 2026, the Audit Committee reviewed with representatives of the management and Deloitte the audited consolidated financial statements of the Company for the year ended 31 December 2025 and was of the opinion that such financial statements had been prepared in compliance with applicable financial reporting standards and requirements and adequate disclosure had been made. The Audit Committee also reviewed the internal control review report for the financial year of 2025 and the continuing connected transaction entered into by the Company (details are disclosed in the section headed "Directors' Report" and note 40 to the consolidated financial statements).

Nomination Committee

Composition

The Nomination Committee was established in 2012. Its terms of reference have been updated in August 2025 to conform to the amended CG Code which took effect on 1 July 2025 and can be found on the websites of the Company and HKEX. The Nomination Committee is chaired by the Chairman, currently comprises four members including the Chairman and three INED. The attendance record of the committee members at the meeting held during the year ended 31 December 2025 is set out in the following table:

Committee Members	Attendance/Number of Nomination Committee meeting held in 2025
<i>Executive Director</i>	
Mr. Lu Wing Chi, Jesse (<i>chairman</i>)	1/1
<i>INED</i>	
Mr. Walujo Santoso, Wally	1/1
Mr. Lo Wai Tung Welman	1/1
Ms. Patricia Chan (<i>appointed on 23 May 2025</i>)	N/A

CORPORATE GOVERNANCE REPORT

Role and Function

The principal role of the Nomination Committee includes, inter alia, reviewing the structure, size and composition of the Board with due regard to the Board Diversity Policy, making recommendations on any proposed changes to the Board to complement the Company's corporate strategy.

The Board adopted the Nomination Policy in March 2014 setting out the criteria, procedures and process for nomination of Directors. When identifying candidates to be appointed as Director, the Nomination Committee shall make evaluation of the proposed candidate pursuant to the nomination criteria and make recommendation to the Board if appropriate. The Board shall make decisions on the appointment based on the recommendation of the Nomination Committee. The Nomination Policy contains a number of factors in assessing the suitability of a proposed candidate which include the candidate's skills, competence, experience, professional and educational qualifications, time commitment, diversity perspectives set out in the Board Diversity Policy and the independence criteria under Rule 3.13 of the Listing Rules if the candidate is proposed to be appointed as an INED.

The Nomination Committee also reviews the expertise and overall contribution of the retiring Directors who are standing for re-election at the AGM and recommends such retiring Directors to the Board for re-election at the AGM.

During the year 2025 and in January 2026, the Nomination Committee reviewed the structure, size, composition of the Board and the Board Diversity Policy, assessed the independence of INED, and made recommendations in relation to the re-appointment of retiring Directors who offered themselves for re-election at the coming AGM.

In order to comply with the amended CG Code, the Nomination Committee recommended the Board to appoint Ms. Patricia Chan as a member of the Nomination Committee. The Board accepted the Nomination Committee's recommendation and appointed Ms. Chan as a member of the Nomination Committee in May 2025.

Remuneration Committee

Composition

The Remuneration Committee was established in 2005. Its terms of reference can be found on the websites of the Company and HKEX. The Remuneration Committee currently comprises five members including three INED and two Executive Directors. The attendance record of the committee members at the meeting held during the year ended 31 December 2025 is set out in the following table:

Committee Members	Attendance/Number of Remuneration Committee meeting held in 2025
<i>INED</i>	
Mr. Lo Wai Tung Welman (<i>chairman</i>)	1/1
Mr. Walujo Santoso, Wally	1/1
Ms. Patricia Chan	1/1
<i>Executive Directors</i>	
Mr. Lu Wing Chi, Jesse	1/1
Mr. Lambert Lu	1/1

CORPORATE GOVERNANCE REPORT

Role and Function

The Remuneration Committee is responsible for, amongst other matters, establishing a formal and transparent procedure for developing remuneration policies and overseeing the remuneration packages for the Executive Directors and Non-executive Directors and ensuring that no Director will be involved in deciding his own remuneration. The Remuneration Committee has adopted the operation model where it determines the remuneration packages of individual Executive Directors and make recommendations to the Board on the remuneration packages of individual Non-executive Directors.

In determining the Directors' emoluments, the Remuneration Committee takes into consideration factors such as the qualifications, experience, time commitment, responsibilities, performance, contribution and remuneration of the Directors for previous years, the Company's profitability, emoluments paid by comparable companies and employment conditions elsewhere in the Group.

The Company adopted a Remuneration Policy in November 2022 which aims to provide fair market level of remuneration to motivate, attract and retain high quality Directors to maximize Shareholders value, through a set of formal and transparent procedures. The Remuneration Committee is responsible for monitoring and regular view of the policy to ensure the effectiveness of the policy, and will make amendment for the Board's approval if necessary.

Below is a summary of key provisions of the Remuneration Policy:

- (i) the remuneration packages of Executive Directors are determined by the Board and/or Remuneration Committee with reference to their duties and responsibilities, the Company's performance and profitability and the prevailing market conditions;
- (ii) the annual director's fees of Non-executive Directors (including INED) are reviewed by the Remuneration Committee and recommended to the Board for approval with reference to, inter alia, market trend and their time commitments to the Group;
- (iii) any adjustment of the annual fee cap in respect of the aggregate amount of the annual Directors' fees of the Company shall be subject to approval of the Shareholders; and
- (iv) no Director shall be involved in deciding his own remuneration.

At the AGM held in 2019, the Shareholders passed an ordinary resolution to authorise the Directors to fix the directors' fees for an aggregate amount not exceeding HK\$5.0 million per annum.

CORPORATE GOVERNANCE REPORT

During the year 2025 and in January 2026, the Remuneration Committee determined the remuneration packages of the Executive Directors as well as made recommendation to the Board for approval on the remuneration packages of the INED.

Details of the Directors' emoluments for the year ended 31 December 2025 are set out in note 15 to the consolidated financial statements.

Executive Committee

Composition

The Executive Committee was set up in 1990 and currently is comprised of three Executive Directors.

Mr. Lu Wing Chi, Jesse (*Chairman*)

Mr. Lambert Lu (*Chief Executive*)

Mr. Yap Shee Liam (*Chief Financial Officer*)

Role and Function

The Executive Committee is primarily responsible for supervising and undertaking the day-to-day operations of the Group. It exercises leadership and develops and keeps under review business development initiatives of the Group and monitors their implementation. The Executive Committee meets as and when necessary.

5. Securities Transactions by Directors and Employees

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors.

In response to the specific enquiry made by the Company, all Directors confirmed in writing that they had complied with the required standards as set out in the Model Code throughout the year ended 31 December 2025.

Directors' interests in shares and underlying shares in the Company are contained in the section headed "Directors' Report" on pages 50 to 52.

The Company has also adopted a code with no less exacting terms than the Model Code for the directors and employees of the Group (other than the Directors) to regulate their dealings in the securities of the Company, as they are likely to be in possession of inside information in relation to the Company or its securities because of their office or employment.

CORPORATE GOVERNANCE REPORT

6. Directors' Responsibility for Preparing Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group which give a true and fair view of the state of the Group's affairs and of its results. Their responsibilities have also been stated in the section headed "Independent Auditor's Report" on page 59. In doing so, the Directors select suitable accounting policies and apply them consistently and make accounting estimates that are appropriate in the circumstances. With the assistance of the accounting and finance department of the Company, the Directors ensure that the financial statements of the Group are prepared in accordance with statutory requirements and appropriate financial reporting standards.

In addition, the Directors ensure timely publication of the financial statements of the Group.

7. Risk Management and Internal Control

The Board has overall responsibility for maintaining and ensuring effective implementation of the risk management and internal control systems of the Group and reviewing their effectiveness by the Audit Committee to safeguard the Shareholders' interest and the Company's assets. However, these systems are designed to manage rather than eliminate risk of failure in operational system, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group has implemented an effective internal control system which includes a defined management structure with clear lines of responsibility and limits of authority, proper procedures for income and expenditure, monthly review by the Executive Directors of operational and financial reports provided by the management, regular business meetings between the Executive Directors and the core management team and periodic review of the Group's financial results by the Board.

The Board, through the Audit Committee, reviews regularly the effectiveness and adequacy of the Group's internal control system which includes financial, operational and compliance mechanisms and risk management functions in order to identify, evaluate and manage risks (including ESG risks) and take appropriate measures to avoid or mitigate those risks that could adversely impact the Group's business activities. The review also includes the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting functions, training programmes and budget, internal audit as well as those relating to the Company's ESG performance and reporting. The review process consists of, amongst other matters, assessment and implementation of material control issues identified by an independent external auditor during the statutory audit.

During the year 2025, the Company engaged an independent consultant to perform an internal control review on the operations of the Group in order to assist the Group to assess its internal control system in general. The consultant also assisted the Group to perform an ESG risk assessment by identifying ESG issues of the environmental and social aspects, assessing and prioritizing the ESG risks as well as considering upcoming plans for enhancing the current ESG practices of the Group. An ESG working committee comprising management members and led by an Executive Director was formed to review and monitor the Group's ESG matters and ensure the compliance with the ESG related regulatory requirements.

CORPORATE GOVERNANCE REPORT

The work approach of the review conducted by the independent consultant includes:

- (i) making enquiries with appropriate management and key process owners to obtain a thorough understanding of the operations of the in-scope processes and to identify major risks, respective internal controls and significant design deficiencies of the internal control system;
- (ii) performing walkthrough tests and identifying implementation deficiencies for the key internal control procedures;
- (iii) performing necessary substantive procedures to identify operating deficiencies of the key internal control procedures; and
- (iv) following completion of the review, the independent consultant summarizes the findings and certain deficiencies identified and also makes appropriate recommendations for improving and strengthening the Group's internal control system to the Audit Committee for approval.

In the year under review, no material issues on the Group's internal control system have been identified in the reviewed areas. The findings of the review and some recommendations proposed to the management for improving the internal control system have been reported to the Audit Committee. The independent consultant also performed a follow-up review on the remedial actions undertaken by the management of the Company on the control deficiencies in the review carried out in the previous year. The recommended remedial actions were fully implemented by the Company. After reviewing the internal audit report for the year 2025, the Board considered that the risk management and internal control systems was appropriate and effective.

Policies for Whistleblowing and Anti-Corruption

The Company is committed to achieving and maintaining the highest standards of openness, probity and accountability. In line with this commitment, the Board adopted a Whistleblowing Policy in August 2022 which provides reporting channels and guidance for its employees and other third parties who deal with the Group (e.g. customers, tenants, contractors and suppliers) to report any suspected impropriety, misconduct or malpractice within the Group. The Company's Business Ethics Committee (comprising the Chief Executive and the Head of Human Resources and Administration Department of the Company) will review and investigate the reported matters and determine the subsequent corrective action. All information received from a whistleblower and his/her identity will be kept confidential.

The Business Ethics Committee of the Company will report the concerns and the outcome of investigation to the Audit Committee regularly. The Audit Committee is empowered to take any further appropriate course of action and report to the Board that requires its attention and approval. The Audit Committee will review the Whistleblowing Policy to ensure its effectiveness from time to time and make recommendation to the Board of any revisions for its approval.

The Company is also committed to conducting business honestly, ethically and with integrity. In line with this commitment, the Board adopted an Anti-Corruption Policy in August 2022 which sets out the minimum standards of conduct of directors, officers and employees of the Group when dealing business under the applicable anti-corruption laws, rules and regulations. Every employee has a duty to timely report any actual or suspected breach of the policy through the procedures as stated in the Whistleblowing Policy. The Board is responsible for monitoring the implementation of this policy and will from time to time review this policy as appropriate to ensure the effectiveness of this policy.

The Whistleblowing Policy and Anti-Corruption Policy have been published on the Company's website and intranet for public and employees information.

CORPORATE GOVERNANCE REPORT

8. Handling and Dissemination of Inside Information

The Group acknowledges its responsibilities under the SFO and the Listing Rules and the overriding principle that inside information should be announced immediately when it is the subject of a decision.

The Board adopted the Inside Information Policy in August 2019 which provides a general guide to the Group's officers and employees in handling confidential information and ensures that inside information of the Company is to be disseminated to the public in a timely manner in accordance with the applicable laws and regulations.

Below is a summary of key provisions of the Inside Information Policy:

- (i) officers and employees must follow the reporting channels for disclosing the inside information and take reasonable care for safeguard the confidentiality of all inside information;
- (ii) the Executive Directors are empowered to take appropriate actions to ensure compliance with the disclosure requirements including issuing announcements and making a request to the Stock Exchange for a trading halt in case the Company is facing an unexpected and significant event; and
- (iii) Directors and employees of the Group must not deal in the Company's securities when they are in possession of unpublished inside information.

The Group also keeps the Directors and employees apprised of the latest regulatory updates on disclosure requirements of inside information.

9. Dividend Policy

The Board adopted the Dividend Policy in December 2018 which sets out the frequency, forms and criteria of dividend payout in order to provide stable and sustainable returns to the Shareholders that allows the Shareholders to participate in the Company's profits and for the Company to retain adequate reserves for future development.

The Company may distribute dividends by way of cash and/or by way of distribution in specie, subject to the applicable rules and requirements under the Bermuda law and the Company's constitutional documents. The Board takes into account, inter alia, the following factors in deciding whether to propose a dividend and in determining the dividend amount:

- (i) the Group's actual and expected financial performance;
- (ii) retained earnings and distributable reserves of the Company and its subsidiaries;
- (iii) the cash flow position of the Group;
- (iv) the Group's working capital requirements and future expansion plans; and
- (v) general economic conditions and other internal and external factors that may have an impact on the business or financial performance and position of the Group.

The Company will review the Dividend Policy from time to time and reserves the right in its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that dividends will be paid in any particular amount and/or in no way to obligate the Company to declare a dividend for any given period.

CORPORATE GOVERNANCE REPORT

10. Independent Auditor's Reporting Responsibility

The statement of Deloitte, Certified Public Accountants, the independent auditor of the Company, about their reporting responsibility on the financial statements of the Group is set out in the section headed "Independent Auditor's Report" on pages 59 to 61. Representatives of Deloitte also attend the AGMs to answer questions which the Shareholders may have.

11. Independent Auditor's Remuneration

At the AGM held on 23 May 2025, Deloitte was re-appointed by the Shareholders as independent auditor of the Company at a fee to be agreed by the Board. The total fees paid/payable to Deloitte in respect of the audit and non-audit services provided during the year ended 31 December 2025 are set out as follows:

	HK\$'000
Audit services	2,560
Non-audit services (reviewing and other reporting services)	220
Total	2,780

12. Going Concern

The Directors confirm that, to the best of their knowledge, information and belief and having made all reasonable enquiries, they are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

13. Shareholders Engagement

The Shareholders' Communication Policy was updated in November 2023 to enhance the communication with the Shareholders so as to ensure the communications are timely, transparent, accurate and open. Information of the Company is disseminated to the Shareholders through a number of channels as follows:

- (i) corporate communications such as annual reports, interim reports and circulars are available on the websites of the Company and HKEX;
- (ii) periodic announcements are made through the Stock Exchange and published on the respective websites of the Company and HKEX;
- (iii) corporate information is made available on the Company's website;
- (iv) AGMs and SGMs provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management of the Company; and
- (v) the Company's Hong Kong branch share registrar serves the Shareholders in respect of share registration, dividend payment, change of their particulars and related matters, election of means of receipt of corporate communications and related matters.

CORPORATE GOVERNANCE REPORT

Having considered the multiple channels of communication with the Shareholders, the Company considers that the Shareholder's Communication Policy is proper and effective. The Board will review the policy from time to time and make necessary changes if required.

Shareholders are encouraged to access the Company's corporate communications electronically via the websites of the Company and HKEX to help protect the environment. Shareholders have the right to change their choice of receipt of our corporate communications at any time by giving reasonable notice to the Company.

Separate resolutions are proposed at general meetings on each substantial issue including the election of individual Directors.

During the year ended 31 December 2025, an AGM was held on 23 May 2025. All resolutions relating to ordinary businesses and special businesses proposed at the AGM were duly passed.

