Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including but not limited to the risks and uncertainties described below. The following factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. Any of the risks or uncertainties described below, as well as additional risks or uncertainties, including those which are not currently known to the Issuer or the Guarantor or which the Issuer or the Guarantor currently deems to be immaterial, may affect the Issuer's, the Guarantor's or the Group's business, financial condition or results of operations or their respective ability to fulfil its obligations under the Notes and the Guarantee of the Notes.

Risks Relating to the Group and its Business

The Group is dependent on the performance of the Hong Kong property market

A substantial portion of the Group's assets are located in Hong Kong, and a substantial portion of the Group's revenue is derived from Hong Kong. Consequently, its revenue and operating profits depend on the state of the Hong Kong property market. Hong Kong property values have been affected by supply and demand of comparable properties, the rate of economic growth in Hong Kong, political and economic developments in the PRC and the condition of the global economy. Economic developments outside Hong Kong, such as the global economic crisis, the Eurozone debt crisis, slowdown in the economy in the PRC, efforts by the PRC government to control inflation and property prices in the PRC, the interest rate increases and subsequent adjustments in the United States, the military conflicts between Russia and Ukraine, the military conflicts between Israel and Palestine, the military conflicts between the United States, Israel and Iran and the other military conflicts in the Middle East and the volatility of the global equity markets, including the United States, Europe, the PRC and Hong Kong, could also adversely affect the property market in Hong Kong. Other events, including the collapse of financial institutions and other entities, including PRC real estate developers which have experienced tightened cashflow and difficulties in refinancing, rising government deficits and debt levels together with downgrading of the sovereign debt of certain member states of the European Union, the bailouts and government deficit and other debt reduction measures, have had and continue to have an adverse impact on global credit and financial markets. In recent years, there have also been significant fluctuations in market interest rates. Mismatches between the supply and demand of goods and services contributed to a rise in inflation in 2021. In response, the United States Federal Open Market Committee raised its benchmark interest rates multiple times since March 2022 to counteract the inflation. These interest rate fluctuations may result in continued significant volatility in global capital markets, adversely affecting both business and consumer confidence. Any deterioration in the financial markets could contribute to a slowdown in the global economy, including reduced growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may have, a significant adverse impact on investors' confidence and global financial markets. There can also be no assurance that interest rates will not increase in the future. If interest rates increase, this could have a significant impact on the property market, which may in turn affect the Group's operating results and financial condition.

Hong Kong property prices and rents for residential, commercial and industrial properties, after reaching record highs in the mid-1990s, declined significantly in and after the fourth quarter of 1997 as a result of the general economic downturn in Asia, the slowdown in the Hong Kong economy, the increase in supply of new properties in Hong Kong, and high interest rates on Hong Kong dollar borrowings. While the property market showed improvement during the period from 2004 to the third quarter of 2008, property prices and rents in Hong Kong were inevitably affected by the global financial turmoil from September 2008. Property prices remained substantially flat during 2019, but they have generally increased from 2010 onwards till 2022 where the property prices then gradually declined. Factors such as the interest rate hikes, prospect of economic downturn and the tightening of liquidity created negative sentiments for the property market. The demand and rental rates of prime office buildings and for residential, commercial and industrial properties were consequently reduced. Changes to local, regional and global economic conditions may cause market participants to downsize and even close their operations. Demand for, and rental rates of, office buildings and commercial and industrial properties may greatly reduce. Should the economic environment weaken, a more cautious view may be taken by tenants towards the size of leased space and the rental rates upon renewal of commercial tenancies, which could have an adverse effect on the Group's business, operating results, financial condition and prospects. Since 2019, Hong Kong's property market has weakened under the strain of the economic slowdown of the PRC and global trade disputes. There is no guarantee that the property market will not be further adversely affected if the PRC and global economies continue to slow.

Measures adopted from time to time by the Hong Kong Government to restrict the real estate market could slow industry growth rate or cause the real estate market to decline

The Hong Kong Government may introduce cooling measures on the Hong Kong property market from time to time, which may have a significant impact on the supply and demand in the property market. For example, on 26 October 2012, the financial secretary of the Hong Kong Government announced that the Stamp Duty Ordinance would be amended to adjust the rates and to extend the holding period in respect of the Special Stamp Duty ("**SSD**") imposed by the Stamp Duty (Amendment) Ordinance 2011. Under the adjusted regime, any residential property acquired on or after 27 October 2012, either by an individual or a company (regardless of where it is incorporated), and resold within 36 months, will be subject to the new rates of SSD upon the enactment of the relevant legislation. The financial secretary also announced on 26 October 2012 that a Buyer's Stamp Duty ("**BSD**") would be introduced with effect from 27 October 2012 on residential properties acquired by any person (including a company incorporated) except a Hong Kong permanent resident. BSD is to be charged at a flat rate of 15 per cent. on all residential properties, on top of the existing stamp duty and the SSD, if applicable. On 4 November 2016, the Hong Kong Government announced further cooling measures in the form of an increase to stamp duty payable on property transactions to 15 per cent., effective from 5 November 2016 and applying to all residential property acquisitions by individuals or companies with the exception of first-time home buyers who are Hong Kong permanent residents. The new 15 per cent. rate replaces the maximum 8.5 per cent. double ad valorem stamp duty on non-first-time home purchases by Hong Kong permanent residents that had been in place since February 2013. On 12 April 2017, this increased stamp duty was extended to apply to first-time Hong Kong permanent resident property buyers acquiring multiple properties under a single contract. In February 2024, the Hong Kong Government announced the abolition of all demand-side management measures for residential properties. The SSD and the BSD are no longer charged on all residential property transactions. At the same time, the Hong Kong Monetary Authority issued guidelines to banks relaxing mortgage loan-to-value ratios and stress tests. Both initiatives were conducive to the purchase of new and replacement homes for local residents and encouraged Mainland China talents and professionals to work and buy their own homes in Hong Kong.

On 29 June 2018, the Hong Kong Government proposed a tax on vacant first-hand private residential units at two times the annual rateable value of the units (the "**Vacancy Tax**") to encourage developers to release residential units more quickly into the market. Under the proposal, developers of first-hand private residential units with an occupation permit issued for 12 or more months will be required to make annual returns disclosing the occupancy status of their units. Units that have not been occupied or rented out for more than six of the previous 12 months will be considered vacant and subject to the Vacancy Tax, which will be collected annually. On 13 September 2019, the Hong Kong Government gazetted an amendment bill to implement the proposed Vacancy Tax at the Legislative Council. Although Hong Kong lawmakers decided in June 2020 to shelve the proposal to introduce the Vacancy Tax on property developers due to the lack of time to vet it, there is no assurance that the Hong Kong Government will not reintroduce the amendment bill in the future. If implemented, the Vacancy Tax may present a financial burden to the Group, which may have an adverse effect on its business, operating results and financial condition. Furthermore, during the Coronavirus Disease 2019 ("**COVID-19**") pandemic, in order to protect business tenants adversely affected by the COVID-19 pandemic, the Hong Kong Government provided a three-month rental moratorium period for business tenants under the Temporary Protection Measures for Business Tenants (COVID-19 Pandemic) Ordinance (Cap. 644) of Hong Kong which came into effect on 1 May 2022, which prohibited landlords from taking certain actions against tenants of certain premises for failure to pay rent during the period from 1 January 2022 to 31 July 2022. Although such three-month rental moratorium period has expired, there can be no assurance that the Hong Kong Government will not impose other rental moratoriums in the future. A continuing rental moratorium may have a negative impact on the Group's rental income and therefore may have an adverse effect on the Group's business, operating results and financial condition.