The attendance records of the Directors at the 2025 AGM are set out in the following table:

Directors	Attendance at the 2025 AGM
<i>Executive Directors</i>	
Mr. Lu Wing Chi, Jesse (<i>Chairman</i>)	✓
Mr. Lambert Lu (<i>Chief Executive</i>)	✓
Mr. Yap Shee Liam (<i>Chief Financial Officer</i>)	✓
<i>INED</i>	
Mr. Walujo Santoso, Wally	✓
Mr. Chan Kwok Wai	✓
Mr. Lo Wai Tung, Welmán	✓
Ms. Patricia Chan	✓

14. Shareholders' Rights

Convening Special General Meeting

Shareholder(s) holding not less than one-tenth of the paid-up capital of the Company may request the Board to convene a SGM. The purposes of the meeting must be stated in the related requisition and deposited at the Company's registered office and principal place of business in Hong Kong. If the Directors do not within 21 days from the date of the deposit of a request (after being verified to be valid) proceed to convene a SGM, the Shareholders concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene a SGM, but any SGM so convened shall not be held after the expiration of three months from the date of the deposit of the request.

CORPORATE GOVERNANCE REPORT

Putting forward proposals at general meetings

Shareholders holding not less than one-twentieth of the total voting rights of those Shareholders having the right to vote at a general meeting or not less than one hundred Shareholders can submit a written request to move a resolution at a general meeting. The written request must state the resolution, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution and deposited at the Company's registered office and principal place of business in Hong Kong not less than six weeks before the meeting in the case of a requisition requiring notice of a resolution, and not less than one week before the meeting in the case of any other requisition. Upon the request verified to be valid, the Company will give notice of the resolution or circulate the statement provided that the Shareholders concerned have deposited a sum reasonably sufficient to meet the Company's expenses in regard thereto.

15. Constitutional Documents

The constitutional documents of the Company are available on the websites of the Company and HKEX. There is no change in the constitutional documents during the year ended 31 December 2025 and up to the date of this report.

The Board will seek approval of the Shareholders at the forthcoming AGM to amend the existing Bye-Laws and adopt the new Bye-Laws in order to (i) provide the Company with greater flexibility to purchase or acquire shares to be held as treasury shares following the amendments to the Listing Rules; (ii) align with the Listing Rules in relation to the expanded paperless listing regime and electronic dissemination of corporate communications; and (iii) make other consequential and housekeeping amendments. Details are set out in the circular which is sent together with this annual report to the Shareholders.

16. Investor Relations

The Company keeps on promoting investor relations and enhancing communication with the Shareholders and potential investors. It welcomes suggestions from investors, stakeholders and the public who may contact the Company by the following means:

- (i) By phone at (852) 2828 6363 during normal business hours
- (ii) By fax at (852) 2598 6861
- (iii) By e-mail to info@seagroup.com.hk
- (iv) By post to 26/F., Everbright Centre, 108 Gloucester Road, Wanchai, Hong Kong

17. Looking Forward

The Board will continue to monitor, review and take appropriate actions to ensure compliance with the required practices and standards including the code provisions and if reasonably practicable, the recommended best practices of the CG Code at all times.

DIRECTORS' REPORT

The Directors have pleasure in presenting this Directors' Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2025.

Principal Activities

The Company is an investment holding company and the principal activities of its subsidiaries comprise property investment, property development, hotel operation and financial investment in Hong Kong and the United Kingdom.

Other particulars of the principal subsidiaries of the Company as at 31 December 2025 are set out in note 42 to the consolidated financial statements.

Business Review and Performance

A review of the business of the Group during the year ended 31 December 2025 and a discussion on the Group's future business development, principal risks and uncertainties that the Group may be facing are provided in the "Chairman's Statement" on pages 6 and 7, "Chief Executive's Report" on pages 8 to 13 and "Management Discussion and Analysis" on pages 18 to 25 of this Annual Report.

The financial risk management objectives and policies of the Group can be found in note 33 to the consolidated financial statements.

An analysis of the Group's performance during the year ended 31 December 2025 using financial key performance indicators is provided in the "Chairman's Statement" on pages 6 and 7, "Chief Executive's Report" on pages 8 to 13 and "Management Discussion and Analysis" on pages 18 to 25 and "Financial Highlights" on pages 16 and 17 of this Annual Report.

Discussion on the Group's environmental policies, compliance with relevant laws and regulations and relationships with its key stakeholders (including employees, customers and suppliers) which have a significant impact on the Group's operation are provided in the stand-alone 2025 ESG Report which will be published on the websites of the Stock Exchange and the Company in April 2026.

Segmental Analysis of Operations

An analysis of the Group's performance for the year by reportable segments is set out in note 6 to the consolidated financial statements.

Results

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss on page 62 and the consolidated statement of profit or loss and other comprehensive income on page 63.

The state of affairs of the Group as at 31 December 2025 is set out in the consolidated statement of financial position on pages 64 and 65.

DIRECTORS' REPORT

Dividends

An interim dividend of HK2 cents per share (2024: HK2 cents) amounting to HK\$12.0 million (2024: HK\$12.0 million) was paid to the Shareholders during the year.

The Board has resolved to recommend for the Shareholders' approval at the forthcoming 2026 AGM the payment of a final dividend of HK3 cents (2024: HK3 cents) per share for the year under review, amounting to HK\$18.1 million (2024: HK\$18.1 million) to the Shareholders whose names appear on the register of members at the close of business on Tuesday, 2 June 2026. The relevant dividend warrants are expected to be despatched on or before Tuesday, 16 June 2026.

Share Capital

Details of the movements in the share capital of the Company during the year are set out in note 31 to the consolidated financial statements.

Reserves

Details of the movements in the reserves of the Group during the year 2025 are set out in the consolidated statement of changes in equity on page 66. The Company's reserves available for distribution to the Shareholders as at 31 December 2025 were as follows:

	2025 HK\$'000	2024 HK\$'000
Contributed surplus	190,081	190,081
Retained profits	4,212,336	4,250,730
	4,402,417	4,440,811

Under the Companies Act 1981 of Bermuda (as amended), the amount of the contributed surplus account of the Company is available for distribution. However, the Company cannot declare or pay a dividend or make a distribution out of contributed surplus if after the payment:

- (i) it is or would be unable to pay its liabilities as they become due; or
- (ii) the realisable value of its assets would thereby be less than its liabilities.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Bye-Laws and there is no restriction against such rights under the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to its existing Shareholders.

Investment Properties

All the investment properties of the Group were revalued at 31 December 2025. The net decrease in fair value of investment properties amounting to HK\$104 million (2024: net decrease of HK\$14 million) has been debited directly to the consolidated statement of profit or loss.

Details of the movements in the investment properties of the Group during the year are set out in note 19 to the consolidated financial statements.

DIRECTORS' REPORT

Property, Plant and Equipment

Details of the movements in the property, plant and equipment of the Group during the year are set out in note 20 to the consolidated financial statements.

Properties

Details of the properties of the Group held for investment and sale purposes at 31 December 2025 are set out in the section headed "Property Portfolio" on page 5.

Permitted Indemnity Provision

Pursuant to the Bye-Law 148, every Director for the time being acting in relation to any of the affairs of the Company, and their respective executors or administrators, shall be indemnified and secured harmless out of the assets of the Company from and against all actions, costs, charges, losses, liabilities, damages and expenses which they or any of them, their or any of their executors or administrators, shall or may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts, except such (if any) as they shall incur or sustain through their own wilful neglect or default respectively. During the year under review, the Company had arranged a directors' and officers' liability insurance for the Directors.

Directors

The composition of the Board of Directors during the year and up to the date of this Annual Report is set out below.

Executive Directors

Mr. Lu Wing Chi, Jesse (*Chairman*)
Mr. Lambert Lu (*Chief Executive*)
Mr. Yap Shee Liam (*Chief Financial Officer*)

Independent Non-executive Directors

Mr. Walujo Santoso, Wally
Mr. Chan Kwok Wai
Mr. Lo Wai Tung Welman
Ms. Patricia Chan

In accordance with Bye-laws 88(A), 88(B) and 89 of the Bye-Laws and in compliance with the code provision B.2.2 of the CG Code as set out in Appendix C1 to the Listing Rules, Messrs Lambert Lu, Walujo Santoso, Wally and Chan Kwok Wai will retire by rotation and, being eligible, have offered themselves for re-election at the 2026 AGM.

All other Directors shall continue in office.

Directors' Biographical Particulars

Biographical particulars of the Directors are set out on pages 14 and 15 of this Annual Report.

Further particulars of the Directors to be re-elected at the 2026 AGM are set out in the circular to be despatched to the Shareholders in April 2026.

Directors' Service Contracts

None of the Directors proposed for re-election at the 2026 AGM has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation other than statutory compensation.

Particulars of the emoluments of Directors on a named basis for the year are set out in note 15 to the consolidated financial statements.

DIRECTORS' REPORT

Directors' Interests in Transactions, Arrangements or Contracts of Significance

Save as disclosed in the section headed "Continuing Connected Transaction" on page 49 of this report, there were no other transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its holding companies, subsidiaries or fellow subsidiaries was a party or were parties and in which a Director or a controlling Shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangements for Directors to Acquire Shares and Debentures

At no time during the year was the Company or any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors or any of their spouse or children under the age of 18 to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' Interests in Competing Businesses

Pursuant to Rule 8.10 of the Listing Rules, the following Directors and their associates (as defined in the Listing Rules) are considered by the Company to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, other than those businesses where such Directors have been appointed to represent the interests of the Company and/or other members of the Group:

- (i) Mr. Lu Wing Chi, Jesse (the Chairman and Executive Director) has shareholdings (for himself and on behalf of his associates) and holds directorships in a number of private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lu is considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.
- (ii) Mr. Lambert Lu (the Executive Director and Chief Executive) is the son of Mr. Lu Wing Chi, Jesse. In this regard, Mr. Lambert Lu is considered to have interests in the competing businesses in which Mr. Lu Wing Chi, Jesse is deemed interested. Mr. Lambert Lu also has shareholdings (for himself and on behalf of his associates) and holds directorships in certain private companies controlled by, or owned in conjunction with, his close relatives and associates. From time to time, such companies are involved in real estate development and investment. In this regard, Mr. Lambert Lu is considered to have interests in businesses which compete or is likely to compete, either directly or indirectly, with the businesses of the Group.

Currently, more than half of the Board members are INED whose views carry significant weight in the Board's decisions. Fundamentally, it is independent of the above individuals and the respective boards of directors of the above companies in which the relevant directors have personal interests. Further, all the Directors are fully aware of, and have been discharging, their fiduciary duty to the Company and have acted and will continue to act in the best interest of the Company and the Shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the said competing businesses.

DIRECTORS' REPORT

Management Contracts

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

Continuing Connected Transaction

On 1 March 2023, S E A Project Management Company Limited ("SEA PM"), an indirect wholly-owned subsidiary of the Company, entered into a project management agreement with Newgate Property Holdings Limited ("Newgate Property") for a term of 36 months from 1 March 2023 to 28 February 2026 pursuant to which SEA PM has agreed to provide project management services to Newgate Property relating to the development project for a commercial building, now known as THE CENDAS located at New Kowloon Inland Lot No. 5948, 15 Sheung Yuet Road, Kowloon Bay, Hong Kong.

Details of the continuing connected transaction including the terms of the project management agreement and the total fees for the provision of project management services payable to the Group were disclosed in the Company's announcement dated 1 March 2023.

For the year ended 31 December 2025, the Group received approximately HK\$15,833,000 (2024: HK\$15,833,000) for the project management services, which is within the annual cap of HK\$26,000,000.

As Mr. Lu Wing Chi, Jesse is the Chairman, Executive Director and controlling Shareholder, and Mr. Lambert Lu is the Executive Director, Chief Executive and controlling Shareholder, and therefore they are connected persons of the Company. Messrs Lu Wing Chi, Jesse and Lambert Lu indirectly and collectively hold 40% of the equity interests in Newgate Property. Accordingly, Newgate Property is an associate of Messrs Lu Wing Chi, Jesse and Lambert Lu and a connected person of the Company, and the entering into of the project management agreement constitutes a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

The Independent Non-executive Directors have reviewed and confirmed that during the year of 2025, the above continuing connected transaction was entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms or better; and
- (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Deloitte, the Company's independent auditor, was engaged to report on the Group's continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "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. Deloitte issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transaction disclosed by the Group in this Annual Report in accordance with Rule 14A.56 of the Listing Rules.

DIRECTORS' REPORT

Directors' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2025, the interests and short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

1. Long positions in shares of the Company

Name of Directors	Number of ordinary shares held			Number of underlying shares held under equity derivatives	Total interests	Approximate % of interest in the issued share capital
	Personal interests (held as beneficial owner)	Corporate interests (held by controlled corporations)	Family interests (interests of spouse)	Personal interests (held as beneficial owner)		
Lu Wing Chi, Jesse	–	446,392,255 ⁽ⁱ⁾	–	–	446,392,255	74.14
Lambert Lu	550,000	338,779,740 ⁽ⁱⁱ⁾	–	–	339,329,740	56.36
Yap Shee Liam	648,000	–	–	–	648,000	0.11
Walujo Santoso, Wally	1,680,400	–	–	–	1,680,400	0.28
Chan Kwok Wai	–	–	–	–	–	–
Lo Wai Tung Welman	–	–	–	–	–	–
Patricia Chan	–	–	–	–	–	–

Notes:

- (i) Among these 446,392,255 shares, 107,612,515 shares were held by Port Lucky, 78,548,387 shares were held by Ambleside Glory and 260,231,353 shares were held by NLI. Port Lucky is 100% owned by SEA Fortune, which in turn is 100% owned by NYH. NYH is 100% owned by Mr. Lu Wing Chi, Jesse. Ambleside Glory is 100% owned by NLI, which in turn is owned by Mr. Lu Wing Chi, Jesse and Mr. Lambert Lu as to 60% and 40% respectively (as disclosed in the section of "Long positions in shares of associated corporation" as stated on page 51). By virtue of Mr. Lu Wing Chi, Jesse's interests in NLI, Port Lucky and Ambleside Glory, he is deemed to be interested in these shares.
- (ii) As disclosed in Note (i) above, among these 338,779,740 shares, 78,548,387 shares were held by Ambleside Glory and 260,231,353 shares were held by NLI. Ambleside Glory is 100% owned by NLI, which in turn is owned by Mr. Lu Wing Chi, Jesse and Mr. Lambert Lu as to 60% and 40% respectively. By virtue of Mr. Lambert Lu's interests in NLI and Ambleside Glory, he is also deemed to be interested in these shares.
- (iii) The total number of issued shares of the Company as at 31 December 2025 was 602,122,726 shares.

DIRECTORS' REPORT

2. Long positions in shares of associated corporation

Name of associated corporation	Name of Directors	Number of ordinary shares held			Total interests	Approximate % of interest in the issued share capital
		Personal interests (held as beneficial owner)	Corporate interests (held by controlled corporation)	Family interests (interests of spouse)		
NLI	Lu Wing Chi, Jesse	93,876	–	–	93,876	60.00
	Lambert Lu	62,584	–	–	62,584	40.00

Saved as disclosed herein, as at 31 December 2025, none of the Directors had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be recorded in the register kept by the Company under Section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' and Other Persons' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2025, so far as is known to the Directors, the following substantial Shareholders and other persons (other than Directors) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name of Shareholders	Number of ordinary shares		Total interests	Approximate % of interest in the issued share capital
	Held as beneficial owner	Held by controlled corporations		
NLI	260,231,353	78,548,387 ⁽ⁱ⁾	338,779,740	56.26
Ambleside Glory	78,548,387	–	78,548,387	13.05
NYH	–	107,612,515 ⁽ⁱⁱ⁾	107,612,515	17.87
SEA Fortune	–	107,612,515 ⁽ⁱⁱ⁾	107,612,515	17.87
Port Lucky	107,612,515	–	107,612,515	17.87

DIRECTORS' REPORT

Notes:

- (i) NLI holds 100% of the issued share capital of Ambleside Glory. The above 78,548,387 shares held by Ambleside Glory are also deemed to be interest of NLI and such shares are, therefore, duplicated between these shareholders for the purpose of the SFO.
- (ii) NYH holds 100% of the issued share capital of SEA Fortune, which in turn holds 100% of the issued share capital of Port Lucky. The above 107,612,515 shares held by Port Lucky are also deemed to be interest of SEA Fortune and NYH and such shares are, therefore, duplicated between these shareholders for the purpose of the SFO.
- (iii) Messrs Lu Wing Chi, Jesse and Lambert Lu, both being Directors, are also directors of NLI, Ambleside Glory, NYH, SEA Fortune and Port Lucky.
- (iv) The total number of issued shares of the Company as at 31 December 2025 was 602,122,726 shares.

Saved as disclosed herein, as at 31 December 2025, none of the substantial Shareholders and other persons (other than Directors) had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

Share Option Schemes and Share Award Scheme

The Shareholders passed ordinary resolutions at the annual general meeting of the Company on 24 May 2024 approving the adoption of a new share option scheme (the "2024 Share Option Scheme") and a new share award scheme (the "2024 Share Award Scheme") for a term of 10 years, subject to early termination by the Company in general meeting or by the Board.

Summaries of the principal terms of the 2024 Share Option Scheme and the 2024 Share Award Scheme are set out below:

2024 Share Option Scheme

(i) Purpose

To recognise and acknowledge the contributions which the eligible participants (as defined under the 2024 Share Option Scheme) have made or will make to the Group and to promote the long term success of the Company.

(ii) Participants

Eligible participants include (i) employee participants; (ii) related entity participants; and (iii) service providers. The eligibility of each class of the eligible persons shall be determined by the Board or its delegated committee from time to time and on a case-by-case basis.

(iii) Total number of shares available for issue

As at the date of this Annual Report, the total number of shares available for issue under the 2024 Share Option Scheme and any other share schemes of the Company including the 2024 Share Award Scheme is 60,212,272 shares, representing 10% of the total number of shares in issue (excluding treasury shares).

As at the date of this Annual Report, the total number of shares available for issue under the 2024 Share Option Scheme and any other share schemes of the Company including the 2024 Share Award Scheme to the services providers is 3,010,613 shares, representing 0.5% of the total number of shares in issue (excluding treasury shares).

DIRECTORS' REPORT

(iv) Maximum entitlement of each participant

Unless approved by the Shareholders, the maximum total number of shares issued and to be issued in respect of all options and awards granted to a grantee at any one time or in aggregate under the 2024 Share Option Scheme and all other share schemes of the Company including the 2024 Share Award Scheme (excluding any options and awards lapsed) in any 12-month period up to and including the date of grant must not exceed 1% of the shares then in issue.

Where any grant of options to an INED or a substantial Shareholder or any of their respective associates would result in the shares issued and to be issued in respect of all options and awards granted (excluding any options and awards lapsed) to such person in the 12-month period up to and including the date the options are granted, representing in aggregate over 0.1% of the shares then in issue, such grant is subject to the approval of Shareholders in general meeting.

(v) Option period

The period during which an option may be exercised is determined by the Board or its delegated committee at its absolute discretion, save that no option may be exercised later than 10 years from the date of grant.

(vi) Vesting period

The vesting period for all options must not be less than 12 months. Any shorter vesting period in respect of the options granted to employee participants must be approved by the Board or its delegated committee at its discretion, provided that such grantees have been specifically identified before granting such approval.

(vii) Payment on acceptance of option

HK\$10 is payable to the Company upon acceptance of the options within 28 days from the date of offer.

(viii) Basis of determining the exercise price

The exercise price is determined by the Board or its delegated committee which must be at least the highest of (i) the closing price of the shares on the Stock Exchange on the date of grant; and (ii) the average of the closing price of the shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of grant.

(ix) Remaining life

The 2024 Share Option Scheme is valid and effective for a term of ten years from the date of adoption and will expire on 23 May 2034.

DIRECTORS' REPORT

2024 Share Award Scheme

(i) Purpose

To recognise and acknowledge the contributions which the eligible participants (as defined under the 2024 Share Award Scheme) have made or will make to the Group and to promote the long term success of the Company.

(ii) Participants

Eligible participants include (i) employee participants; (ii) related entity participants; and (iii) service providers. The eligibility of each class of the eligible persons shall be determined by the Board or its delegated committee from time to time and on a case-by-case basis.

(iii) Total number of shares available for issue

As at the date of this Annual Report, the total number of shares available for issue under the 2024 Share Award Scheme and any other share schemes of the Company including the 2024 Share Option Scheme is 60,212,272 shares, representing 10% of the total number of shares in issue (excluding treasury shares).

As at the date of this Annual Report, the total number of shares available for issue under the 2024 Share Award Scheme and any other share schemes of the Company including the 2024 Share Option Scheme to the services providers is 3,010,613 shares, representing 0.5% of the total number of shares in issue (excluding treasury shares).

(iv) Maximum entitlement of each participant

Unless approved by the Shareholders, the maximum total number of shares issued and to be issued in respect of all options and awards granted to a grantee at any one time or in aggregate under the 2024 Share Award Scheme and all other share schemes of the Company including the 2024 Share Option Scheme (excluding any options and awards lapsed) in any 12-month period up to and including the date of grant must not exceed 1% of the shares then in issue.

Where any grant of awarded shares to any Director (other than an INED) or Chief Executive or any of their respective associates would result in the shares issued and to be issued in respect of all awarded shares granted (excluding any awarded shares lapsed) to such person in the 12-month period up to and including the date of grant, representing in aggregate over 0.1% of the shares then in issue, such grant is subject to the approval of Shareholders in general meeting.

Where any grant of awarded shares to an INED or a substantial Shareholder or any of their respective associates would result in the shares issued and to be issued in respect of all awarded shares or options granted (excluding any awarded shares or options lapsed) to such person in the 12-month period up to and including the date of grant, representing in aggregate over 0.1% of the shares then in issue, such grant is subject to the approval of Shareholders in general meeting.

(v) Vesting period

The vesting period for the awards granted must not be less than 12 months. Any shorter vesting period in respect of the awards granted to employee participants must be approved by the Board or its delegated committee at its discretion under certain circumstances as stated in the 2024 Share Award Scheme.

DIRECTORS' REPORT

(vi) Payment on acceptance of award

The amount payable and the time limit on acceptance of an award is determined by the Board or its delegated committee.

(vii) Basis of determining the purchase price

The Board or its delegated committee may at its absolute discretion grant awards, which may comprise (a) new shares; (b) existing shares which are listed on the Stock Exchange; (c) cash in lieu of the shares; or (d) a combination of any of (a), (b) and (c), to any grantees.

In the event the award includes cash in lieu of shares, the cash value must be the higher of (i) the closing price of the shares as shown on the Stock Exchange on the date of vesting; and (ii) the average of the closing price of the shares as shown in the daily quotations sheets of the Stock Exchange for the five business days immediately preceding the date of vesting of such award.

(viii) Remaining life

2024 Share Award Scheme is valid and effective for a term of ten years from the date of adoption and will expire on 23 May 2034.

No share options and awards had been granted, exercised, vested, cancelled or lapsed under the 2024 Share Option Scheme and the 2024 Share Award Scheme during the year ended 31 December 2025. There were no outstanding options and unvested awards under the 2024 Share Option Scheme and the 2024 Share Award Scheme during the year ended 31 December 2025.

The total number of shares in respect of all options and awards available for grant under the 2024 Share Option Scheme, the 2024 Share Award Scheme and any other share schemes of the Company as at 1 January 2025 and 31 December 2025 was 60,212,272 shares, representing 10% of the total number of issued shares (excluding treasury shares) of the Company as at the date of adoption (the "Scheme Mandate Limit").

Within the Scheme Mandate Limit, the total number of shares in respect of all options and awards available for grant under the 2024 Share Option Scheme, the 2024 Share Award Scheme and any other share schemes of the Company to the services providers as at 1 January 2025 and 31 December 2025 was 3,010,613 shares, representing 0.5% of the total number of issued shares (excluding treasury shares) of the Company as at the date of adoption.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2025.

Major Customers and Major Suppliers

During the year, the revenue and aggregate revenue attributable to the Group's largest customer and five largest customers accounted to approximately 28% and 52% of the Group's total revenue respectively.

The aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the total purchases of the Group for the year.

Save as disclosed in the section headed "Continuing Connected Transaction" of this Directors' Report, at no time during the year did a Director, a close associate of a Director or a Shareholder (which to the knowledge of the Directors own more than 5% of the Company's issued shares (excluding treasury shares) had an interest in any of the Group's five largest customers.

DIRECTORS' REPORT

Related Party Transactions

Details of the significant related party transactions undertaken in the usual course of business are set out in note 40 to the consolidated financial statements. Save as disclosed in the section headed "Continuing Connected Transaction" of this Directors' Report, the other related party transactions are fully exempt connected transaction under Chapter 14A of the Listing Rules.

Corporate Governance

The Company is committed to maintain high corporate governance standards so as to ensure better transparency and protection of Shareholders' interests. Information on the corporate governance practices adopted by the Company is set out in the section headed "Corporate Governance Report" on pages 27 to 44.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the issued shares in the Company were held by the public (i.e. the prescribed public float applicable to the Company under the Listing Rules) during the year and up to the date of this Annual Report.

Charitable Donations

During the year, the Group made charitable donations amounting to about HK\$34,000 (2024: HK\$580,000).

Five-Year Financial Summary

A summary of the results, assets and liabilities of the Group for the past five financial years is set out in the section headed "Financial Highlights" on page 16.

Review by Audit Committee

The Audit Committee comprises three members, namely Messrs Chan Kwok Wai, Walujo Santoso, Wally and Lo Wai Tung Welman, all being INED. The Audit Committee has reviewed with the management the audited consolidated financial statements of the Company for the year ended 31 December 2025.

Independent Auditor

The consolidated financial statements of the Company for the year under review have been audited by Deloitte, who will retire and, being eligible, offer themselves for re-appointment. Approved by the Board upon the Audit Committee's recommendation, a resolution to re-appoint Deloitte as independent auditor of the Company for the ensuing year will be put to the 2026 AGM for the Shareholders' approval.

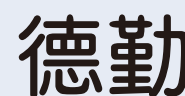
On behalf of the Board

Lu Wing Chi, Jesse

Chairman

Hong Kong, 25 March 2026

INDEPENDENT AUDITOR'S REPORT



To the Shareholders of S E A Holdings Limited

(Incorporated in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of S E A Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 62 to 145, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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

BASIS FOR OPINION

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

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

How our audit addressed the key audit matter

Valuation of investment properties

We identified the valuation of investment properties as a key audit matter as the valuation is subject to management estimate and has a significant impact on the financial result and financial position of the Group.

As disclosed in note 19 to the consolidated financial statements, the carrying value of the investment properties amounted to HK\$6,741,210,000 as at 31 December 2025 and the decrease in fair value of the investment properties recorded in the loss for the year was HK\$104,116,000. In estimating the fair value of investment properties, it is the Group's policy to engage independent qualified professional valuers (the "Valuers") to perform the valuation.

The Valuers have determined the fair value of the Group's investment properties by the use of different valuation methodologies, and key inputs such as: (i) capitalisation rate under income capitalisation approach; (ii) adjusting factors such as location, size, age and maintenance under direct comparison approach and (iii) estimated costs to complete and market unit rate for gross development value under residual approach.

Our procedures in relation to the valuation of investment properties included:

- Evaluating the competence, capabilities and objectivity of the Valuers;
- Obtaining an understanding of the valuation process and significant assumptions to assess if the methodologies meet relevant accounting requirements and industry norms;
- Evaluating the appropriateness of the valuation models used based on our knowledge of the property market; and
- Assessing the reasonableness of the key inputs used by the Valuers by comparing them to comparable market transactions, other publicly available information of the property market and entity-specific information such as rental income and tenancy summary on a sample basis.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company (the "Directors") are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors 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 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.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

As part of an audit in accordance with HKSAAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Tan Wei Ming (practising certificate number: P05694).

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Revenue	7		
– Renting of investment properties		216,939	206,045
– Hotel operation		176,672	181,993
– Return from financial investment			
– Interest income and others		29,349	26,096
Total revenue		422,960	414,134
Other income	8	27,583	31,533
Costs:			
Property and related costs	9	(4,885)	(4,526)
Staff costs		(94,525)	(96,558)
Depreciation		(42,610)	(46,306)
Other expenses	10	(90,716)	(96,423)
		(232,736)	(243,813)
Profit before fair value changes on investment properties		217,807	201,854
Fair value changes on investment properties		(104,116)	(14,497)
Profit after fair value changes on investment properties		113,691	187,357
Other gains and losses	11	6,230	26,996
Share of result of joint ventures		(15,069)	13,109
Finance costs	12	(291,511)	(365,141)
Loss before taxation	13	(186,659)	(137,679)
Income tax (expense) credit	14	(36)	950
Loss for the year		(186,695)	(136,729)
Loss for the year attributable to the Company's shareholders		(186,695)	(136,729)
		HK cents	HK cents
Basic and diluted loss per share for loss attributable to the Company's shareholders	18	(31.0)	(22.7)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Loss for the year	(186,695)	(136,729)
Other comprehensive income (expense):		
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value gain on equity instruments at fair value through other comprehensive income ("FVTOCI")	52,870	16,699
Share of other comprehensive expense of a joint venture	-	(3,836)
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	82,241	(25,878)
Fair value (loss) gain on debt instruments at FVTOCI	(7,347)	13,559
Reclassification to profit or loss upon disposal/derecognition of debt instruments at FVTOCI	(3,239)	2,717
Other comprehensive income for the year	124,525	3,261
Total comprehensive expense for the year attributable to the Company's shareholders	(62,170)	(133,468)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Investment properties	19	6,741,210	6,682,012
Property, plant and equipment	20	533,923	543,142
Investments in joint ventures	21	527,136	513,586
Equity instruments at FVTOCI	22	162,128	147,607
Debt instruments at FVTOCI	23	17,761	25,085
Financial assets at fair value through profit or loss ("FVTPL")	24	27,036	66,088
Pledged bank deposits	26	160,804	197,853
Other assets	25	5,704	5,704
		8,175,702	8,181,077
Current assets			
Inventories		1,245	1,456
Loans to joint ventures	21	127,212	430,596
Debt instruments at FVTOCI	23	5,710	7,402
Financial asset at FVTPL	24	7,784	–
Trade and other receivables, deposits and prepayments	27	38,936	39,073
Tax recoverable		2	2
Time deposits	26	572,479	–
Cash and cash equivalents	26	1,607,154	2,447,750
		2,179,633	2,447,750
		2,360,522	2,926,279
Current liabilities			
Payables, rental deposits and accrued charges	28	133,983	146,788
Tax liabilities		15,056	14,313
Lease liabilities	30	11,284	6,463
Bank borrowings – due within one year	29	1,127,909	1,241,320
		1,288,232	1,408,884
Net current assets		1,072,290	1,517,395
Total assets less current liabilities		9,247,992	9,698,472

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2025

	NOTES	2025 HK\$'000	2024 HK\$'000
Capital and reserves			
Share capital	31	60,212	60,212
Reserves		3,770,966	3,863,242
Total equity		3,831,178	3,923,454
Non-current liabilities			
Payables, rental deposits and accrued charges	28	5,300	5,524
Lease liabilities	30	179,660	157,895
Bank borrowings – due after one year	29	5,220,242	5,600,815
Deferred taxation	32	11,612	10,784
		5,416,814	5,775,018
Total equity and non-current liabilities		9,247,992	9,698,472

The consolidated financial statements on pages 62 to 145 were approved and authorised for issue by the Board of Directors on 25 March 2026 and signed on its behalf by:

LU WING CHI, JESSE
 CHAIRMAN
 AND EXECUTIVE DIRECTOR

LAMBERT LU
 EXECUTIVE DIRECTOR
 AND CHIEF EXECUTIVE

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to the Company's shareholders							Total HK\$'000
	Share capital HK\$'000	Contributed surplus HK\$'000 (note i)	Translation reserve HK\$'000	Capital redemption reserve HK\$'000	Investment revaluation reserve HK\$'000	Other reserves HK\$'000 (note ii)	Retained profits HK\$'000	
At 1 January 2024	60,212	277,707	(7,406)	4,451	(429,794)	27,769	4,154,089	4,087,028
Loss for the year	-	-	-	-	-	-	(136,729)	(136,729)
Exchange differences arising on translation of foreign operations	-	-	(25,878)	-	-	-	-	(25,878)
Fair value gain on equity instruments at FVTOCI	-	-	-	-	16,699	-	-	16,699
Fair value gain on debt instruments at FVTOCI	-	-	-	-	13,559	-	-	13,559
Reclassification to profit or loss upon disposal/derecognition of debt instruments at FVTOCI	-	-	-	-	2,717	-	-	2,717
Share of other comprehensive expense of a joint venture	-	-	-	-	(3,836)	-	-	(3,836)
Other comprehensive (expense) income for the year	-	-	(25,878)	-	29,139	-	-	3,261
Total comprehensive (expense) income for the year	-	-	(25,878)	-	29,139	-	(136,729)	(133,468)
Dividends paid (note 17)	-	-	-	-	-	-	(30,106)	(30,106)
Reclassification upon disposal of investment in a joint venture	-	-	-	-	6,183	-	(6,183)	-
At 31 December 2024	60,212	277,707	(33,284)	4,451	(394,472)	27,769	3,981,071	3,923,454
Loss for the year	-	-	-	-	-	-	(186,695)	(186,695)
Exchange differences arising on translation of foreign operations	-	-	82,241	-	-	-	-	82,241
Fair value gain on equity instruments at FVTOCI	-	-	-	-	52,870	-	-	52,870
Fair value loss on debt instruments at FVTOCI	-	-	-	-	(7,347)	-	-	(7,347)
Reclassification to profit or loss upon disposal/derecognition of debt instruments at FVTOCI	-	-	-	-	(3,239)	-	-	(3,239)
Other comprehensive income for the year	-	-	82,241	-	42,284	-	-	124,525
Total comprehensive income (expense) for the year	-	-	82,241	-	42,284	-	(186,695)	(62,170)
Dividends paid (note 17)	-	-	-	-	-	-	(30,106)	(30,106)
Reclassification upon disposal of equity instruments at FVTOCI	-	-	-	-	98	-	(98)	-
At 31 December 2025	60,212	277,707	48,957	4,451	(352,090)	27,769	3,764,172	3,831,178

Notes:

- (i) Contributed surplus represents the excess of the nominal value of the shares of the acquired subsidiaries over the nominal value of the Company's shares issued for the acquisition pursuant to the Group reorganisation in previous years.
- (ii) Other reserves represent the excess of the consideration paid for acquisition of additional interest in subsidiaries from non-controlling interests over the carrying amount of non-controlling interests.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Operating activities		
Loss before taxation	(186,659)	(137,679)
Adjustments for:		
Interest expense	291,511	365,141
Depreciation and amortisation	42,610	46,306
Fair value changes on investment properties	104,116	14,497
(Gain) loss on disposal/derecognition of debt instruments at FVTOCI	(3,239)	2,717
Fair value gain on disposal of financial assets at FVTPL	(11,819)	–
Share of result of joint ventures	15,069	(13,109)
Interest income	(34,464)	(34,763)
Dividend from listed equity securities	(1,601)	(1,929)
(Gain) loss on disposal of property, plant and equipment	(191)	39
Gain on disposal of investment in a joint venture	–	(27,329)
Net exchange losses (gains)	8,828	(2,384)
Operating cash flows before movements in working capital	224,161	211,507
Decrease in inventories	211	238
Decrease in trade and other receivables, deposits and prepayments	6,705	127,537
(Decrease) increase in payables, rental deposits and accrued charges	(2,935)	11,662
Cash generated from operations	228,142	350,944
Interest received from financial investment	22,657	25,475
Dividend received	1,601	1,929
Tax paid	(5)	(690)
Net cash from operating activities	252,395	377,658
Investing activities		
Interest received from bank deposits	6,716	10,596
Placement of pledged bank deposits	(20,596)	(25,392)
Placement of time deposits	(572,479)	–
Release of pledged bank deposits	58,053	61,377
Repayment from joint ventures in form of loan	312,215	747,044
Loan advance to a joint venture	(37,450)	–
Purchase of property, plant and equipment	(7,345)	(13,088)
Additions to investment properties	(10,322)	(11,468)
Purchase of financial assets at FVTPL	(10,137)	(4,792)
Proceeds from disposal of an investment property	128,000	–
Proceeds from disposal of financial asset at FVTPL	34,147	–
Proceeds from disposal of equity instruments at FVTOCI	39,103	–
Proceeds from disposal/redemption of debt instruments at FVTOCI	1,346	33,045
Proceeds from disposal of property, plant and equipment	208	268
Net cash (used in) from investing activities	(78,541)	797,590

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Financing activities		
Drawdown of bank borrowings	1,017,500	1,087,042
Repayment of bank borrowings	(1,702,325)	(1,832,700)
Repayment of lease liabilities	(11,287)	(12,389)
Payment of bank borrowings front-end fee	(1,464)	(19,684)
Interest paid	(286,967)	(363,839)
Dividends paid	(30,044)	(30,098)
Net cash used in financing activities	(1,014,587)	(1,171,668)
Net (decrease) increase in cash and cash equivalents	(840,733)	3,580
Cash and cash equivalents at beginning of the year	2,447,750	2,445,668
Effect of foreign exchange rate changes	137	(1,498)
Cash and cash equivalents at end of the year	1,607,154	2,447,750
Represented by:		
Cash and cash equivalents	1,607,154	2,447,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. GENERAL INFORMATION

S E A Holdings Limited (the “Company”) is an exempted company incorporated in Bermuda with limited liability and its shares are listed on the Stock Exchange. Nan Luen International Limited, an exempted company incorporated in Bermuda with limited liability, is the immediate and ultimate holding company of the Company. The addresses of the registered office and principal place of business of the Company are disclosed in the Directory of the annual report.

The Company acts as an investment holding company. The principal activities of its subsidiaries and joint ventures are set out in notes 42 and 21 respectively.

The consolidated financial statements are presented in HK\$, which is also the functional currency of the Company.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendments to an HKFRS Accounting Standard 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS *(continued)*

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

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKAS 21	Translation to a Hyperinflationary Presentation Currency ³
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ²
HKFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

Except for the new HKFRS Accounting Standards mentioned below, the Directors anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

HKFRS 18 Presentation and Disclosure in Financial Statements

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 *Presentation of Financial Statements*. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures (MPMs) in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of HKFRS 18) and HKFRS 7. Minor amendments to HKAS 7 *Statement of Cash Flows* and HKAS 33 *Earnings per Share* are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. HKFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

3.1 Basis of preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the HKICPA. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

3.2 Material accounting policy information

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Group gains control until the date when the Group ceases to control the subsidiary.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Investments in joint ventures

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

The results and assets and liabilities of the joint venture are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of the joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Investments in joint ventures *(continued)*

When the Group ceases to have joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of HKFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the joint venture and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the joint venture is included in the determination of the gain or loss on disposal of the joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that joint venture on the same basis as would be required if that joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant joint venture.

When a group entity transacts with a joint venture of the Group, profits and losses resulting from the transactions with the joint venture are recognised in the Group's consolidated financial statements only to the extent of interest in the joint venture that are not related to the Group.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contract with customers is provided in note 7.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes).

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

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Investment properties *(continued)*

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposal.

Property, plant and equipment

Property, plant and equipment are tangible assets that held for use in the supply of services, or for administrative purpose. Property, plant and equipment other than crockery, utensils and linen are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" included in the "property, plant and equipment" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets, other than crockery, utensils and linen, less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Impairment on property, plant and equipment

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment, is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to relevant cash generating units when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The Group assesses whether there is indication that corporate assets may be impaired. If such indication exists, the recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Impairment on property, plant and equipment *(continued)*

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities, at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

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

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost on initial recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments subsequently measured at FVTOCI. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

(ii) Debt instruments classified as FVTOCI

Subsequent changes in the carrying amounts for debt instruments classified as FVTOCI as a result of interest income calculated using the effective interest method, and foreign exchange gains and losses are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these debt instruments had been measured at amortised cost. All other changes in the carrying amount of these debt instruments are recognised in OCI and accumulated under the heading of investment revaluation reserve. Impairment allowances are recognised in profit or loss with corresponding adjustment to OCI without reducing the carrying amounts of these debt instruments. When these debt instruments are derecognised, the cumulative gains or losses previously recognised in OCI are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Classification and subsequent measurement of financial assets *(continued)*

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to retained profits.

Dividend from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividend clearly represent a recovery of a part of the cost of the investment. Dividends are included in the "revenue" included in return from financial investment (interest income and others) line item in profit or loss.

(iv) Financial assets at FVTPL

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group performs impairment assessment under expected credit loss model ("ECL") on trade receivables, other receivables, pledged bank deposits, time deposits, bank balances, debt instruments at FVTOCI and loans to joint ventures which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually.

For all other instruments with the exception of purchased or originated credit-impaired financial assets, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Purchased or originated credit-impaired ("POCI") financial assets are treated differently because the asset is credit-impaired at initial recognition. For these assets, the Group recognises all changes in lifetime ECL since initial recognition as a loss allowance with any changes recognised in profit or loss. A favourable change for such assets creates an impairment gain.

(i) Significant increase in credit risk

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(continued)*

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definitions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(continued)*

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

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

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

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- (e) the disappearance of an active market for that financial asset because of financial difficulties; or
- (f) the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(continued)*

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over one year past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments *(continued)*

Financial assets *(continued)*

Impairment of financial assets subject to impairment assessment under HKFRS 9 *(continued)*

(v) Measurement and recognition of ECL *(continued)*

Except for investments in debt instruments that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the investment revaluation reserve without reducing the carrying amount of these debt instruments. Such amount represents the changes in the investment revaluation reserve in relation to accumulated loss allowance.

Derecognition/modification of financial assets

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

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

On derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits.

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Financial instruments (continued)

Financial assets (continued)

Derecognition/modification of financial assets *(continued)*

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities at amortised cost

Financial liabilities are subsequently measured at amortised cost, using the effective interest method.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information (continued)

Financial instruments (continued)

Financial liabilities and equity (continued)

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Offsetting a financial asset and a financial liability

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

Leases

The Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Right-of-use assets

The cost of right-of-use assets include:

- the amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date, less any lease incentives received.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Leases (continued)

The Group as a lessee (continued)

Right-of-use assets *(continued)*

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets that do not meet the definition of investment property in "property, plant and equipment", the same line item within which the corresponding underlying assets would be presented if they were owned. Right-of-use assets that meet the definition of investment property are presented within "investment properties".

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; a country-specific risk adjustment and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

After the commencement date, lease liabilities are adjusted by changes in interest and lease payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Leases (continued)

The Group as a lessee (continued)

Lease liabilities *(continued)*

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “lease modifications”).

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

Lease modifications

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Leases (continued)

Lease modifications (continued)

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value method. Variable lease payments for operating leases that depend on an index or a rate are based on the market or rate at commencement date of the lease and included in the total lease payments to be recognised on a straight-line basis over the lease term. Variable lease payments that do not depend on an index or a rate are recognised as income when they arise.

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Borrowing costs *(continued)*

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. When a fair value gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is also recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's investment in the foreign operation.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

3. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

(continued)

3.2 Material accounting policy information *(continued)*

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Cash and cash equivalents

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

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the Directors have reviewed the Group's investment properties situated in Hong Kong and in the United Kingdom ("UK") are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the Directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted for investment properties situated in Hong Kong and UK. For the Group's investment properties situated in Hong Kong, the Group has not recognised any deferred taxes on changes in fair value of these investment properties as the Group is not subject to any income taxes on disposal of these investment properties. For the Group's investment properties situated in UK, the Group has recognised deferred tax on changes in fair value of these investment properties.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Deferred tax asset

As at 31 December 2025, a deferred tax asset of HK\$53,933,000 (2024: HK\$49,859,000) in relation to unused tax losses of HK\$319,977,000 (2024: HK\$297,533,000) has been recognised to offset with the deferred tax liabilities arisen from same entities. No deferred tax asset has been recognised on the remaining tax losses of HK\$1,119,152,000 (2024: HK\$1,016,788,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient taxable profits will be available in the future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. The uncertainty would depend on how the ongoing uncertain macroeconomic and geopolitical environment. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such reversal or further recognition takes place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(continued)*

Key sources of estimation uncertainty *(continued)*

Fair value of investment properties

Investment properties with a carrying amount of HK\$6,741,210,000 in aggregate (2024: HK\$6,682,012,000) are stated at fair value based on the valuation performed by independent qualified professional valuers. In determining the fair values, the valuers have used different methods of valuation which involve certain assumptions of market conditions. In relying on the valuation reports, the Directors have exercised their judgment and are satisfied that the methods of valuation are reflective of the current market conditions. Changes in assumption relating to these factors could affect the reported fair values of the investment properties. See note 19 for further disclosures.

Fair value measurement of financial instruments

The Group's unlisted equity instruments at FVTOCI and financial assets at FVTPL as disclosed in notes 22 and 24 respectively, are measured at fair values with fair values being determined based on unobservable inputs using relevant valuation techniques. Judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in assumptions relating to these factors could result in material adjustments to the fair values of these instruments.

Measurement of ECL for debt instruments at FVTOCI

Measurement of ECL for debt instruments at FVTOCI is dependent on the external economic conditions and credit behaviour (e.g. the likelihood of issuers defaulting and the resulting losses) of each debt instrument.

The determination of loss allowances for debt instruments at FVTOCI using the ECL model involves significant estimates and judgements, including determination of whether there is significant increase in credit risk since initial recognition and the use of the following:

- The selection of inputs which the entity used in the ECL model including loss given default and probability of default;
- The selection of forward-looking information;
- Macroeconomic scenario and weighting information

The Group has performed ECL assessment on the debt instruments by taking into consideration the historical data from international rating agencies, the use of economic variables and relative weighting for forward-looking scenarios. The management regularly review the estimation and assumptions used in the ECL calculation to reduce any differences between loss estimates and actual loss.

See note 33(b) for further disclosures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

5. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to the Company's shareholders through the optimisation of the debt and equity balances. The Group's overall strategy remains unchanged from the prior year.

The capital structure of the Group consists of bank borrowings and equity attributable to the Company's shareholders, comprising issued capital, retained profits and reserves.

The Directors review the capital structure periodically. As part of this review, the Directors consider the cost of capital and the risks associated with the capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as raising of new debts or repayment of existing debts.

6. SEGMENT INFORMATION

Information reported to the Executive Directors, being the chief operating decision makers ("CODM"), for the purposes of resource allocation and assessment of segment performance is mainly focused on property development, property investment, hotel operation and financial investment.

The property investment segment includes a number of various property locations. Each location is considered as a separate operating segment by the CODM. For segment reporting, these individual operating segments have been aggregated into a single reportable segment as property investment provide the same nature of income with the same recognition criteria.

The financial investment segment includes interest income from time deposits and investment income from listed investments.

It is the Group's strategy to make financial investment, particularly fixed income debt securities, from time to time in order to generate stable financial investment income for the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

Segment revenues and results

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

For the year ended 31 December 2025

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Financial investment HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External revenue	–	216,939	176,672	29,349	422,960
SEGMENT RESULTS					
Segment (loss) profit	(16,929)	97,877	26,071	43,950	150,969
Unallocated interest income					6,716
Corporate expenses					(52,833)
Finance costs					(291,511)
Loss before taxation					(186,659)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

Segment revenues and results *(continued)*

For the year ended 31 December 2024

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Financial investment HK\$'000	Consolidated HK\$'000
SEGMENT REVENUE					
External revenue	–	206,045	181,993	26,096	414,134
SEGMENT RESULTS					
Segment profit	10,332	182,044	22,283	23,154	237,813
Unallocated interest income					10,596
Corporate expenses					(48,274)
Share of result of a joint venture					(2)
Gain on disposal of investment in a joint venture					27,329
Finance costs					(365,141)
Loss before taxation					(137,679)

Segment results of the property investment division for the year ended 31 December 2025 included a decrease in fair value of investment properties of HK\$104,875,000 (2024: HK\$14,374,000).

The accounting policies for operating segments are the same as the Group's accounting policies described in note 3.

The Group does not allocate interest income generated from bank deposits, corporate expenses, gain on disposal of investment in a joint venture, share of result of a joint venture and finance costs to individual reportable segment profit or loss for the purposes of resource allocation and performance assessment by the CODM.