On 16 October 2019, the Hong Kong Government announced plans to expand the eligibility under the Mortgage Insurance Programme (the "**Mortgage Insurance Programme**") of the Hong Kong Mortgage Corporation Limited. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent. loan-to-value ratio will be raised from the existing HK$4 million to HK$8 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent. loan-to-value ratio will also be raised from HK$6 million to HK$10 million. On 23 February 2022, HKMC Insurance Limited, a wholly-owned subsidiary of the Hong Kong Mortgage Corporation Limited, announced plans to further expand eligibility under the Mortgage Insurance Programme. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 90 per cent loan-to-value ratio will be raised from HK$8 million to HK$10 million. The cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent. loan-to-value ratio will also be raised from HK$10 million to HK$12 million (if the loan-to-value ratio is progressively adjusted to 50%, the maximum eligible property value is up to HK$19.2 million). On 7 July 2023, the Mortgage Insurance Programme for completed residential properties was further amended. For a first-time home buyer, the cap on the value of property eligible for a mortgage loan with a maximum cover of 80 per cent. loan-to-value ratio has been raised to HK$15 million. The coverage of the Mortgage Insurance Programme has also been extended to properties valued above HK$15 million and up to HK$30 million, subject to a mortgage loan cap of HK$12 million or a maximum loan-to-value ratio of 70 per cent., whichever is higher. On 22 September 2023, the Mortgage Insurance Programme was further amended such that the eligibility criteria for residential properties under construction align with those for completed residential properties. From 8 August 2024, a new arrangement under the Mortgage Insurance Programme has been put in place to allow approval on a case-by-case basis eligible homeowners' applications for renting out their self-occupied properties, so as to help them meet their special needs arising from changes in personal or family circumstances. On 26 November 2020, the Hong

Kong Government abolished the double ad valorem stamp duty on non-residential properties. In February 2024, the Hong Kong Government announced the abolition of the SSD and the BSD with respect to all residential property transactions. As the introduction of these measures is subject to policy changes reflecting domestic political or economic circumstances, there can be no assurance that the Hong Kong Government will not introduce measures in the future that may have a significant impact on the property market, which may in turn affect the Group's operating results and financial conditions.

In the event of economic decline, the Group may experience market pressures that affect all Hong Kong property companies, such as pressures from tenants or prospective tenants to provide rent reductions or reduced market prices for properties sale. Rental values are also affected by factors such as local, regional and global economic downturns, political developments, governmental regulations and changes in planning or tax laws, interest rate levels and inflation.

There can be no assurance that rents and property values will not decline, tightening of credit provided by banks will not increase or that interest rates will not rise in the future. This could have an adverse effect on the Group's business, operating results and financial condition.

The emergence of contagious diseases and any resultant adverse market conditions could affect the Group's business, financial condition or results of operations

The Group's business is subject to global market fluctuations and general economic conditions in Hong Kong, the PRC and the global economy. For example, the COVID-19 global pandemic caused major upheavals on the global economies, and had negatively impacted the Group's business, financial condition and results of operations. The outbreak of the Severe Acute Respiratory Syndrome ("**SARS**") that began in the PRC and Hong Kong in early 2003 had an adverse effect on all levels of business in Hong Kong and the PRC. The outbreak of SARS led to a significant decline in travel volumes and business activities throughout most of the Asian region. There have been sporadic outbreaks of the H5N1 virus or "Avian Influenza" among birds and, in particular, poultry, as well as some isolated cases of transmission of the virus to humans. There have also been outbreaks among humans of the influenza A/H1N1 virus globally. The outbreak of the Middle East Respiratory Syndrome corona virus ("**MERS**") has affected several countries, primarily in the Middle East. The outbreak of COVID-19 had resulted in a widespread and global health crisis, restrictions on travel and public transport and prolonged closures of workplaces, which had a material adverse effect on the global economy and created an interruption of the Group's business. The outbreak of communicable diseases such as the ones listed above on a global scale may affect investment sentiment and result in sporadic volatility in global capital markets or adversely affect economic activities worldwide. There can be no assurance that there will not be a serious outbreak or recurrence of an outbreak of influenza A/H1N1, MERS, COVID-19 or another contagious disease in Hong Kong, the PRC or other places in the future. If such an outbreak were to occur, it may result in adverse market conditions such as prolonged downturn and recession of the global economy, which could in turn have a material adverse impact on the business, financial condition or results of operations of the Group.

The Group is exposed to property market risks in the PRC

In the PRC, the rapid expansion of the property market in certain major cities, including Shanghai and Beijing, in the early 1990s culminated in oversupply by the mid-1990s and a corresponding decrease in property values and rentals in the second half of the decade. Since the late 1990s, private residential property prices and the number of residential property development projects have gradually increased in certain major cities in the PRC as a result of an increase in demand driven by domestic economic growth. In particular, prices of residential properties in certain major PRC cities such as Shanghai have experienced rapid and significant growth. In recent years, certain major PRC cities have seen cyclical changes in their property markets and property prices in general have been volatile in recent years. Since 2010, the PRC government at both the central and local levels have implemented measure such as home purchase restrictions that have affected market sentiment and reduced transaction volume in the PRC property market.

Currently, the Group has substantial property development and investment interests in Shanghai and Beijing and expects to continue to develop and invest in properties in the PRC. The Group is therefore subject to risks usually associated with property development and investment in the PRC. Any real estate market downturn in Shanghai and Beijing in the future could adversely affect the Group's profitability and prospects. There can be no assurance that the demand for commercial and residential properties in Shanghai and Beijing will continue to grow. The Group's results of operations may be influenced by fluctuations of supply and demand in the real estate market, which may in turn be influenced by the general state of the PRC economy or PRC national or local government policies. Since September 2016, certain local governments including without limitation Beijing, Shanghai, Guangzhou, Shenzhen, Tianjin, Suzhou, Zhengzhou, Jinan, Qingdao, Wuxi, Hefei, Wuhan, Nanjing, Fuzhou, Foshan, Dongguan, Huizhou, Shijiazhuang, Langfang, Baoding, Cangzhou, Chengde, Chengdu, Chuzhou, Changsha, Xiamen, Zhongshan, Jurong, Yangzhou, Hainan province and Hangzhou, have issued new property market control policies, including restoring or strengthening the restriction on purchases of residential properties and tightening credit policy. In September 2018, Beijing issued new rules further tightening the availability of housing provident fund loans. On 25 August 2019, the People's Bank of China (the "**PBOC**") issued the People's Bank of China No.16 [2019] Announcement, under which, starting from 8 October 2019, new commercial individual housing loans should be determined by adding basis points to the latest monthly loan prime rate ("**LPR**") of corresponding maturity. The basis points added should conform to the national and local housing credit policy requirements, reflecting the loan risk profile, and remain fixed during the contract period. The interest rate of loans for first-time home purchasers should not be lower than the LPR of corresponding maturity, and the interest rate of loans for second-time home purchasers should not be lower than the LPR of corresponding maturity plus 60 basis points. On 30 December 2020, the PBOC and the China Banking and Insurance Regulatory Commission jointly issued the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions which becomes effective from 1 January 2021. This notice classifies the banks into five categories and set the upper limits on the proportion of real estate loans and the proportion of personal housing loans according the classification, the former being 40% and the latter being 32.5%, which is subject to certain range of adjustment based on the characteristics of the local economic and financial development level. In recent years, certain major cities have seen cyclical changes in their property markets, with individual cities continuing to implement differentiated policies in accordance with local conditions along with other controlling measures so as to ensure steady housing prices. The PRC government, at both the central and local levels, has in recent years been imposing and may continue to impose various economic measures with an aim of cooling the overheated real estate market in the PRC, including home purchase restrictions and strengthened supervision over PRC real estate developers, some of which have experienced tightened cashflow, difficulty in refinancing or even default in their own loan obligations, which would affect relevant segments of the economy and may in turn affect the Group's business and operation. In the event of actual or perceived real estate over-supply in the PRC, together with the any dampening effect which government policies may have on the real estate market, real estate prices may fall significantly which would adversely affect the Group's revenue and results of operations. As a result, there can be no assurance that the problems of oversupply and falling property prices will not recur to the extent of the mid-1990s or be even worse or that the recurrence of such problems with respect to the property market in the PRC will not adversely affect the Group's business, financial condition or results of operations. Any economic downturn or over-supply of commercial or residential properties could result in downward pressure on the Group's income and valuation of its property portfolio.

The PRC central and local governments also frequently adjust monetary and other economic policies to prevent and curtail the overheating of the national and local economies, for example, industry policies and other economic measures, such as control over the supply of land for property development, setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign investment and currency exchange restrictions; and such economic adjustments may affect the PRC property market. Such policies may be adjusted by the central government of the PRC from time to time in response to the changing market environment. Given that the central and local governments of the PRC are expected to continue to exercise a substantial degree of control and influence over the PRC economy and property market, any form of government control or newly implemented laws and regulations, depending on the nature and extent of such changes and the Group's ability to make corresponding adjustments, may result in a material adverse effect on the Group's business and operating results and its future expansion plans in the PRC. In particular, decisions taken by PRC regulators concerning economic policies or goals that are inconsistent with the Group's interests could adversely affect its operating results, financial condition and prospects. See also "*Risks Relating to the Group's Business in the PRC*". Furthermore, private ownership of property in the PRC is still at an early stage of development. For example, the property market in the PRC has, in the past, experienced weakness in demand due to the lack of a mature and active secondary market for private properties and the limited availability of mortgage loans to individuals in the PRC as a result of government actions.

In addition, development projects in the PRC are dependent on obtaining the approval of a variety of governmental authorities at different levels, receipt of which cannot be assured. These development projects have been, and may in the future be, subject to certain risks, including the cyclical nature of property markets, changes in governmental regulations and economic policies, including regulations and policies governing construction of properties and buildings and related regulations on pre-sales and sales, extensions of credit, building material shortages, increases in labour and material costs, changes in general economic and credit conditions and the illiquidity of land and other properties. Any restriction on the Group's ability to pre-sell or sell its properties or any restriction on the use of pre-sale or sale proceeds could extend the time required to recover its capital outlay and could have an adverse impact on its business, financial condition and results of operations, and in particular its cash flow position. There can be no assurance that required approvals will be obtained or that the cost of the Group's developments will not exceed projected costs. These factors could adversely affect the Group's business, operating results, financial condition and prospects.

The Group's businesses are subject to the effects of global economic and political events

Economic events outside Hong Kong, the PRC and Macau may adversely affect the Group's business. In recent years, volatility in the global credit markets has affected the availability of credit and the confidence of the financial markets, globally as well as in Hong Kong, the PRC and Macau. The global economy and financial markets have been affected by the ongoing sovereign debt crises in several member countries of the European Union in late 2011 to the present, and, more recently, the tapering of the stimulative quantitative easing policy, and the interest rate increases and subsequent adjustments by the U.S. Federal Reserve, the economic slowdown of the PRC, the political instability in the Korean Peninsula, the enhanced market volatility stemming from the exit of the United Kingdom from the European Union, the collapse of certain financial institutions and certain PRC real estate developers, the military conflicts between Russia and Ukraine, the military conflicts between Israel and Palestine and the military conflicts in the Middle East and the resulting sanctions imposed by various authorities. Furthermore, the rising trade tensions between the United States, the PRC and other major nations create uncertainties in the world economy and global financial market. Since April 2018 (including, without limitation, the beginning of 2025), the United States imposed or sought to impose several rounds of tariffs on various categories of imports from the PRC, and the PRC responded with similarly sized tariffs on the United States' products. Any trade tensions or disputes or potential escalations thereof may undermine the stability of Hong Kong's and the PRC's economies and the industries the Group operates. There can be no assurance that the Group's business, results of operations and financial condition will not be affected by these or similar political and legal developments.

In addition, any deterioration in the financial markets may contribute to a slowdown in the global economy, including in the growth forecasts, and may lead to significant declines in employment, household wealth, consumer demand and lending. These events have had, or may continue to have, a significant adverse impact on economic growth in Hong Kong, the PRC and elsewhere. An economic downturn may also have a negative impact on the overall level of business and leisure travel to Hong Kong and the PRC. There can be no assurance that these conditions will not lead to reduced property prices and rentals, reduced hotel occupancy levels and rates and reduced consumer spending in Hong Kong and the PRC. There can be no assurance that any stimulus measures implemented or proposed by governments will improve economic growth or consumer sentiment in these countries. In addition, if this situation were to worsen, or if the economic recovery fails to continue or if an economic slowdown were to return, the Group may have difficulty accessing the financial markets, which could make it more difficult or expensive to obtain funding and, in addition, there can be no assurance that the Group will be able to raise finance at a reasonable cost. The Group may also be subject to solvency risks of banks and of its counterparties in its financial investments and arrangements. These may have a material adverse impact on the operations of the Group.

Any protests, demonstrations or rioting causing mass disruption to businesses and transportation may result in a decrease in consumer spending. Any such social unrest may negatively affect the retail market and hospitality industry. Consumers may avoid areas affected by social upheaval or may be unable to reach these areas due to a disruption in transportation or an outbreak of violence, and local businesses may be affected. There is no assurance that there will not be any unforeseeable interruptions to the business and operations of the Group's properties and affect the potential access to the Group's property sales activities therein. There is no assurance that any prolonged social unrest will not have an adverse impact on residential and commercial property prices. Social unrest is outside the control of the Group, and any such demonstrations, protests or riots occurring in close proximity to the Group's properties or over a prolonged period could adversely impact the Group's business, financial condition and results of operations.

The Group's property businesses require substantial capital investment

The Group has historically required, and expects that it will require in the future, additional financing to fund its capital expenditures, to support the future growth of its business, particularly with respect to its property development and investment activities, and/or to refinance existing debt obligations. The Group's ability to arrange for external financing and the cost of such financing is dependent on numerous factors, including general economic and capital market conditions, interest rates, credit availability from banks or other lenders, investor confidence in the Group, success of the Group's businesses, provisions of tax and securities laws that may be applicable to the Group's efforts to raise capital and political and economic conditions in the PRC and Hong Kong. There can be no assurance that additional financing, either on a short-term or a long-term basis, will be made available or, if available, that such financing will be obtained on terms favourable to the Group. See also "*Description of the Group – Recent Developments*".

The Group operates in highly competitive industries

The Group's principal business operations face significant competition across the markets in which it operates. New market entrants and intensified price competition among existing market players could adversely affect the Group's financial condition or results of operations. New properties and facilities built in areas where the Group's properties are located may compete with the Group for tenants and occupants, which may affect the Group's ability to maintain high occupancy and utilisation levels, rental rates and other charges in respect of its investment properties and buyers, which may affect the Group's ability to sell its development properties. Competition risks faced by the Group include: (i) an increasing number of developers undertaking property investment and development in Hong Kong and the PRC, in particular Shanghai and Beijing where the Group operates, and Macau, which may affect the market share and returns of the Group; and (ii) significant competition and pricing pressure from other developers which may adversely affect the financial performance of the Group's operations.