The CODM makes decisions according to operating results of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purposes of resources allocation and performance assessment. Therefore, only segment revenue and segment results are presented.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

Other segment profit or loss information

Amounts included in the measure of segment profit or loss:

For the year ended 31 December 2025

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Financial investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation – Property, plant and equipment	-	-	31,097	-	11,513	42,610
Fair value changes on investment properties	(759)	104,875	-	-	-	104,116
Loss (gain) on disposal of property, plant and equipment	-	-	17	-	(208)	(191)

For the year ended 31 December 2024

	Property development HK\$'000	Property investment HK\$'000	Hotel operation HK\$'000	Financial investment HK\$'000	Unallocated HK\$'000	Consolidated HK\$'000
Depreciation – Property, plant and equipment	-	-	34,093	-	12,213	46,306
Fair value changes on investment properties	123	14,374	-	-	-	14,497
Loss on disposal of property, plant and equipment	-	-	39	-	-	39

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

6. SEGMENT INFORMATION *(continued)*

Geographical information

The Group's operations are located in Hong Kong (country of domicile) and UK.

Information about the Group's revenue from external customers by the geographical location of its properties or the principal place of business of the Company is detailed below.

	2025 HK\$'000	2024 HK\$'000
Hong Kong	223,652	224,839
UK	199,308	189,295
	422,960	414,134

Other than the tenants of 33 Old Broad Street and 20 Moorgate from whom the rental income represents 28% (2024: 27%) and 19% (2024: 18%) of the total revenue of the Group respectively, there is no other single customer who contributes over 10% of the total revenue of the Group.

Information about the Group's non-current assets, excluding financial assets at FVTPL, equity instruments at FVTOCI, debt instruments at FVTOCI, investments in joint ventures and pledged bank deposits by geographical location is detailed below.

	2025 HK\$'000	2024 HK\$'000
Hong Kong	3,380,227	3,547,446
UK	3,900,610	3,683,412
	7,280,837	7,230,858

The total assets of the Group by geographical location which is determined by reference to the location of the asset or the principal place of the business of the Company are detailed below.

	2025 HK\$'000	2024 HK\$'000
Hong Kong	6,453,783	7,232,888
UK	4,082,441	3,874,468
	10,536,224	11,107,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

7. REVENUE

	2025 HK\$'000	2024 HK\$'000
Renting of investment properties (note i)	216,939	206,045
Hotel operation (note ii)	176,672	181,993
Return from financial investment		
– Interest income and others (note iii)	29,349	26,096
	422,960	414,134

Notes:

- i. Included in revenue generated from renting of investment properties, HK\$216,537,000 (2024: HK\$205,612,000) is rental income from leasing of investment properties under operating leases in which the lease payments are fixed. No rental income from leasing of investment properties under operating leases in which the lease payments depend on an index or a certain rate is generated for both years.
- ii. For the year ended 31 December 2025, revenue from hotel operation, which arose from contracts with customers comprises of (i) hotel room revenue of HK\$144,736,000 (2024: HK\$150,166,000) being recognised over time and based on output method; (ii) food and beverage sales of HK\$21,491,000 (2024: HK\$21,761,000) and ancillary service of HK\$1,815,000 (2024: HK\$2,053,000) being recognised at point in time. The remaining revenue of HK\$8,630,000 (2024: HK\$8,013,000) is rental income from leasing of hotel's retail portion under operating leases in which the lease payments are either fixed or variable that are based on the percentage of monthly sales and minimum monthly fixed payments that are fixed over the lease terms, whichever is higher.

Performance obligations for contracts with customers and revenue recognition policies

The hotel room revenue from customers is recognised over time using output method when the services and facilities are provided. The Group allows an average credit period is not more than 30 days to travel agents and corporate customers.

For income from food and beverage, the performance obligation is the promise to provide catering services. Revenue from catering services is recognised at a point in time when the services are rendered. A receivable is recognised by the Group when the services are rendered to the customers at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Payment of the transaction price is due immediately at the point the services are rendered to the customers.

With the provision of these services at a period of one year or less, as permitted under HKFRS 15, the transaction price allocation to the unsatisfied contracts is not disclosed.

- iii. Interest income and others includes interest income from listed debt securities and time deposits of HK\$27,748,000 (2024: HK\$24,167,000) and dividend income from listed equity securities of HK\$1,601,000 (2024: HK\$1,929,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

8. OTHER INCOME

	2025 HK\$'000	2024 HK\$'000
Interest income from bank deposits	6,716	10,596
Management fee income (note 40)	15,833	15,833
Others	5,034	5,104
	27,583	31,533

9. PROPERTY AND RELATED COSTS

	2025 HK\$'000	2024 HK\$'000
Selling and marketing expenses	208	301
Direct operating expenses of investment properties	4,677	4,225
	4,885	4,526

10. OTHER EXPENSES

	2025 HK\$'000	2024 HK\$'000
Included in other expenses are:		
Hotel operating expenses	51,640	55,926
Legal and professional fees	11,940	10,946

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

11. OTHER GAINS AND LOSSES

	2025 HK\$'000	2024 HK\$'000
Net exchange (losses) gains	(8,828)	2,384
Gain on disposal of investment in a joint venture	–	27,329
Gain (loss) on disposal/derecognition of debt instruments at FVTOCI	3,239	(2,717)
Gain on disposal of financial assets at FVTPL	11,819	–
	6,230	26,996

12. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Bank borrowings:		
Interest on bank borrowings	259,795	332,279
Amortisation of bank borrowings front-end fee	16,296	17,436
	276,091	349,715
Lease liabilities:		
Interest on lease liabilities	6,084	5,344
Other charges	9,336	10,082
	291,511	365,141

13. LOSS BEFORE TAXATION

	2025 HK\$'000	2024 HK\$'000
Loss before taxation has been arrived at after charging (crediting):		
Auditor's remuneration:		
– Audit service	2,560	2,560
– Non-audit service	220	70
(Gain) loss on disposal of property, plant and equipment	(191)	39
Gross rental income from investment properties	(216,537)	(205,612)
Less: direct operating expenses of investment properties	4,677	4,225
Net rental income	(211,860)	(201,387)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

14. INCOME TAX EXPENSE (CREDIT)

	2025 HK\$'000	2024 HK\$'000
Current tax:		
Hong Kong	-	3
UK	-	319
Others	-	29
	-	351
Overprovision in prior years:		
Hong Kong	-	(8)
Deferred tax (note 32):		
Current year	36	(1,293)
	36	(950)

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

The United Kingdom Corporate Tax is calculated at 25% of the estimated assessable profit. The Group is also subject to the United Kingdom Corporate Tax which is calculated at 25% of the assessable chargeable capital gain on disposals.

Income tax arising in other jurisdiction is calculated at the rate prevailing in the relevant jurisdictions.

Details of deferred taxation are set out in note 32.

Income tax expense (credit) for the year can be reconciled to loss before taxation per the consolidated statement of profit or loss as follows:

	2025 HK\$'000	2024 HK\$'000
Loss before taxation	(186,659)	(137,679)
Tax at the domestic income tax rate of 16.5%	(30,799)	(22,717)
Tax effect of expenses not deductible for tax purposes	23,015	6,897
Tax effect of income not taxable for tax purposes	(8,339)	(12,489)
Tax effect of tax losses not recognised	16,891	26,931
Effect of different tax rates of subsidiaries operating overseas	(1,148)	(101)
Overprovision in prior years	-	(8)
Others	416	537
Income tax expense (credit) for the year	36	(950)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

15. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the Directors for the year are as follows:

	Mr. Lu Wing Chi, Jesse HK\$'000	Mr. Lambert Lu HK\$'000	Mr. Yap Shee Liam HK\$'000	Mr. Walujo Santoso, Wally HK\$'000	Mr. Chan Kwok Wai HK\$'000	Mr. Lo Wai Tung Welman HK\$'000 (note 5)	Ms. Patricia Chan HK\$'000 (note 6)	Mr. Chung Pui Lam HK\$'000 (note 7)	Total HK\$'000
2025									
Fees (note 1)	40	40	40	400	500	500	400	-	1,920
Other emoluments (note 2)									
Salaries and other benefits	3,600	6,000	2,040	-	-	-	-	-	11,640
Discretionary and performance-based bonus (note 3)	-	-	500	-	-	-	-	-	500
Retirement benefits scheme contributions	540	900	238	-	-	-	-	-	1,678
Total emoluments	4,180	6,940	2,818	400	500	500	400	-	15,738
2024									
Fees (note 1)	40	40	40	400	500	460	242	199	1,921
Other emoluments (note 2)									
Salaries and other benefits	3,600	6,000	2,040	-	-	-	-	-	11,640
Discretionary and performance-based bonus (note 3)	-	-	500	-	-	-	-	-	500
Retirement benefits scheme contributions	540	900	204	-	-	-	-	-	1,644
Total emoluments	4,180	6,940	2,784	400	500	460	242	199	15,705

Notes:

- The directors' fees shown above were mainly for their services as the Directors and its subsidiaries.
- The other emoluments shown above were mainly for their services in connection with management of the affairs of the Company and the Group.
- The discretionary and performance-based bonus to Messrs. Lu Wing Chi, Jesse and Lambert Lu are based on their contribution to the Group and calculated on the basis of profit before taxation attributable to the Company's shareholders. The discretionary and performance-based bonus to Mr. Yap Shee Liam is based on the Group's and his performance.
- There was no arrangement under which a Director or the Chief Executive waived or agreed to waive any remuneration during both years.
- Mr. Lo Wai Tung Welman was appointed as the Chairman of the Remuneration Committee of the Company on 24 May 2024.
- Ms. Patricia Chan was appointed on 24 May 2024.
- Mr. Chung Pui Lam retired on 24 May 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

16. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year included three directors (2024: three directors), details of whose remuneration are set out in note 15 above. Details of the remuneration for the year of the remaining two (2024: two) highest paid employees who are neither a Director nor Chief Executive are as follows:

	2025 HK\$'000	2024 HK\$'000
Salaries and other benefits	2,905	2,863
Retirement benefits scheme contributions	323	276
Discretionary and performance-based bonus	340	1,107
	3,568	4,246

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

	2025 Number of employees	2024 Number of employees
HK\$1,500,001 to HK\$2,000,000	2	1
HK\$2,500,001 to HK\$3,000,000	–	1

17. DIVIDENDS

	2025 HK\$'000	2024 HK\$'000
Dividends recognised as distributions during the year:		
2025 interim dividend – HK2 cents (2024: 2024 interim dividend – HK2 cents) per share	12,042	12,042
2024 final dividend – HK3 cents (2024: 2023 final dividend – HK3 cents) per share	18,064	18,064
	30,106	30,106
2025 final dividend proposed: HK3 cents (2024: HK3 cents) per share	18,064	18,064

Subsequent to the end of the reporting year, a final dividend in respect of the year ended 31 December 2025 of HK3 cents (2024: HK3 cents) per ordinary share, in an aggregate amount of HK\$18,064,000 (2024: HK\$18,064,000), has been proposed by the Directors and is subject to approval by the Company's shareholders in the forthcoming AGM.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

18. LOSS PER SHARE

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

	2025 HK\$'000	2024 HK\$'000
Loss for the purpose of basic and diluted loss per share:		
Loss for the year attributable to the Company's shareholders	(186,695)	(136,729)

	Number of shares	
	2025	2024
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	602,122,726	602,122,726

As the Group incurred losses for the years ended 31 December 2025 and 2024, the potential ordinary shares were not included in the calculation of dilutive loss per share, as their inclusion would be anti-dilutive. Accordingly, dilutive loss per share for the years ended 31 December 2025 and 2024 is the same as basic loss per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INVESTMENT PROPERTIES

The Group leases out various offices and retail stores under operating leases with rentals receivables monthly or quarterly. The leases typically run for an initial period of 2 to 35 years (2024: 2 to 35 years). Some of the lease contracts contain market review clauses.

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

	Hong Kong HK\$'000	UK HK\$'000	Total HK\$'000
At 1 January 2024	2,975,600	3,769,362	6,744,962
Additions	26,519	–	26,519
Fair value changes	(3,519)	(10,978)	(14,497)
Exchange adjustments	–	(74,972)	(74,972)
At 31 December 2024	2,998,600	3,683,412	6,682,012
Additions	21,583	–	21,583
Disposal	(128,000)	–	(128,000)
Fair value changes	(51,583)	(52,533)	(104,116)
Exchange adjustments	–	269,731	269,731
At 31 December 2025	2,840,600	3,900,610	6,741,210
Unrealised gain (loss) on property revaluation included in profit or loss for the year ended 31 December 2025	2,067	(52,533)	(50,466)
Realised loss on property revaluation included in profit or loss for the year ended 31 December 2025	(53,650)	–	(53,650)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INVESTMENT PROPERTIES *(continued)*

All of the Group's property interests held under operating leases to earn rentals and/or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Included in the investment properties in the United Kingdom are leasehold land subleased by the Group under operating leases. The related right-of-use assets of HK\$167,318,000 are recognised with related lease liabilities of HK\$170,009,000 as at 31 December 2025 (2024: right-of-use assets of HK\$159,767,000 and related lease liabilities of HK\$160,368,000). The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

During the year ended 31 December 2025, the Group also paid approximately HK\$21,583,000 (2024: HK\$26,519,000) for construction costs in relation to renovation projects for investment properties in Hong Kong.

During the year ended 31 December 2025, the Group entered into a formal agreement to sell an investment property at a net cash consideration of HK\$128,000,000 in Hong Kong to an independent third party and the transaction has been completed in October 2025.

The fair value of the Group's investment properties as at 31 December 2025 and 2024 has been arrived at on the basis of valuation carried out on the respective dates by the independent qualified professional valuers not connected to the Group as disclosed in below table.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INVESTMENT PROPERTIES *(continued)*

Details of the valuation methodologies are as follows:

Valuer	Class of properties	Fair value as at 31 December		Valuation methodology	Fair value hierarchy	Unobservable key inputs to the valuation	Sensitivity analysis
		2025 HK\$'000	2024 HK\$'000				
Completed investment properties							
Colliers International (Hong Kong) Limited [#] , Knight Frank Petty Limited [#] and Jones Lang Lasalle Limited* (2024: Colliers International (Hong Kong) Limited [#] , Knight Frank Petty Limited [#])	Residential and commercial units in Hong Kong	2,121,600	2,293,600	The valuers have used the direct comparison approach and made reference to comparable sales evidence as available in the market adjusted by location, size, age and maintenance, etc.	Level 3	Hong Kong residential units adjusting factors for nature, location and conditions of the property ranging from 73.0% to 119.6% (2024: 87.6% to 150.2%) Hong Kong commercial units adjusting factors for nature, location and conditions of the property ranging from 74.9% to 163.4% (2024: 77.0% to 140.0%)	A significant increase in the adjusting factors for location, size, age and maintenance of the property used would result in a significant increase in fair value, and vice versa.
Knight Frank LLP [^] and Colliers International Property Consultants Limited [@] (2024: Knight Frank LLP [^] and Colliers International Property Consultants Limited [@])	Office portion in the UK	3,900,610	3,683,412	The valuer has used the income capitalisation approach in which the valuations have reflected the current lease terms and capitalised the appropriate income stream, having regard to market comparable evidence.	Level 3	UK office capitalisation rates ranging from 4.8% to 5.8% (2024: 4.8% to 5.6%) per annum	A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.
Investment properties under construction or development							
Colliers International (Hong Kong) Limited [#] (2024: Colliers International (Hong Kong) Limited [#])	Development property units in Hong Kong	719,000	705,000	The valuer has used the direct comparison approach and residual method.	Level 3	Market unit rate for gross development value assessment and estimated cost to completion.	A significant increase in the market unit rate of gross development value would result in a significant increase in the fair value of the investment properties under construction or development and vice versa. A significant increase in the estimated cost to completion would result in a significant decrease in the fair value of the investment properties under construction or development and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

19. INVESTMENT PROPERTIES *(continued)*

- # Colliers International (Hong Kong) Limited is an independent professional valuer not connected to the Group and is a firm of registered valuers recognised by The Hong Kong Institute of Surveyors.
- * Jones Lang Lasalle Limited is an independent professional valuer not connected to the Group and is a firm of registered valuers recognised by the Hong Kong Institute of Surveyors.
- ^ Knight Frank LLP is an independent professional valuer not connected to the Group and is regulated by the Royal Institution of Chartered Surveyors.
- © Colliers International Property Consultants Limited is an independent professional valuer not connected to the Group and is regulated by the Royal Institution of Chartered Surveyors.
- ## Knight Frank Petty Limited is an independent professional valuer not connected to the Group and is a firm of registered valuers recognised by The Hong Kong Institute of Surveyors.