The Group may not always be able to obtain sites that are suitable for development or redevelopment

The Group derives a substantial part of its revenue from sales or lease of properties that it has acquired or developed. This revenue stream depends on the completion of, and the Group's ability to sell or lease, its properties. In order to maintain and grow its business in the future, the Group will be required to replenish its project pipeline with suitable sites or buildings for improvement or development. The Group's ability to identify and acquire suitable sites or buildings is subject to a number of factors that are beyond its control. The Group's business, financial condition and results of operations may be adversely affected if it is unable to obtain sites or buildings for improvement or development at prices that allow it to achieve reasonable returns upon sale or lease to its customers. The limited supply of land in Hong Kong has, in the past, made it increasingly difficult to locate suitable property at economical prices for development which could be acquired by the Group. In addition, the Group's acquisition strategy in relation to the property it purchases may prove ineffective and may have a material adverse effect on the Group's business.

While the Hong Kong Government has expressed its desire to increase land supply, the amount of land offered by the Hong Kong Government by auction is nevertheless still fairly limited. This affects the Group's ability to replenish its Hong Kong land bank. In addition, the PRC government controls all new land supply in the PRC and regulates land sales in the secondary market. The PRC central and local governments may regulate the means by which property developers, including the Group, obtain land sites for property developments. Please see "*Risks Relating to the Group's Business in the PRC – The economic, political and social conditions of the PRC, as well as government policies, could affect the Group's business*". As a result, the policies of the PRC government towards land supply may adversely affect the Group's ability to acquire land use rights for sites it seeks to develop and could increase the costs of any acquisition.

The Group may not be able to manage properties in a way that meets the demands of local markets

The Group is focused on the repositioning, investment and redevelopment of quality commercial and premium residential properties in Hong Kong, the PRC and Macau. The success of the Group's business model is dependent on the accuracy of its predictions of local demand for quality commercial and premium residential properties and economic growth of the cities where it has, or will have, a portfolio of properties. The Group's success is also dependent on its managerial, operational and financial resources, as well as its knowledge of the demand for quality commercial and premium residential properties. There can be no assurance that the Group's business model will be successful in each of the markets that it enters into. If it fails to establish or expand its business according to its plans, the Group's business, reputation, financial position and results of operations may be materially and adversely affected.

Certain of the Group's business activities are conducted through joint ventures

The Group has equity interests in several joint venture entities in connection with its property investment and development projects. Such joint ventures may involve special risks associated with the possibility that the Group's joint venture partners may:

- have economic or business interests or goals that are inconsistent with those of the Group;
- take action contrary to the instructions or requests of the Group or contrary to the Group's policies or objectives with respect to its property investments;
- be unable or unwilling to fulfil their obligations under the joint ventures or other agreements;
- undergo a change of control; or
- experience financial or other difficulties.

In addition, the Group may not be able to pass certain important board resolutions requiring unanimous consent of all the directors of these joint ventures if there is a disagreement between the Group and its joint venture partners. As such, the Group may not be able to dispose of assets that are jointly owned by the Group and its joint venture partners. Any of these and other factors may have a material adverse effect on the Group's business.

The Group is subject to risks incidental to the ownership and development of real estate properties

Investment in property is generally illiquid, limiting the ability of an owner or a developer to convert property assets into cash at short notice or requiring a substantial reduction in the price that might otherwise be sought for such assets to ensure a quick sale. Such illiquidity also limits the Group's ability to manage its portfolio in response to changes in economic or other conditions. Moreover, it may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquidity. The Group is subject to risks incidental to the ownership and operation of residential, office and other properties, including, among other things, competition for tenants and changes in market rents, all of which could adversely affect the business, financial condition and results of operations of the Group.

The Group's property development business involves significant risks distinct from those involved in the ownership and operation of established properties, including, among other things, the risk that financing for development may not be available on favourable terms (or at all), that construction may not be completed on schedule or within budget (for reasons including shortages of equipment, material and labour, work stoppages, interruptions resulting from inclement weather, unforeseen engineering, environmental and geological problems and unanticipated cost increases), that development may be affected by governmental regulations (including changes in building and planning regulations and delays or failure to obtain the requisite construction and occupancy approvals), that developed properties may not be leased or sold on profitable terms, and that purchasers and/or tenants will default.

The Group is subject to the risks associated with renewing leases and re-letting property

The Group is subject to risks associated with the property industry such as competition for tenants, changes in market rents, inability to renew leases or re-let space as existing leases expire, inability to collect rent from tenants due to bankruptcy or insolvency of tenants or otherwise, inability to dispose of major investment properties for the values at which they are recorded in the financial statements, increase in operating costs and the need to renovate, repair and re-let space periodically and to pay the associated costs. The Group's business relies on its ability to identify and let property to premium tenants whom the Group targets. Failure to renew leases could adversely affect the business, financial condition and results of operations of the Group.

A material deterioration of its cash flow position may have a material adverse effect on the Group's ability to service its indebtedness and continue its operations

In addition to borrowing, the Group relies on sale of its properties as a major source of funding for its operations and to assist with servicing its debt. Should the Group's sales be significantly limited or otherwise materially and adversely affected as a result of changes in Hong Kong or PRC laws and regulations or in government policies relating to property or property development, or by a significant economic downturn in the Hong Kong or PRC or in the property markets where the Group operates or otherwise, the Group could experience cash flow difficulties and difficulties in servicing its indebtedness. If major commercial banks decline to provide additional loans to the Group or to re-finance its existing loans when they mature as a result of the Group's credit risk and the Group fails to raise adequate financing through other channels, the Group's financial condition, cash flow position and business prospects may be materially and adversely affected.

The continuing success of the Group depends on key management personnel

The success of the Group depends on key management personnel and on the continued service of its executive officers and other experienced and skilled managerial and technical personnel. The board of directors of the Guarantor (the "**Board**") comprises only six Executive Directors, each of whom plays a key role in the management and leadership of the Group, so that management of the Group is run on a very lean basis. Competition for qualified personnel is intense. The Group's business could suffer if the services of a number of key personnel were lost and if the Group could not recruit suitable replacements in a timely manner.

Furthermore, as the business of the Group continues to grow, the Group will need to recruit and train additional qualified personnel. If the Group fails to attract and retain qualified personnel, its business and prospects may be adversely affected.

The Group is subject to certain risks due to the cyclical nature of consumer spending and economic development

The Group derives a portion of its revenue from commercial and office properties which are closely tied to general consumer demand and commercial market sentiment. Any change in such general consumer demand and commercial market sentiment can affect overall economic outlook and investor confidence leading to changes in the tenant mix and credit standing of tenants. Competition from new market entrants and fluctuations in the level of disposable household income may adversely affect the relative bargaining position of the Group with its tenants in terms of lease rates, tenure and frequency of rental revisions, and thus adversely affect the Group's revenue and financial performance.