In estimating the fair value of investment properties, the Group uses market-observable data to the extent it is available. In respect of the valuation of investment properties carried out by independent qualified professional valuers at the end of each reporting period, the valuers have appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The management works closely with the independent qualified professional valuers to establish the appropriate valuation techniques and inputs to the model.

There has been no change from the valuation technique used in the prior year. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

There were no transfers into or out of Level 3 for both years.

During the year, the Group leased its investment property to one of the Directors for a term of one year. The rental income recognised during the year amounted to HK\$1,200,000 (2024: HK\$600,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. PROPERTY, PLANT AND EQUIPMENT

	Hotel property HK\$'000	Leased properties HK\$'000	Owned properties HK\$'000	Plant and machinery HK\$'000	Furniture, fixtures and equipment HK\$'000	Motor vehicles HK\$'000	Leasehold improvements HK\$'000	Crockery, utensils and linen HK\$'000	Total HK\$'000
COST									
At 1 January 2024	789,382	64,595	26,646	37,152	55,923	9,839	115,453	4,826	1,103,816
Additions	-	-	-	5,150	3,716	577	3,645	-	13,088
Disposals	(22)	-	-	-	(3,408)	(1,109)	(90)	-	(4,629)
At 31 December 2024	789,360	64,595	26,646	42,302	56,231	9,307	119,008	4,826	1,112,275
Additions	-	26,063	-	5,150	1,481	-	714	-	33,408
Disposals	(1)	(64,595)	-	-	(1,798)	(713)	(696)	-	(67,803)
At 31 December 2025	789,359	26,063	26,646	47,452	55,914	8,594	119,026	4,826	1,077,880
DEPRECIATION									
At 1 January 2024	283,216	50,945	7,270	37,152	50,050	6,716	91,800	-	527,149
Provided for the year	19,966	9,784	826	-	3,032	1,184	11,514	-	46,306
Eliminated on disposals	(8)	-	-	-	(3,115)	(1,109)	(90)	-	(4,322)
At 31 December 2024	303,174	60,729	8,096	37,152	49,967	6,791	103,224	-	569,133
Provided for the year	19,993	9,121	827	2,253	2,681	1,112	6,623	-	42,610
Eliminated on disposals	-	(64,595)	-	-	(1,782)	(713)	(696)	-	(67,786)
At 31 December 2025	323,167	5,255	8,923	39,405	50,866	7,190	109,151	-	543,957
CARRYING VALUES									
At 31 December 2025	466,192	20,808	17,723	8,047	5,048	1,404	9,875	4,826	533,923
At 31 December 2024	486,186	3,866	18,550	5,150	6,264	2,516	15,784	4,826	543,142

The above items of property, plant and equipment, except for crockery, utensils and linen, are depreciated on a straight-line basis at the following rates per annum:

Hotel property	40 years
Leased properties	Over the term of the lease
Owned properties	4%
Plant and machinery	10%
Furniture, fixtures and equipment	25%
Motor vehicles	25%
Leasehold improvements	25%

All properties as at 31 December 2025 and 2024 were situated in Hong Kong.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group as lessee

Right-of-use assets (included in the property, plant and equipment)

	Leased properties	
	2025 HK\$'000	2024 HK\$'000
As at 1 January Carrying amount	3,866	13,650
For the year ended 31 December Addition	26,063	–
Depreciation charge	(9,121)	(9,784)
As at 31 December Carrying amount	20,808	3,866

As at 31 December 2025, the carrying amount of the leased property categorised as right-of-use asset is recognised with related lease liabilities of HK\$20,935,000 (2024: HK\$3,990,000). The lease agreement does not impose any covenants other than the security interests in the leased asset that is held by the lessor. Leased asset may not be used as security for borrowing purposes.

For the year ended 31 December 2025, the total cash outflows for leases is HK\$17,371,000 (2024: HK\$17,733,000).

For both years, the Group leases office premises for its operations. Lease contract is entered into for fixed term of 3 years with extension options. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

20. PROPERTY, PLANT AND EQUIPMENT *(continued)*

The Group as lessee *(continued)*

Right-of-use assets (included in the property, plant and equipment) *(continued)*

The Group has extension options for lease of office premises. These extension options are used to maximise operational flexibility in terms of managing the assets used in the Group's operation. The majority of extension and termination options held are exercisable only by the Group and not by the respective lessor.

The Group assesses, at lease commencement date, whether it is reasonably certain to exercise the extension options. As at 31 December 2025, the potential exposures to these future undiscounted lease payments for extension options in which the Group is not reasonably certain to exercise of the lease liabilities are HK\$26,863,000 (2024: HK\$30,502,000) of which such amount has not been recognised in consolidated financial statements.

In addition, the Group assesses whether it is reasonably certain to exercise an extension option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee. During the year, there is no such triggering event (2024: nil).

Impairment assessment

The management of the Group concluded there was indication for impairment and conducted impairment assessment on recoverable amounts of certain property, plant and equipment related to hotel operation with carrying amount of approximately HK\$466,192,000 (2024: HK\$486,186,000). The management of the Group estimated the recoverable amount of the cash-generating unit ("CGU") to which the assets belong based on fair value less costs of disposal. The relevant hotel property were measured at fair value based on Level 3 hierarchy using residual approach on a redevelopment basis. In determining the fair value of the relevant property, the Group engaged an independent qualified professional valuer to perform the valuation. The key unobservable inputs used in the valuation included the gross development value on completion status and estimated redevelopment cost.

Based on the result of the assessment, the management of the Group determined that the recoverable amount of the CGU based on the fair value less cost of disposal was higher than its carrying amount. No impairment is recognised during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. INVESTMENTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

	2025 HK\$'000	2024 HK\$'000
Investment cost	5	5
Loans to joint ventures (note)	609,378	884,143
Share of post-acquisition gains and other comprehensive income	44,965	60,034
	654,348	944,182
Note:		
Analysed for reporting purposes as:		
Current assets	127,212	430,596
Non-current assets	482,166	453,547
	609,378	884,143

The loans to joint ventures are unsecured, non-interest bearing with no fixed terms of repayment. Included in the loans to joint ventures is an amount of HK\$127,212,000 (2024: HK\$430,596,000) which is expected to be recovered within one year from the reporting period. The remaining amount of HK\$482,166,000 (2024: HK\$453,547,000) is not expected to be recovered within one year from the end of the reporting period. In the opinion of the Directors, the loans are considered as part of the Group's net investment in the joint ventures.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. INVESTMENTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

(continued)

Details of the Group's joint ventures at the end of the reporting period are as follows:

Name of entities	Place of incorporation	Principal place of business	Proportion of ownership interest held by the Group		Proportion of voting rights held by the Group		Principal activities
			2025	2024	2025	2024	
Asia Bright Development Limited ("Asia Bright") (note a)	Hong Kong	Hong Kong	14.5%	14.5%	14.5%	14.5%	Property development
Grand Victoria Finance Company Limited ("Grand Victoria Finance") (note a)	Hong Kong	Hong Kong	14.5%	14.5%	14.5%	14.5%	Mortgage loan financing
Star Galaxy Limited ("Star Galaxy") (note a)	Hong Kong	Hong Kong	14.5%	14.5%	14.5%	14.5%	Property management
United Link Ventures Limited ("United Link") (note b)	British Virgin Island ("B.V.I.")	Hong Kong	20.3%	20.3%	20.3%	20.3%	Investment holding
Time Trade Global Limited ("Time Trade") (note c)	B.V.I.	Hong Kong	50.0%	50.0%	50.0%	50.0%	Property development

Notes:

- (a) As at 31 December 2025 and 2024, the Group holds 14.5% of the ownership interest of Asia Bright, Grand Victoria Finance and Star Galaxy (collectively referred to as "JV companies"). JV companies are accounted for as joint ventures as at 31 December 2025 and 2024 as major financial and operating decision required the unanimous consent of all joint venture partners in accordance with the Memorandum of Agreement entered into by the Group with other third party investors upon establishment of JV companies in 2017.
- (b) As at 31 December 2023, the Group held 40.65% equity interest in United Link. United Link is accounted for as a joint venture as at 31 December 2023 as major financial and operating decision required the unanimous consent of key joint venture partners including the Group in accordance with the amended memorandum and articles of association adopted by all shareholders of United Link in January 2021. On 17 September 2024, the Group disposed of its 50% equity interest of United Link to an independent third party by offsetting other payables of HK\$65,240,000 resulting with a gain of HK\$27,329,000. Pursuant to the memorandum and articles of association of United Link revised in September 2024, the strategic financial and operating decisions relating to the relevant activities required the unanimous consent of another two shareholders. Thus, United Link ceased to be a joint venture of the Group with effect from 17 September 2024 and became equity instrument at FVTOCI of the Group subsequently.
- (c) As at 31 December 2025 and 2024, Time Trade was accounted for as a joint venture as major financial and operating decision required the unanimous consent of all joint venture partners in accordance with the Memorandum of Agreement entered into by the Group with the other third party investor upon establishment of the joint venture in December 2022.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. INVESTMENTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

(continued)

Summarised financial information of material joint ventures

Summarised financial information in respect of the Group's material joint ventures is set out below. The summarised financial information below represents amounts shown in the joint ventures' financial statements prepared in accordance with HKFRS Accounting Standards.

The joint ventures are accounted for using the equity method in these consolidated financial statements.

JV Companies

	2025 HK\$'000	2024 HK\$'000
Current assets	1,378,661	3,594,102
Non-current assets	324,623	514,941
Current liabilities	(448,617)	(556,947)
Non-current liabilities	(1,407,360)	(3,560,560)

	2025 HK\$'000	2024 HK\$'000
Revenue	2,397,715	5,187,528
(Loss) profit for the year	(144,229)	28,955

Reconciliation of the above summarised financial information to the carrying amount of the interests in the joint ventures recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net liabilities of joint ventures	(152,693)	(8,464)
Portion of net liabilities shared by the Group in joint ventures	(22,140)	(1,226)
Capital contribution in form of loans to joint ventures	199,849	505,365
Aggregate carrying amount of the Group's investments in joint ventures	177,709	504,139

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

21. INVESTMENTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

(continued)

Summarised financial information of material joint ventures (continued)

Time Trade

	2025 HK\$'000	2024 HK\$'000
Current assets	1,465,671	1,341,002
Non-current assets	27,100	16,100
Current liabilities	(11,418)	(6,890)
Non-current liabilities	(1,486,267)	(1,353,417)

	2025 HK\$'000	2024 HK\$'000
Revenue	-	-
Loss for the year	(1,709)	(1,773)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:

	2025 HK\$'000	2024 HK\$'000
Net liabilities of a joint venture	(4,914)	(3,205)
Portion of net liabilities shared by the Group in a joint venture	(2,457)	(1,603)
Capital contribution in form of loan to a joint venture	479,096	441,646
Aggregate carrying amount of the Group's investment in a joint venture	476,639	440,043

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For the year ended 31 December 2025

21. INVESTMENTS IN JOINT VENTURES/LOANS TO JOINT VENTURES

(continued)

Aggregate information of a joint venture that is not individually material

	2025 HK\$'000	2024 HK\$'000
The Group's share of loss and total comprehensive expense	–	(3,838)
Aggregate carrying amount of the Group's investments in a joint venture	–	–

22. EQUITY INSTRUMENTS AT FVTOCI

	2025 HK\$'000	2024 HK\$'000
Listed and unlisted equity instruments	162,128	147,607

The above equity instruments represent ordinary shares of entities listed in Hong Kong and United States, unlisted ordinary shares of an entity incorporated in B.V.I., unlisted perpetual security of an entity incorporated in the Cayman Islands and listed perpetual securities listed in Singapore. These investments are not held for trading. Instead, they are held for long-term strategic purposes. The Directors have elected to designate these investments as equity instruments at FVTOCI as they believe that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run.

Details of the fair value measurement are disclosed in note 33(c).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

23. DEBT INSTRUMENTS AT FVTOCI

	2025 HK\$'000	2024 HK\$'000
Listed debt securities		
– Debt securities overdue or maturing between June 2026 to December 2032 (2024: overdue or maturing between February 2025 to September 2031) with a fixed interest ranging from 0.0% to 9.5% (2024: from 0.0% to 12.0%) per annum	23,471	32,487
Analysed for reporting purposes as:		
Current assets	5,710	7,402
Non-current assets	17,761	25,085
	23,471	32,487

During the year ended 31 December 2025, interest income generated from the listed debt securities was HK\$59,000 (2024: HK\$1,280,000) and fair value loss was HK\$7,347,000 (2024: fair value gain of HK\$13,559,000), which were recognised in profit or loss and other comprehensive income, respectively.

Details of impairment assessment and fair value measurement are disclosed at notes 33(b) and (c).

24. FINANCIAL ASSETS AT FVTPL

	2025 HK\$'000	2024 HK\$'000
Unlisted investments		
– Unit fund	34,820	66,088
Analysed for reporting purposes as:		
Current assets	7,784	–
Non-current assets	27,036	66,088
	34,820	66,088

25. OTHER ASSETS

Club memberships with indefinite useful lives are stated at cost. All club memberships will be tested for impairment annually or whenever there is an indication of impairment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

26. CASH AND CASH EQUIVALENTS/PLEDGED BANK DEPOSITS/TIME DEPOSITS

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates range from 0.0% to 4.4% (2024: 0.0% to 5.2%).

As at 31 December 2025, the pledged bank deposits amounting to HK\$160,804,000 (2024: HK\$197,853,000) carry fixed interest rates ranges from 0.0% to 4.0% (2024: 4.1% to 5.2%). It included deposits amounting to HK\$160,804,000 (2024: HK\$197,853,000) which is pledged to banks to secure bank borrowings due after one year, and therefore they are classified as non-current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowing.

As at 31 December 2025, time deposit amounted to HK\$572,479,000 and carried fixed rate range from 1.8% to 4.8% per annum, with original maturity of more than three months but less than one year and is classified as current asset.

Details of impairment assessment of cash and cash equivalents, pledged bank deposits and time deposits are set out in note 33(b).

27. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2025 HK\$'000	2024 HK\$'000
Trade receivables (note)	3,269	3,303
Prepaid front-end fee	1,464	6,484
Deposits, prepayments and other receivables	34,203	29,286
	38,936	39,073

Note: Trade receivables represent corporate customers and travel agents for the use of hotel facilities as well as the tenants for leasing of investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

27. TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

(continued)

As at 1 January 2024, trade receivables from contracts with customers amounted to HK\$5,342,000.

The following is an aged analysis of trade receivables presented based on the invoice date.

	2025 HK\$'000	2024 HK\$'000
0 to 30 days	2,632	3,188
31 to 60 days	378	115
61 to 90 days	38	–
Over 90 days	221	–
	3,269	3,303

As at 31 December 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of HK\$637,000 (2024: HK\$115,000) which are past due as at the reporting date. The outstanding balances have been subsequently settled. The Group does not hold any collateral over these balances.

Details of impairment assessment of trade and other receivables are set out in note 33(b).

28. PAYABLES, RENTAL DEPOSITS AND ACCRUED CHARGES

	2025 HK\$'000	2024 HK\$'000
Trade payables	1,143	1,280
Rental deposits	7,563	8,944
Rental received in advance	47,454	43,889
Other payables, other deposits and accrued charges	72,270	85,755
Interest payables	10,853	12,444
	139,283	152,312
Analysed for reporting purposes as:		
Current liabilities	133,983	146,788
Non-current liabilities	5,300	5,524
	139,283	152,312

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

	2025 HK\$'000	2024 HK\$'000
0 to 60 days	1,143	1,280

The average credit period on purchase of goods is 60 days.

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For the year ended 31 December 2025

29. BANK BORROWINGS

	2025 HK\$'000	2024 HK\$'000
Secured	5,184,345	5,228,216
Unsecured	1,198,400	1,658,500
	6,382,745	6,886,716
Less: front-end fee	(34,594)	(44,581)
	6,348,151	6,842,135
Less: amounts due within one year shown under current liabilities	(1,127,909)	(1,241,320)
Amounts shown under non-current liabilities	5,220,242	5,600,815
The carrying amounts of bank borrowings are repayable based on repayment schedule:		
Within one year	1,144,651	1,257,125
Within a period of more than one year, but not exceeding two years	684,132	1,599,835
Within a period of more than two years, but not exceeding five years	4,146,226	3,529,581
Over five years	407,736	500,175
	6,382,745	6,886,716

As at 31 December 2025, bank borrowings of HK\$798,400,000 (2024: HK\$1,158,500,000) with repayment on demand clause are shown under current liabilities.

The bank borrowings are denominated in the functional currencies of the relevant group entities, the principal amount of which are analysed below:

Denominated in	2025 HK\$'000	2024 HK\$'000
Hong Kong dollars	3,739,475	4,424,300
Great Britain pounds	2,643,270	2,462,416
	6,382,745	6,886,716

The effective interest rates of these variable rate borrowings range from 4.1% to 6.1% (2024: 5.0% to 7.8%) per annum.

In respect of a bank borrowing with carrying amount of HK\$400,000,000 (2024: HK\$500,000,000) as at 31 December 2025, the Group has the right to roll over an obligation for at least twelve months after the reporting year and the bank borrowing is classified as non-current. In spite of this, the Group settled this bank loan subsequently for both years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

30. LEASE LIABILITIES

	2025 HK\$'000	2024 HK\$'000
Lease liabilities payable:		
Within one year	11,284	6,463
Within a period of more than one year but not more than two years	11,542	2,550
Within a period of more than two years but not more than five years	4,534	945
Within a period of more than five years	163,584	154,400
	190,944	164,358
Less: amount due for settlement within 12 months shown under current liabilities	(11,284)	(6,463)
	179,660	157,895

Lease obligations are denominated in currencies of the functional currencies of the relevant group entities.

31. SHARE CAPITAL

	Number of ordinary shares of HK\$0.1 each	Nominal value HK\$'000
Authorised		
At 1 January 2024, 31 December 2024 and 2025	1,000,000,000	100,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024 and 2025	602,122,726	60,212

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For the year ended 31 December 2025

32. DEFERRED TAXATION

The following are the major deferred tax liabilities and assets recognised and movements thereon during the current and prior year:

	Accelerated tax depreciation HK\$'000	Fair value of investment properties HK\$'000	Tax losses HK\$'000	Lease liabilities HK\$'000	Total HK\$'000
At 1 January 2024	71,062	(56)	(58,766)	51	12,291
(Credit) charge to profit or loss	(10,145)	–	8,852	–	(1,293)
Exchange adjustments	(269)	–	55	–	(214)
At 31 December 2024	60,648	(56)	(49,859)	51	10,784
Charge (credit) to profit or loss	3,930	–	(3,894)	–	36
Exchange adjustments	972	–	(180)	–	792
At 31 December 2025	65,550	(56)	(53,933)	51	11,612

At the end of the reporting period, the Group has unused tax losses of HK\$1,439,129,000 (2024: HK\$1,314,321,000) available for offset against future profits. A deferred tax asset has been recognised in respect of HK\$319,977,000 (2024: HK\$297,533,000) of such losses. No deferred tax asset has been recognised in respect of the remaining HK\$1,119,152,000 (2024: HK\$1,016,788,000) due to unpredictability of future profit streams. All tax losses may be carried forward indefinitely.

33. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at FVTPL	34,820	66,088
Debt instruments at FVTOCI	23,471	32,487
Equity instruments at FVTOCI	162,128	147,607
Financial assets at amortised cost	2,982,007	3,559,547
Financial liabilities		
Financial liabilities at amortised cost	6,377,914	6,887,106

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

(b) Financial risk management objectives and policies

The Directors have overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a constructive control environment in which all employees understand their roles and obligations. The Directors monitor and manage the financial risks relating to the operations of the Group to ensure appropriate measures are implemented on a timely and effective manner. These risks include market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

Market risk

(i) Currency risk

Certain subsidiaries of the Company have foreign currency denominated monetary assets/ (liabilities) which expose the Group to foreign currency risk. The Group currently does not have a foreign currency hedging policy. However, the management monitors the foreign currency exposure and will consider hedging significant foreign exchange exposure should the need arises.

The carrying amounts of the Group's foreign currency, except US\$, denominated net monetary assets at the end of the reporting period in the respective group entities are as follows:

	2025 HK\$'000	2024 HK\$'000
Renminbi	811	884
Australian dollar	255	237
Great Britain pound	7,791	567

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(i) Currency risk *(continued)*

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in the functional currencies of the relevant subsidiaries (i.e. HK\$) against the relevant foreign currencies of the relevant subsidiaries (i.e. Renminbi, Australian dollar and Great Britain pound). 5% (2024: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number below indicates an increase in loss for the year where the relevant functional currencies of the subsidiaries strengthen 5% (2024: 5%) against relevant foreign currencies. There would be an equal and opposite impact where functional currencies of the relevant subsidiaries weaken by 5% (2024: 5%) against the relevant foreign currencies.

	Increase in loss for the year	
	2025	2024
	HK\$'000	HK\$'000
Renminbi	41	44
Australian dollar	13	12
Great Britain pound	390	28

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign currency risk as the year end exposure does not reflect the exposure during the relevant years.

Since the HK\$ is pegged to the US\$ under the Linked Exchange Rate System, the management does not expect any significant foreign currency exposure in relation to the exchange rate fluctuations between the Hong Kong dollar and the United States dollar.

(ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to listed debt securities, time deposits and pledged bank deposits. The Group is also exposed to cash flow interest rate risk in relation to variable-rate borrowings, pledged bank deposit, and bank balances. The Company consider that the interest rate risk on bank balances, time deposit are insignificant as they are subject to minimal interest rate fluctuation, accordingly, no sensitivity analysis is presented. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the Hong Kong Interbank Offered Rate ("HIBOR") and Sterling Overnight Index Average ("SONIA") on the bank borrowings. The Group aims at keeping borrowings at variable rates. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook by assessing bank borrowing level of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(ii) Interest rate risk *(continued)*

Total interest income in revenue and other income from financial assets that are measured at amortised cost or at FVTOCI is as follows:

	2025 HK\$'000	2024 HK\$'000
Revenue		
Financial assets		
– at amortised cost	27,689	22,887
– at FVTOCI	59	1,280
	27,748	24,167
Other income		
Financial assets		
– at amortised cost	6,716	10,596
Total interest income	34,464	34,763

Interest expense on financial liabilities not measured at FVTPL:

	2025 HK\$'000	2024 HK\$'000
Financial liabilities at amortised cost	276,091	349,715

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

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

Market risk *(continued)*

(ii) Interest rate risk *(continued)*

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis points (2024: 50 basis points) increase or decrease in variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's:

- loss for the year ended 31 December 2025 would increase/decrease by HK\$31,914,000 (2024: HK\$34,434,000) in respect to its variable-rate bank borrowings; and
- investment revaluation reserve would decrease/increase by HK\$124,000 (2024: HK\$176,000) in respect to the changes in the fair value of fixed rate instruments classified as debt instruments at FVTOCI and equity instruments at FVTOCI.

(iii) Price risk

The Group is exposed to equity price risk through its investments in equity securities measured at FVTOCI. For listed equity securities measured at FVTOCI, the management of the Group manages this exposure by maintaining a portfolio of investments with different risks.

Sensitivity analysis

The sensitivity analysis has been determined based on the exposure to equity price risk at the reporting date.

If the prices of the respective equity securities had been 5% higher/lower, the Group's investment revaluation reserve for the year ended 31 December 2025 would increase/decrease by HK\$8,039,000 (2024: HK\$7,238,000) as a result of changes in fair value of equity securities measured at FVTOCI.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, other receivables, pledged bank deposits, time deposits, bank balances, debt instruments at FVTOCI and loans to joint ventures (see note 21). The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before granting credit to any corporate customers and travel agents, the Group uses an internal credit assessment policy to assess the customer's credit quality and defines credit limit for corporate customer and travel agents. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. In this regard, the Directors consider that the Group's credit risk is mitigated. In addition, the Group performs impairment assessment under ECL model on trade balances individually. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for trade receivables to be insignificant and thus no loss allowance was recognised.

Other receivables and deposits

For other receivables and deposits, the Directors make periodic individual assessment on the recoverability of other receivables and deposits based on historical settlement records, past experience, and also quantitative and qualitative information including reasonable and supportable forward-looking information that is available without undue cost or effort. The Directors believe that there are no significant increases in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for other receivables and deposits to be insignificant and thus no loss allowance was recognised.

Pledged bank deposits, time deposits and bank balances

Credit risk on pledged bank deposits, time deposits and bank balances is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group assessed 12m ECL for pledged bank deposits, time deposits and bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for pledged bank deposits, time deposits and bank balances to be insignificant and thus no loss allowance was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

Debt instruments at FVTOCI

The Group has established an expected credit losses calculation methodology that is based on the probability of default and loss given default assigned to each issuer according to their external credit ratings, financial performance, financial positions and the related historical credit losses experience, adjusted for forward-looking information, including the forecast economic conditions that are relevant to the issuers, forecast property market development, forecast changes in default rate of the respective credit rating published by the external credit rating agencies, etc. For debt instruments with credit ratings being withdrawn, the management has referred to the implied effective interest rate, the most recent available financial information of the issuer and relevant quoted price trend in an active market if applicable. The Group also takes into account forward looking information that is reasonably and supportably available to the Group without undue cost or effort.

In light of the recent liquidity crisis and liquidation process of PRC property developers, the management of the Group remains vigilant and continues to assess recovery rate of respective debt instruments by referencing to the available credit ratings and most recent market news of respective issuers, in reflecting a robust and timely ECL assessment. In addition, the Group has also performed impairment loss assessment by considering the restructuring scheme announced by the issuer and probable restructuring plans formulated by the management for those credit-impaired debt instruments.

The Group determines individually whether i) the issuers have suffered from significant increase in credit risk since initial recognition by comparing the credit rating and other qualitative benchmarks that affect the credit quality of the issuers at initial recognition and at the end of the reporting period; ii) objective evidence indicating the debt instruments to be credit-impaired exists, such as significant financial difficulty of the issuers, triggering of default event, or high probability for debt restructuring or financial reorganisation.

During the years ended 31 December 2025 and 2024, as certain issuers, which are PRC property developers, were determined to have suffered a significant increase in credit risk since initial recognition, the credit loss allowances on those individual debt instruments are measured on lifetime ECL basis. During the years ended 31 December 2025 and 2024, impairment in relation to those individual credit-impaired debt instruments continued to be measured on lifetime ECL basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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33. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

Loans to joint ventures

The Group's exposure to credit risk arising from default of the counterparties are limited as the counterparties mainly engage in property development in Hong Kong and the underlying properties under development are of high quality. For the years ended 31 December 2025 and 2024, the Group assessed the ECL for loans to joint ventures to be insignificant and thus no loss allowance was recognised.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and debt instruments at FVTOCI issued by PRC property developers, the Group does not have any other significant concentration of credit risk. Trade receivables consist of a large number of customers.

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

Internal credit rating	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default and does not have any past-due amounts	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

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33. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

The table below details the credit risk exposures of the Group's financial assets and financial guarantee contract which are subject to ECL assessment:

	External credit rating	Internal credit rating	12m ECL or lifetime ECL	Gross carrying amount 2025 HK\$'000	2024 HK\$'000
Debt instruments at FVTOCI					
Listed debt instruments	Unrated (2024: Unrated)	N/A	12m ECL (note iii)	1,894	2,380
	C to Withdrawn (2024: Ca to Withdrawn rating)	N/A	Lifetime ECL (credit- impaired) (note iv)	5,949	15,267
	Withdrawn rating (2024: Withdrawn rating)	N/A	POCI (note v)	15,628	14,840
Financial assets at amortised costs					
Pledged bank deposits	AA	N/A	12m ECL	160,804	197,853
Time deposits	AA	N/A	12m ECL	572,479	–
Bank balances	AA	N/A	12m ECL	1,606,974	2,447,548
Loans to joint ventures	N/A	Low risk (note i)	12m ECL	609,378	884,143
Other receivables	N/A	Low risk (note i)	12m ECL	28,923	26,498
Trade receivables	N/A	Low risk (note ii)	Lifetime ECL (not credit-impaired)	3,269	3,303

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

Notes:

- (i) For the purposes of internal credit risk management, the Group uses past due information and information developed internally or obtained from external sources regarding default event to assess whether credit risk has increased significantly since initial recognition.

The loans to joint ventures have no fixed terms of repayment and is not past due. No significant increase in credit risk is noted for the years ended 31 December 2025 and 2024.

All other receivables have no fixed terms of repayment and are not past due. No significant increase in credit risk is noted for the years ended 31 December 2025 and 2024.

- (ii) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. The Group determines the expected credit losses on these items individually. The balances are settled within 30 days after the credit period granted, no significant increase in credit risk noted for the years ended 31 December 2025 and 2024.

- (iii) There is no significant increase in credit risk based on management's assessment.

- (iv) In view of the existence of objective evidence, such as default in repayment, significant financial difficulty of the issuers and process of liquidation, the debt instruments were determined to be credit-impaired. All the credit-impaired listed debt instruments were issued by PRC property developers.

For debt instruments with credit ratings being withdrawn, the Group has made reference to the implied effective interest rate and credit spread to arrive at the rating as speculative grade.

- (v) During the year ended 31 December 2024 and 2025, the Group had derecognised certain listed debt securities issued by PRC property developers due to change of contractual terms under the debt restructuring plans resulting in a substantial modification. The modified listed debt securities were classified at initial recognition as POCL. These bonds originated at a deep discount reflecting incurred credit losses. An effective interest rate based on the contractual cash flows net of expected credit losses is used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

The following table show reconciliation of impairment loss that has been recognised for debt instruments at FVTOCI:

	12m ECL HK\$'000	Lifetime ECL (credit- impaired) HK\$'000	POCI HK\$'000	Total HK\$'000
As at 1 January 2024	54	947,045	28,059	975,158
Derecognition	–	(85,673)	(4,474)	(90,147)
Exchange adjustments	–	(4,863)	(135)	(4,998)
At 31 December 2024	54	856,509	23,450	880,013
Derecognition	–	(68,367)	(2,089)	(70,456)
Exchange adjustments	–	1,984	54	2,038
At 31 December 2025	54	790,126	21,415	811,595

The following table provides information about gross carrying amounts associated with movements in the loss allowance:

	Decrease in 12m ECL HK\$'000	Decrease in lifetime ECL (credit- impaired) HK\$'000	POCI HK\$'000
For the year ended 31 December 2025			
Derecognition of debt instruments at FVTOCI with gross carry amount of HK\$76,834,000 under substantial modification (note i)	–	(68,367)	(2,089)
For the year ended 31 December 2024			
Derecognition of debt instruments at FVTOCI with gross carry amount of HK\$4,427,000 under substantial modification (note i)	–	(85,673)	(4,474)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

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

Credit risk and impairment assessment *(continued)*

Notes:

- (i) During the year ended 31 December 2025, the Group had derecognised certain listed debt securities issued by the PRC property developers with gross carrying amount of HK\$76,834,000 (2024: HK\$4,427,000) due to change of contractual terms under the debt restructuring plans resulting in a substantial modification and initial recognition of new listed debt securities (2024: new listed debt securities, perpetual securities and ordinary shares of that PRC property developers and the unlisted perpetual securities) at fair value. During the year ended 31 December 2024, ordinary shares and perpetual securities of PRC property developer have been initially recognised at fair value of HK\$384,000 and HK\$154,000 respectively after debt restructuring.

Accumulated impairment loss of HK\$70,456,000 (2024: HK\$90,147,000) has been derecognised in respect of these listed debt instruments during the year. The modified listed debt securities were newly recognised as POCI. The total amount of undiscounted ECL at initial recognition on POCI listed debt securities initially recognised during the reporting period was HK\$80,848,000 (2024: HK\$38,276,000). Accumulated impairment loss of HK\$21,415,000 (2024: HK\$23,450,000) has been recorded in respect of these listed debt instruments, of which no impairment loss has been reversed (2024: nil) in profit or loss during the year.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities, and by continuously monitoring forecast and actual cash flows. As at 31 December 2025, the Group has cash and cash equivalents of HK\$1,607,154,000 (2024: HK\$2,447,750,000), time deposits of HK\$572,479,000 (2024: HK\$nil) and available unutilised bank borrowings facilities of approximately HK\$3,236,600,000 (2024: HK\$2,996,500,000).

The following table details the Group's remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specially, bank borrowings with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity for other financial liabilities are based on the agreed repayment dates.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

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

Liquidity risk *(continued)*

The table includes both interest and principal cash flows, estimated based on interest rate at the end of the reporting period.