The Group's revenue and results of operations may fluctuate from period to period

A substantial portion of the Group's revenue is derived from the sale of properties held for sale. The Group has experienced fluctuations in its revenue and profit/loss and may experience further fluctuations in the future. For instance, for the year ended 31 March 2023, the Group recorded a revenue of HK$804.3 million and a profit of HK$365.1 million, respectively. For the year ended 31 March 2024, the Group recorded a revenue of HK$1,579.1 million and a loss of HK$456.0 million. For the year ended 31 March 2025, the Group recorded a revenue of HK$520.6 million and a loss of HK$1,710.9 million. For the six months ended 30 September 2024, the Group recorded a revenue of HK$143.0 million and a loss of HK$914.6 million. For the six months ended 30 September 2025, the Group recorded a revenue of HK$124.1 million and a loss of HK$557.9 million. There can be no assurance that the Group can achieve and sustain profitability in the future, and in the event of any unfavourable developments, the Group's business, financial condition and results of operations may be materially and adversely affected. The Guarantor published profit warnings in May 2024, November 2024 and June 2025 in accordance with the Listing Rules of the Stock Exchange, and there can be no assurance that profit warnings will not be issued in the future in the event of any fluctuations in the Group's revenue and results of operations from time to time. Volatility in the Hong Kong property market significantly affects the timing of both the acquisition or modification of land use terms for sites and the sale of completed development properties. Market volatility, coupled with the lead time necessary for project completion and the sale of existing properties, results in the Group's property development activities being highly susceptible to substantial fluctuations in financial performance.

The Group's results of operations may fluctuate in the future due to a combination of factors, including the overall improvement or development schedule of its property projects, the level of interest of properties by prospective customers, the proposed timing for completion and sale of the Group's improved or developed properties, the Group's revenue recognition policies, property acquisition costs and price volatility in construction-related and improvement or development expenses. Most of the Group's commercial property projects require at least a year or more to complete the relevant improvement works, whereas the Group's residential property projects require a few years to complete and are often undertaken in phases. Selling prices of developed properties are often higher closer to completion, due in part to the more established community available to prospective purchasers. Furthermore, according to the Group's accounting policy for revenue recognition, it recognises revenue from the sale of properties only upon completion of the relevant contracts of sale, which, in the case of pre-sold residential properties, would often be at the same time as the delivery of completed properties to purchasers. As such, even where a sale and purchase agreement has been entered into by the Group, the Group can only recognise revenue from such sale upon successful completion of that transaction. A time gap ranging from several months to a number of years may pass between the date on which the Group commences pre-sales of its residential properties and the date on which completed properties are delivered to purchasers. Accordingly, the Group's results of operations may vary significantly from period to period depending, in part, on the gross floor area ("**GFA**") sold and the timetable for the completion and delivery of properties contracted for sale. Historically, periods in which the Group completed more of its improvement works or GFA have often generated a higher level of revenue. Periods in which the Group sells or pre-sells a considerable amount of aggregate GFA, however, may not necessarily generate a higher level of revenue if such sold or pre-sold properties are not completed within the same period. The Group's results of operations are also affected by the limitation that during any particular period of time, it can only undertake a limited number of projects due to the substantial capital requirements for properties or land acquisitions, construction costs and the limited supply of appropriate buildings or land. The Group's ability to complete projects as scheduled may also be affected by seasonal factors, such as heavy winter rainfall and typhoons, which could hinder the renovation, and in turn, the completion of its property projects. The Group's revenue and profits, often recognised upon the completion and delivery of properties, may also be affected by such seasonal effects.

The Group relies on independent contractors and sub-contractors for the provision of certain services

The Group engages independent third-party contractors and sub-contractors to provide various services including construction, building and property fitting-out work, interior decoration, installation of air conditioning units and elevators, and transportation of materials by air, sea and road. There can be no assurance that the services rendered by any independent third-party contractor or sub-contractor engaged by the Group will be satisfactory. The Group is also exposed to the risk that its contractors and sub-contractors may require additional capital to complete an engagement in excess of the price originally tendered and the Group may have to bear additional costs as a result. Furthermore, there is a risk that the Group's contractors and subcontractors may experience financial or other difficulties which may affect their ability to discharge their obligations, thus delaying the completion of the Group's projects or resulting in additional costs for the Group. The timely performance by these contractors and sub-contractors may also be affected by natural and human factors such as natural disasters, strikes and other industrial or labour disturbances, terrorism, restraints of government, civil disturbances, accidents or breakages of machinery or equipment, failure of suppliers, interruption of delays in transportation, all of which are beyond the control of the Group. Any of these factors could adversely affect the business, financial condition and results of operations of the Group.

Property revaluations may have an adverse impact on the Group's financial results and position

In accordance with HKFRS Accounting Standards, the Group reviews the net realisable value ("**NRV**") of its properties classified as properties held for sale at every reporting balance sheet date at the lower of cost or NRV on the basis of an external professional valuation. Any increase in the NRV of these properties above their relevant cost to completion will not be credited to the income statement. However, any decrease in the NRV of the Group's properties below that of their relevant cost to completion will reduce its profit and equity for that year. These factors could have an adverse effect on the Group's business, operating results, financial condition and prospects.

The Group is subject to risks relating to accidents or other incidents which may not be covered by insurance

The Group maintains insurance coverage on all of its properties under construction, third party liabilities and owner's liabilities in accordance with what it believes to be industry standards. However, the Group may become subject to liability for hazards which it cannot insure against or which it may elect not to insure against because of premium costs disproportionate to the level of risks concerned or other reasons. In particular, the Group's insurance policies generally do not cover certain types of losses incurred due to events such as war, civil disorder and acts of terrorism. Any losses may significantly affect the Group's business operation and the Group may not have sufficient funds to replace any property destroyed as a result of such hazards. Furthermore, whilst every care is taken by the Group and its employees in the selection and supervision of its independent contractors, accidents and other incidents, such as theft, may occur from time to time. Such accidents may expose the Group to liability or other claims by its customers and other third parties. Although the Group believes that it has adequate insurance arrangements in place to cover such eventualities, it is possible that accidents or incidents which are not covered by these arrangements could occur. The occurrence of any such accidents or incidents which are not covered by insurance could adversely affect the business, financial condition and results of operations of the Group. It is also possible that litigants may seek to hold the Group responsible for the actions of its independent contractors.

If the Group is not properly insulated from the rising cost of labour, construction materials or building equipment, the Group's results of operations may be adversely affected

As the result of economic growth and the competition in the property development industry in Hong Kong and the PRC, wages for construction workers and the prices of construction materials and building equipment have experienced increases in recent years. For example, the PRC Labour Contract Law that came into effect on 1 January 2008 (certain amendments to which were adopted on 28 December 2012 and became effective on 1 July 2013) is primarily aimed at the regulation and protection of employee/employer rights and obligations, including matters with respect to the establishment, performance and termination of labour contracts. In addition, the PRC government has continued to introduce various new labour-related regulations after the effectiveness of the PRC Labour Contract Law. The Group's labour costs may increase as a result of these new protective labour measures, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In addition, as the interpretation and implementation of these new regulations are still evolving, the Group's employment practice may not at all times be deemed to be in compliance with the new regulations. If the Group is subject to penalties or incurs liabilities in connection with labour disputes or investigations, the Group's business, results of operations and financial condition may be adversely affected. Under the terms of most of the Group's construction contracts, the Group's construction contractors are responsible for the wages of construction workers and procuring construction materials for the Group's property development, and would bear the risk of fluctuations in wages and construction material prices during the term of the relevant contract as the Group generally enters into fixed or capped unit price contracts with them. However, the Group is exposed to the price volatility of labour and construction materials to the extent that the Group periodically enters into new, or renews its current, construction contracts during the life of a project, which may span over several years, or that the Group hires the employees directly or purchases the construction materials directly from suppliers. The Group is also exposed to the price volatility of building equipment used in properties developed by the Group because the Group usually procures such equipment by itself. Furthermore, the Group typically pre-sells the Group's properties prior to their completion, and the Group will be unable to pass the increased costs on to the Group's customers if construction costs increase subsequent to the time of such pre-sale. If the Group is unable to pass on any increase in the cost of labour, construction materials and building equipment to either the Group's construction contractors or to the purchasers of the Group's properties, the Group's results of operations may be negatively affected. No assurance can be given as to the future movements of the prices of the construction materials required by the Group, and any detrimental movements in the future may have a material adverse effect upon the Group's business, results of operations and financial condition.

The Group faces contractual risks relating to the pre-sale of properties, including the risk that property developments cannot be completed, or cannot be completed on time

The Group faces contractual risks relating to the pre-sale of properties. Failure to complete and/or deliver a pre-sold property in a timely manner may cause the Group to be liable to the relevant purchasers for losses suffered by them. The Group's failure to complete property developments in the time required by pre-sale contracts may entitle purchasers to claim damages under the pre-sale contracts, and in the event that such failure causes a delay that extends beyond any grace period stipulated in the pre-sale contracts, purchasers may be entitled to terminate the pre-sale contracts, claim damages and request a refund of their purchase amount together with interest, which may in turn impact the Group's contracted sales.

The Group may experience delays in completion or delivery of its renovated properties which could have an adverse effect on the income of the Group

The Group's profit margin is sensitive to fluctuations in the costs of construction and renovation materials. Construction costs comprise one of the key components of the Group's cost of sales. Construction costs encompass all costs for the design, construction, renovation and fit-out of a project, including payments to third-party contractors, costs of construction materials, foundation and substructure, fittings, facilities for utilities and related infrastructure such as roads and pipelines. Historically, construction material costs and interior design material costs have been the principal driver of the construction costs of the Group's property development projects. A general trend in the economy of increased inflationary risk may also have an impact on the construction costs and a wider impact on other costs.

Construction costs may fluctuate as a result of the volatile price movement of construction materials such as steel and cement. The Group manages the cost of outsourced construction work through a process of tenders which, among other things, takes into account procurement of supplies of principal construction materials such as steel and cement for the Group's property projects at fixed prices. In line with industry practice, if there is a significant price fluctuation (depending on the specific terms of each contract), the Group will be required to re-negotiate, top up or refund, depending on the price movement, existing construction contracts. Additionally, should existing contractors fail to perform under their contracts, the Group may be required to pay more to contractors under replacement contracts. Therefore, the Group's profit margin is sensitive to changes in the market prices for construction materials and these profit margins will be adversely affected if the Group cannot pass all of the increased costs onto its customers.

Potential liability for environmental problems could result in costs to the Group

The Group is subject to various laws and regulations concerning the protection of health and the environment. The particular environmental laws and regulations which apply to any given project development site vary greatly according to the site's location, its environmental condition, the present and former uses of the site, as well as any adjoining properties. Environmental laws and conditions may result in delays to the Group's property developments, may cause the Group to incur compliance and other costs and can prohibit or severely restrict project development activity in environmentally-sensitive regions or areas.

Each project the Group develops in Hong Kong, the PRC or Macau is required under applicable laws and regulations to undergo environmental assessments. Further, an environmental impact assessment document is required to be submitted to the relevant government authorities for approval before commencement of construction. The local authorities may request the Group to submit additional environmental impact documents, issue orders to suspend the construction and/or impose penalties for any projects that have not, prior to the commencement of construction, received approval following the submission of the environmental impact assessment documents. Although the environmental investigations conducted to date have not revealed any environmental liability that the Group believes would have a material adverse effect on its business, financial condition or results of operations, it is possible that these investigations did not reveal all environmental liabilities, or that there are material environmental liabilities of which the Group is unaware. Please see "*Description of the Group – Environmental and Safety Matters*" for a description of the foregoing environmental matters.

The Group's business is subject to various laws and regulations

The operations of the Group are subject to various laws and regulations of Hong Kong, the PRC and Macau in which the Group's operations are located. The Group's activities on its commercial and development properties are limited by zoning ordinances and other regulations enacted by the authorities. Developing properties, refurbishment and other redevelopment projects require government permits, some of which may take longer to obtain than others. From time to time, the authorities may impose new regulations on landlords such as mandatory retrofitting of upgraded safety and fire systems in all buildings. The Group's properties are subject to routine inspections by the authorities with regard to various safety and environmental issues. There can be no assurance that the Group will be able to comply with such regulations or pass such inspections.

From time to time, changes in law and regulations or the implementation thereof may require the Group to obtain additional approvals and licences from the relevant authorities for the conduct of its operations. In such event, the Group may incur additional expenses to comply with such requirements. This will in turn affect the Group's financial performance as its business costs will increase.

Furthermore, there can be no assurance that such approvals or licences will be granted to the Group promptly or at all. If the Group experiences delays in obtaining, or is unable to obtain, such required approvals or licences, it may have a material adverse impact on the business, financial condition or results of operations of the Group.

The Group's business may be adversely affected by increases in borrowing rates

Changes in borrowing rates have affected, and will continue to affect, the financing costs for the Group's property development business and, ultimately, the Group's results of operations. While the Group believes that the lending rate has not in the past had a material adverse effect on the Group's ability to obtain adequate financing for the Group's operations or on the Group's overall financial condition, there can be no assurance that lending rates will remain unchanged or that an increase in lending rates in the future will not have a material adverse effect on the Group's operations and financial condition. The Group's borrowings are primarily denominated in Hong Kong dollars and Renminbi. The interest rates of Renminbi-denominated loans are based on premiums or discounts to the Renminbi lending base rate as announced by PBOC from time to time. If PBOC raises lending rates, the Group's business, results of operations and financial condition may be adversely affected.

The Group is affected by currency fluctuations

The results of the Group are recorded in Hong Kong dollars, but its various subsidiaries, associates and joint ventures may receive revenue and incur expenses in other currencies, including Renminbi. Any currency fluctuations on translation of the accounts of these subsidiaries, associates and joint ventures, and on the repatriation of earnings, equity investments and loans may therefore impact on the Group's performance. Although currency exposures have been managed by the Group, a depreciation or fluctuation of the currencies in which the Group conducts operations relative to the Hong Kong dollar could adversely affect the Group's financial condition or results of operations.

The Guarantor is controlled by a single major shareholder

The ultimate major shareholder of the Guarantor is Mr. Chung Cho Yee, Mico, who is Chairman and Executive Director of the Guarantor and has an interest in the majority of the issued share capital of the Guarantor as at the date of this Offering Circular with the remaining shares being held by other employees of the Group and by public shareholders. Mr. Chung, as the Guarantor's controlling shareholder, is therefore able to exert considerable influence over the management and affairs of the Group. As a result, transactions between the Guarantor and other companies in which Mr. Chung has an interest are subject to the rules of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") which, in certain circumstances, may require disclosure to, and approval from, the shareholders of the Guarantor.

The Group's operations are subject to external risks

A natural disaster, catastrophe or other event could result in severe personal injury, property damage and environmental damage, which may curtail the Group's operations, cause delays in estimated completion dates for projects and materially adversely affect its cash flows and, accordingly, adversely affect its ability to service debt. The Group's operations are based in Hong Kong, the PRC and Macau, which are exposed to potential natural disasters including, but not limited to, typhoons, storms, floods and earthquakes. If any of the Group's developments are damaged by severe weather or any other disaster, accident, catastrophe or other event, the Group's operations may be significantly interrupted. The occurrence or continuance of any of these or similar events could increase the costs associated with the Group's operations and reduce its ability to operate its businesses at their intended capacities, thereby reducing revenues. Risks of substantial costs and liabilities are inherent in the Group's principal operations and there can be no assurance that significant costs and liabilities will not be incurred, including those relating to claims for damages to property or persons.