	Weighted average effective interest rate %	Repayable on demand or within 3 months HK\$'000	3 months to 6 months HK\$'000	6 months to 9 months HK\$'000	9 months to 12 months HK\$'000	Over 1 year HK\$'000	Total undiscounted cash flows HK\$'000	Carrying amount HK\$'000
At 31 December 2025								
Payables and deposits received	-	22,602	88	350	1,423	5,300	29,763	29,763
Bank borrowings (note i)	5.53	898,343	96,577	96,303	369,496	5,320,622	6,781,341	6,348,151
Lease liabilities	3.05	4,225	4,225	4,225	4,225	673,396	690,296	190,944
		925,170	100,890	100,878	375,144	5,999,318	7,501,400	6,568,858
At 31 December 2024								
Payables and deposits received	-	36,383	1,354	1,245	465	5,524	44,971	44,971
Bank borrowings (note i)	6.65	1,301,505	115,634	115,299	114,965	6,234,396	7,881,799	6,842,135
Lease liabilities	3.06	4,388	3,322	1,846	1,846	620,536	631,938	164,358
		1,342,276	120,310	118,390	117,276	6,860,456	8,558,708	7,051,464

Note:

- The amounts included above for variable rate bank borrowings are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Bank borrowings with a repayment on demand clause are included in the "within 3 months" time band in the above maturity analysis. As at 31 December 2025, the aggregate carrying amounts of these bank borrowings amounted to HK\$798,400,000 (2024: HK\$1,158,500,000). Those bank borrowings are revolving loan in nature, and with repayment period of less than three months. Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value measurement of financial instruments

Certain of the Group's financial instruments are measured at fair value for financial reporting purposes. The management determines the appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value, the Group uses market-observable data to the extent it is available.

(i) Fair value of the Group's financial assets that are measured at fair values on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	31 December 2025 HK\$'000	31 December 2024 HK\$'000		
Listed equity and perpetual securities classified as equity instruments at FVTOCI (note 22)	119,410	108,159	Level 1	The fair value is quoted price in an active market.
Unlisted equity investment classified as equity instruments at FVTOCI (note 22)	42,718	39,448	Level 3	The fair value is determined with reference to the comparable approach. Comparable approach determines the fair value with reference to the market value of the similar listed comparable adjusted by revaluation of certain underlying assets and discount for lack of marketability. A slight decrease in the discount for lack of marketability used would result in a slight increase in fair value, and vice versa.
Listed debt securities classified as debt instruments at FVTOCI (note 23)	17,406	25,547	Level 1	The fair value is quoted price in an active market.
Listed debt securities classified as debt instruments at FVTOCI (note 23)	6,065	6,940	Level 3	The fair value is based on discounted cash flow methodology with reference to the expected credit loss rate ranging from 96% to 100% applied on estimated cash inflow from the listed debt securities. A 1% change positive/negative in the expected credit loss rate used would result in increase/decrease in the fair value of HK\$9,602,000/HK\$1,273,000 (2024: HK\$10,243,000/HK\$1,894,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value measurement of financial instruments *(continued)*

- (i) Fair value of the Group's financial assets that are measured at fair values on a recurring basis *(continued)*

Fair value gain on financial assets at FVTPL are included in 'other gains and losses'.

There were no transfer in or out of level 1, 2 and 3 during the years ended 31 December 2025 and 2024.

- (ii) Reconciliation of Level 3 Measurements

Equity securities classified as equity instruments at FVTOCI

	HK\$'000
At 1 January 2024	–
Addition	37,897
Fair value gain in other comprehensive income	1,730
Exchange adjustments	(179)
At 31 December 2024	39,448
Fair value gain in other comprehensive income	3,190
Exchange adjustments	80
At 31 December 2025	42,718

Listed debt securities classified as debt instruments at FVTOCI

	HK\$'000
At 1 January 2024	3,682
Fair value gain in other comprehensive income	3,258
At 31 December 2024	6,940
Fair value loss in other comprehensive income	(875)
At 31 December 2025	6,065

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

33. FINANCIAL INSTRUMENTS *(continued)*

(c) Fair value measurement of financial instruments *(continued)*

- (iii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The fair value of financial assets and financial liabilities carried at amortised cost are determined in accordance with generally accepted pricing models which is based on discounted cash flows analysis using the relevant prevailing market rates as input.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values. The Group's policy is to recognise transfers into and transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

34. OPERATING LEASE ARRANGEMENTS

The Group as lessor

The lease terms of the remaining leased properties range from 2 months to 14 years (2024: 2 months to 15 years).

The majority of the Group's investment properties were leased out under operating leases.

Minimum lease payments receivable on leases are as follows:

	2025 HK\$'000	2024 HK\$'000
Within one year	219,591	209,717
In the second year	210,718	197,792
In the third year	166,325	154,970
In the fourth year	137,020	115,813
In the fifth year	140,814	127,645
After five years	1,253,896	1,299,289
	2,128,364	2,105,226

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

35. CAPITAL COMMITMENTS

	2025 HK\$'000	2024 HK\$'000
Capital expenditure contracted for but not provided in the consolidated financial statements: – redevelopment of investment properties	47,466	16,797

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Lease liabilities HK\$'000 (note 30)	Bank borrowings HK\$'000 (note 29)	Interest payable (included in other payables) HK\$'000 (note 28)	Dividends payable (included in other payables) HK\$'000	Total HK\$'000
At 1 January 2025	164,358	6,842,135	12,444	2,844	7,021,781
Financing cash flows	(17,371)	(686,289)	(280,883)	(30,044)	(1,014,587)
Foreign exchange translation	11,810	179,929	–	–	191,739
Amortisation of bank borrowings front-end fee	–	16,296	–	–	16,296
Capitalisation of interest expenses	–	1,100	10,161	–	11,261
Lease modified	26,063	–	–	–	26,063
Interest expenses	6,084	–	269,131	–	275,215
Utilisation of prepaid front-end fee	–	(5,020)	–	–	(5,020)
Dividends declared	–	–	–	30,106	30,106
At 31 December 2025	190,944	6,348,151	10,853	2,906	6,552,854

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES *(continued)*

	Lease liabilities HK\$'000 (note 30)	Bank borrowings HK\$'000 (note 29)	Interest payable (included in other payables) HK\$'000 (note 28)	Dividends payable (included in other payables) HK\$'000	Total HK\$'000
At 1 January 2024	180,005	7,647,716	14,819	2,836	7,845,376
Financing cash flows	(17,733)	(765,342)	(358,495)	(30,098)	(1,171,668)
Foreign exchange translation	(3,258)	(49,614)	(192)	–	(53,064)
Amortisation of bank borrowings front-end fee	–	17,436	–	–	17,436
Capitalisation of interest expenses	–	1,100	13,951	–	15,051
Interest expenses	5,344	–	342,361	–	347,705
Utilisation of prepaid front-end fee	–	(9,161)	–	–	(9,161)
Dividends declared	–	–	–	30,106	30,106
At 31 December 2024	164,358	6,842,135	12,444	2,844	7,021,781

37. PLEDGE OF ASSETS

At the end of the reporting period, the Group had pledged the following assets to secure banking facilities granted to the Group:

- Fixed charges on investment properties with an aggregate carrying value of HK\$6,734,610,000 (2024: HK\$6,675,412,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the relevant properties.
- Fixed charges on hotel properties with aggregate carrying values of HK\$466,192,000 (2024: HK\$486,186,000) together with a floating charge over all the assets of the properties owning subsidiaries and benefits accrued to the hotel properties.
- Pledged bank deposits of HK\$160,804,000 (2024: HK\$197,853,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

38. SHARE-BASED PAYMENTS TRANSACTIONS

Share Option Scheme and Share Award Scheme of the Company

The Shareholders passed ordinary resolutions at the AGM held on 24 May 2024 approving the adoption of a new share option scheme (the "2024 Share Option Scheme") and a new share award scheme (the "2024 Share Award Scheme") for the purpose of conforming to the amendments to Chapter 17 of the Listing Rules which took effect on 1 January 2023.

The 2024 Share Option Scheme and the 2024 Share Award Scheme and will be valid for a term of 10 years from the date of adoption, subject to early termination by the Company in general meeting or by the Board.

No share options and awards had been granted, exercised, vested, cancelled or lapsed under the 2024 Share Option Scheme and the 2024 Share Award Scheme since their adoption and up to 31 December 2025.

The details of 2024 Share Option Scheme and 2024 Share Award Scheme are disclosed in the Directors' Report of 2025 Annual Report.

39. RETIREMENT BENEFIT PLANS

The Group participates in a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000 and also participated in a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme"). The assets of the schemes are/were held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, the Group contributes 5% to 15% of relevant payroll costs to the scheme for members of the MPF Scheme, depending on the grading and the length of service with the Group.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5% to 15% of the employee's basic salary, depending on the length of service with the Group.

The Group terminated the ORSO Scheme in February 2019 and all members of the ORSO Scheme transferred their accrued benefits and contributions under the ORSO Scheme to the MPF Scheme.

The total expense recognised in profit or loss of HK\$5,369,000 (2024: HK\$5,117,000) represents contributions payable to these plans by the Group at rates specified in the rules of the plans. No forfeited contributions have been used to reduce the level of contributions in either year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

40. RELATED PARTY TRANSACTIONS

Other than as disclosed in notes 19 and 21 and elsewhere in these consolidated financial statements, the Group has the following transactions and balances with related parties.

(i) Related company

	2025 HK\$'000	2024 HK\$'000
Management fee income (note)	15,833	15,833

Note: Certain Directors, being the controlling shareholders, have significant influence over the related company through a series of controlled corporations. Accordingly, the related company is a related party of the Group.

(ii) Compensation of key management personnel

The remuneration of the Directors who are the Group's key management personnel is set out in note 15.

The remuneration of the Directors and key executives of the Company is determined/recommended to the Board for approval by the remuneration committee of the Company having regard to the performance of individuals and market trends.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Pledged bank deposits	14,001	21,601
Interests in subsidiaries	4,672,067	4,572,345
	4,686,068	4,593,946
Current assets		
Receivables and deposits	197	324
Cash and cash equivalents	1,189,325	1,661,629
	1,189,522	1,661,953
Current liabilities		
Payables and accrued charges	4,948	4,460
Amount due to subsidiaries	212,223	98,926
Bank borrowings – due within one year	794,000	1,154,100
	1,011,171	1,257,486
Net current asset	178,351	404,467
Total assets less current liabilities	4,864,419	4,998,413
Capital and reserves		
Share capital	60,212	60,212
Reserves	4,406,868	4,445,262
Total equity	4,467,080	4,505,474
Non-current liability		
Bank borrowings – due after one year	397,339	492,939
Total equity and non-current liability	4,864,419	4,998,413

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

41. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY *(continued)*

Movement in the Company's capital and reserves

	Attributable to the shareholders of the Company				
	Share capital HK\$'000	Contributed surplus HK\$'000	Capital redemption reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 January 2024	60,212	190,081	4,451	4,543,870	4,798,614
Loss and total comprehensive expense for the year	–	–	–	(263,034)	(263,034)
Dividends paid	–	–	–	(30,106)	(30,106)
At 31 December 2024	60,212	190,081	4,451	4,250,730	4,505,474
Loss and total comprehensive expense for the year	–	–	–	(8,288)	(8,288)
Dividends paid	–	–	–	(30,106)	(30,106)
At 31 December 2025	60,212	190,081	4,451	4,212,336	4,467,080

42. PRINCIPAL SUBSIDIARIES

General information of subsidiaries

Name of subsidiaries	Place/country of incorporation/operation	Issued and paid up share capital/registered capital	Effective % of issued share capital/registered capital held by the Company		Principal activities
			2025	2024	
<i>Direct subsidiary</i>					
South-East Asia Investment And Agency Company, Limited	Hong Kong	HK\$10,000,000	100	100	Provision of corporate and property management services
<i>Indirect subsidiaries</i>					
Concord Way Limited	Hong Kong	HK\$100	100	100	Hotel operation
Easy Mega Investment Limited	Hong Kong	HK\$1	100	100	Property investment
Grace Art Development Limited	Hong Kong	HK\$1	100	100	Treasury services
High Team International Limited	Hong Kong	HK\$1	100	100	Property investment
Honest Smart Properties Limited	Hong Kong	HK\$1	100	100	Property investment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

42. PRINCIPAL SUBSIDIARIES *(continued)*

General information of subsidiaries *(continued)*

Name of subsidiaries	Place/country of incorporation/operation	Issued and paid up share capital/registered capital	Effective % of issued share capital/registered capital held by the Company		Principal activities
			2025	2024	
Leighton Road Hotel Management Services Limited	Hong Kong	HK\$1	100	100	Hotel operation
One Valley View Limited	Hong Kong	HK\$1	100	100	Property investment
SEA Profit Holdings Limited	B.V.I./Hong Kong	US\$1	100	100	Property investment
Seven Valley View Limited	Hong Kong	HK\$1	100	100	Property investment
Sound Grace Limited	Hong Kong	HK\$1	100	100	Property investment
True Bloom Limited	Hong Kong	HK\$1	100	100	Property investment
Two Valley View Limited	Hong Kong	HK\$1	100	100	Property investment
Tycoon Honour Limited	B.V.I./Hong Kong	US\$1	100	100	Investment holding of The Moorgate Unit Trust's units
Worthy Merit Limited	B.V.I./Hong Kong	US\$1	100	100	Investment holding of The Moorgate Unit Trust's units

The Directors are of the opinion that a complete list of the particulars of all subsidiaries of the Company will be of excessive length and therefore the above list contains only the particulars of subsidiaries which principally affect the results or assets of the Group.

None of the subsidiaries has issued any debt securities during the years ended 31 December 2025 and 2024.

GLOSSARY

In this annual report, unless the context otherwise requires, the following expression shall have the following meanings:

"AGM(s)"	the annual general meeting(s) of the Company;
"Ambleside Glory"	Ambleside Glory Limited, a company incorporated in the British Virgin Islands with limited liability;
"Audit Committee"	the audit committee of the Company;
"Board"	the board of Directors;
"Bye-Laws"	the bye-laws of the Company as amended, supplemented on otherwise modified from time to time;
"CG Code"	the Corporate Governance Code;
"Chairman"	the chairman of the Board;
"Chief Executive"	the chief executive of the Company;
"Chief Financial Officer"	the chief financial officer of the Company;
"Company" or "SEA"	S E A Holdings Limited, an exempted company incorporated in Bermuda with limited liability, the shares of which are listed and traded on the Main Board of the Stock Exchange (Stock code: 251);
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules;
"Deloitte"	Deloitte Touche Tohmatsu, Certified Public Accountants;
"Director(s)"	the director(s) of the Company;
"ESG"	environmental, social and governance;
"ESG Report"	environmental, social and governance report of the Company;
"Executive Committee"	the executive committee of the Company;
"Executive Director(s)"	the executive Director(s);

GLOSSARY

“Government” or “Hong Kong Government”	the government of Hong Kong;
“Group”	the Company and its subsidiaries;
“HK\$”	the lawful currency of Hong Kong for the time being;
“HKAS”	Hong Kong Accounting Standards;
“HKEX”	Hong Kong Exchanges and Clearing Limited;
“HKFRS”	Hong Kong Financial Reporting Standards;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Independent Non-executive Director(s)” or “INED”	the independent non-executive Director(s);
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules;
“NLI”	Nan Luen International Limited, an exempted company incorporated in Bermuda with limited liability;
“Nomination Committee”	the nomination committee of the Company;
“Non-executive Director(s)”	the non-executive Director(s);
“NYH”	NYH Limited, an exempted company incorporated in Bermuda with limited liability;
“Port Lucky”	Port Lucky Limited, a company incorporated in the British Virgin Islands with limited liability;
“PRC” or “Mainland” or “Mainland China” or “China”	The People’s Republic of China;
“Remuneration Committee”	the remuneration committee of the Company;
“SEA Fortune”	SEA Fortune Ventures Limited, a company incorporated in the British Virgin Islands with limited liability;

GLOSSARY

"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
"SGM(s)"	the special general meeting(s) of the Company;
"Shareholders"	the shareholders of the Company;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"UK"	The United Kingdom;
"US\$"	United States dollars, the lawful currency of the United States of America; and
"%"	per cent.

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(於百慕達註冊成立之有限公司)