Risks Relating to the Group's Business in the PRC

The economic, political and social conditions of the PRC, as well as government policies, could affect the Group's business

The Group's strategy is to continue to expand its business in the PRC to capitalise on the PRC's economic growth and rapid urbanisation. The Group believes that one of its key growth drivers is expected to be its business initiatives in property development and investment in the PRC. The Group's financial condition, operating results and prospects will, accordingly, be subject to economic, political and legal developments in the PRC as well as in the economies in the surrounding region. The economy in the PRC is unique to the economies of most developed countries in many respects, including:

- economic and political structure;
- extent of government involvement and control;
- level of development;
- growth rate;
- regulation of capital investment;
- control of foreign exchange; and
- allocation of resources.

While the PRC economy has experienced significant growth in the past 25 years, growth has been uneven, both geographically and among the various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on the Group's operations. For example, the Group's financial condition and operating results may be adversely affected by the PRC government's regulation on capital investments or any changes in tax regulations or foreign exchange controls that are applicable to it.

The PRC economy has been transitioning from a planned economy to a more market-oriented economy. Although in recent years the PRC government has implemented measures emphasising the utilisation of market forces for economic reform, the reduction of state ownership of productive assets and the establishment of sound corporate governance in business enterprises, a substantial portion of productive assets in the PRC is still owned by the PRC government. In addition, the PRC government continues to play a significant role in regulating the development of industries in the PRC by imposing top-down policies. It also exercises significant influence on the PRC's economic growth through the allocation of resources, regulation on the payment of foreign currency-denominated obligations, setting monetary policy and providing preferential treatment to particular geographies, industries or companies. To curb any inflationary pressures, the PRC government has taken a number of credit-tightening measures to increase the cost of credit and to reduce the availability of credit. The PRC government may implement further credit-tightening measures which could have an adverse impact on the Group's ability to access onshore financing in the PRC.

The PRC's legal system is less developed than in certain other countries and the PRC laws may not be interpreted and enforced in a consistent manner

The PRC legal system is based on written statutes in which decided legal cases have little value as precedents. Since 1979, the PRC government has introduced many new laws and regulations to provide general guidance on economic and business practices in the PRC and to regulate foreign investment. Progress has been made in the promulgation of laws and regulations dealing with economic matters such as corporate organisation and governance, foreign investment, commerce, taxation and trade. The promulgation of changes to existing laws and the abrogation of local regulations by national laws could have a negative impact on the business and prospects of the Group and its joint ventures. In addition, as these laws, regulations and legal requirements are relatively recent, their interpretation and enforcement may involve significant uncertainty. The interpretation of PRC laws may be subject to policy changes which reflect domestic political changes. As the PRC legal system develops, the promulgation of new laws, changes to existing laws and the pre-emption of local regulations by national laws may have an adverse effect on the Group's prospects, financial condition and operating results.

Real estate is a highly regulated sector in the PRC

The supply of substantially all of the land in the PRC is controlled and regulated by the PRC government. The land supply policies adopted by the PRC government directly impact the Group's ability to acquire properties for development and the costs of such acquisitions. For example, in recent years, the PRC government has introduced a series of measures (and may implement further measures) to stabilise the real estate market, including policies to prevent excessive rises in property prices in certain cities and sectors such as taxing capital gains to discourage speculation, restricting purchases of real estate by foreigners, limiting the amount of luxury villa developments and tightening of credit available to real estate developers and individual purchasers. Property developers must comply with various national and local regulatory requirements promulgated by different tiers of regulators. From time to time, the PRC government adjusts its macroeconomic policies to encourage or restrict property development which may have a direct impact on the Group's business.

The PRC government's restrictive measures to control the property development industry's rate of growth could limit the Group's access to capital resources, reduce market demand and increase the Group's operating costs. The PRC government may adopt additional and more stringent measures in the future, which may further slow the development of the industry and materially and adversely affect the Group's business and result of operations. In particular, any additional or more stringent measures imposed by the PRC government in the future to curb high-end residential real estate projects may materially and adversely affect the Group's business and results of operations.

The Group may enter into certain land clearance agreements with relevant land authorities, and may be required to assist local governments with clearing land and relocating original residents with respect to potential development property projects in accordance with the relevant PRC laws and regulations. The complicated administrative process and possibility of unfavourable settlement regarding the amount of compensation may increase the cost of any such development and materially adversely affect the Group's cash flow, business operations and financial condition.

Under PRC law, if a developer fails to perform its obligations according to the terms of the land grant contract (including those relating to payment of fees, land use or the time for commencement and completion of the development of the land), the relevant local government authority may give a warning to or impose a penalty on the developer or forfeit the land granted to the developer. Under the current PRC laws and regulations, if a developer fails to pay any outstanding land premium by the stipulated deadline, it may be subject to a late payment penalty calculated on a per-day basis. In addition, if a developer fails to commence development of a property project within the stipulated period as required under the current PRC laws without the approval from the relevant PRC land bureau, the relevant PRC land bureau may serve a warning notice on the developer and impose an idle land fee of up to 20 per cent. of the land premium unless such failure is caused by a government action or a force majeure event. Even if the commencement of the land development complies with the land grant contract, if the developed GFA on the land is less than one-third of the total GFA of the project or if the total capital expenditure is less than 25 per cent. of the total investment of the project and the suspension of the development of the land is more than one year without government approval, the land will still be treated as idle land. The Notice on Promoting Economisation of Land Use issued by the State Council in January 2008 further confirmed the idle land fee at 20 per cent. of the land premium. If a developer fails to commence such development for more than two years, the land is subject to forfeiture without compensation to the PRC government unless the delay in development is caused by government actions or force majeure. In addition, a developer with idle land together with its shareholders may be restricted from participating in future land bidding.

Although the Group has never been subject to any such penalties or required to pay idle fees or forfeit any of its land in the PRC, there can be no assurance that circumstances leading to possible forfeiture of land or delays in the completion of a project may not arise in the future.

Further, the Group must obtain various permits, certificates, relevant approvals from the relevant administrative authorities at various stages of development, including land use rights document (including land use right certificate and land use planning permit), environmental assessment document, planning permits, construction permits and confirmation of completion and acceptance. Each approval is dependent on the satisfactory compliance with certain requirements or conditions. The Group can give no assurance that it will not encounter material delays or other impediments in fulfilling the conditions precedent to obtain these approvals.

These measures have to date focused on tier-one and tier-two cities, there is a risk that similar measures will be introduced in tier-three and tier-four cities which would have an adverse impact on the Group's potential developments in such cities.

In the event the total GFA of any of the Group's property developments were to exceed the original authorised area, the excess GFA would be subject to governmental approval and payment of additional land premium

Given that some of the Group's property projects are located in the PRC, the Group's business is also subject to regulations in the PRC. When the PRC government grants the land use rights for a parcel of land, it will specify in the land grant contract the use of the land and the total GFA that the developer may develop on this land. The actual GFA constructed, however, might exceed the total GFA authorised in the land grant contract due to factors such as subsequent planning and design adjustments. The amount of GFA in excess of the authorised amount is subject to approval when the relevant authorities inspect the properties after their completion, and the developer may be required to pay additional land premium in respect of this excess GFA. If the Group fails to obtain the completion certificate due to such excess GFA, the Group will not be allowed to deliver the relevant properties or recognise the revenue from the relevant pre-sold properties, and may also be subject to liabilities under the pre-sale contracts. No assurance can be given that the total constructed GFA of the Group's existing projects under development or any future property developments will not exceed the relevant authorised GFA upon completion or that the Group will be able to pay the additional land premium and obtain the completion certificate on a timely basis. Any of the above may have a material adverse effect on the Group's business, results of operations and financial condition.

Fluctuations in the value of RMB may have an adverse effect on the Group's financial condition and results of operations

The value of Renminbi against the U.S. dollar and other currencies may fluctuate and is affected by, among other factors, changes in international and national political and economic conditions and the foreign exchange policy adopted by the PRC government. In August 2015, the People's Bank of China implemented changes to the way it calculates the midpoint against the U.S. dollar to take into account market-maker quotes before announcing the daily midpoint. The International Monetary Fund announced on 30 September 2016 that the Renminbi is joining its Special Drawing Rights currency basket. In August 2019, the U.S. Department of the Treasury labelled the PRC a currency manipulator, while in January 2020, along with the signing of the phase-one trade deal between the United States and the PRC, the U.S. Department of the Treasury formally stepped back from its decision to designate the PRC a currency manipulator. Such changes, among others that may be implemented, may increase the volatility in the value of the Renminbi against other currencies.

There remains significant international pressure on the PRC government to adopt an even more flexible currency policy, which could result in a further and possibly more significant fluctuation of Renminbi against foreign currencies. Some of the Group's revenue and costs are denominated in Renminbi, and its financial assets in the PRC are also denominated in Renminbi. Any fluctuation in the exchange rate between Renminbi and the U.S. dollar could result in foreign currency translation losses for financial reporting purposes.

The Group's provisions for the payment of land appreciation tax ("LAT") for the disposal of properties may not be adequate to cover the Group's LAT obligations

Under the tax laws and regulations of the PRC, properties developed for sale are subject to LAT, which is collectible by the local tax authorities. All income from the sale or transfer of state-owned land use rights, buildings and other ancillary facilities in the PRC is subject to LAT at progressive rates up to 60.0 per cent. of the appreciation value, with certain exemptions available for the sale of ordinary residential properties if the appreciation does not exceed 20.0 per cent. of the total deductible items, as such transactions are addressed under relevant tax laws. Sales of properties such as high-class apartments, villas and holiday villages are not eligible for such exemptions.

The Group has estimated and made provisions for what is believed to be the full amount of applicable LAT in accordance with the requirements set forth in the relevant PRC tax laws and regulations. While the Group believes that the Group has made adequate provisions for LAT, there is no assurance that such provisions will be adequate to cover the Group's LAT obligations. In the event that LAT eventually collected by the tax authorities upon completion of a tax audit exceeds the amount that the Group has provided for, the Group's future net profits after tax may be adversely affected.

The transition from business tax to value-added tax may adversely affect the Group's business, results of operations and financial condition

Given that some of the Group's property projects are located in the PRC, the Group's business is also subject to regulations in the PRC. The PRC government has been progressively implementing the pilot reform for the transition from business tax to value-added tax in certain regions and industries from 2012. Pursuant to the Notice on the Full Implementation of Pilot Program for Transition from Business Tax to

Value-Added Tax (關於全面推開營業稅改徵增值稅試點的通知) and the Implementing Measures for the Pilot Program for Transition from Business Tax to Value-added Tax (營業稅改徵增值稅試點實施辦法) issued by the Ministry of Finance of the People's Republic of China and State Administration of Taxation of the People's Republic of China on 23 March 2016. On 1 May 2016, the "transitioning from business tax to value-added tax" scheme became effective.

Changes in the scope of taxation affect, to a certain extent, the Group's tax burden. The Group has become subject to the value-added tax regime from its financial year ended 31 March 2017. The Group believes the scheme does not materially affect the Group's net profit or cash flow but may negatively affect the Group's revenue and costs. At the same time, the Group has re-formulated the Group's business and financial management procedures and adjusted the Group's accounting and audit treatment as well as tax system in order to comply with such scheme. The scheme also imposes stricter requirements on contractors and suppliers. In addition, the PRC government may further supplement and amend relevant policies and rules, and different interpretations may be applied in implementing these policies and rules. As a result, uncertainties remain as to the tax treatment of the Group's income and expenses under the new value added tax regime.

CAPITALISATION AND INDEBTEDNESS

The following table sets out the consolidated capitalisation and indebtedness of the Group as at 30 September 2025, which has been extracted from the consolidated statement of financial position of the Group as at the same date, and as adjusted to give effect to the issuance of the New Notes offered hereby. The table should be read in conjunction with the reviewed unaudited condensed consolidated financial statements of the Group as at 30 September 2025 and the notes thereto:

- on an actual basis; and
- as adjusted to give effect to the par value of the New Notes of U.S.$50,000,000 (the Issue Price of the New Notes is 101.75 per cent.) and excluding the amount of accrued interest from (and including) 21 May 2026 to (but excluding) the New Issue Date) issued in this offering without taking into account the relevant transaction costs

	As at 30 September 2025		
	HK$'000 (Actual)	*U.S.$'000* (Actual)[1]	*U.S.$'000* (as adjusted)
Bank borrowings – due within one year	1,545,620	198,643	198,643
Bank borrowings – due after one year	5,108,253	656,512	656,512
Notes payable – due after one year[2]	1,959,204	251,797	251,797
New Notes to be issued	–	–	50,000[3]
	8,613,077	1,106,952	1,156,952
Shareholders' funds:			
Share capital[4]	206,299	26,514	26,514
Reserves	12,749,144	1,638,518	1,638,518
Equity attributable to owners of the Guarantor	12,955,443	1,665,032	1,665,032
Non-controlling interests	(53,686)	(6,900)	(6,900)
Total equity	12,901,757	1,658,132	1,658,132
Total Capitalisation	21,514,834	2,765,084	2,815,084

Notes:

(1) A rate of HK$7.7809 to U.S.$1.00 was adopted for the conversion of Hong Kong dollars to U.S. dollars, the noon buying rate as set forth in the weekly H.10 statistical release of the Federal Reserve Board of the Federal Reserve Bank of New York on 30 September 2025.

(2) Includes the par value of the Original Notes of U.S.$150,000,000 (the issue price being 95.48 per cent.) and U.S.$50,000,000 (the issue price being 100.00 per cent.) and a 4-year senior unsecured note of HK$500,000,000 issued on 30 April 2025 without taking into account the relevant transaction costs.

(3) As adjusted to give effect to the par value of the New Notes of U.S.$50,000,000 (the Issue Price of the New Notes is 101.75 per cent.) and excluding the amount of accrued interest from (and including) 21 May 2026 to (but excluding) the New Issue Date) issued in this offering without taking into account the relevant transaction costs.

(4) As at 30 September 2025, the total authorised share capital of the Guarantor is HK$500 million divided into 31,250 million ordinary shares of HK$0.016 each and its issued share capital was approximately HK$206.3 million consisting of 12,893.7 million ordinary shares of HK$0.016 each.

On 13 November 2025, the Guarantor (as guarantor) and Southwater Hong Kong Limited, a joint venture company (as borrower, the attributable equity interest to the Guarantor of which is 50 per cent.), entered into a facility agreement in relation to term loan facilities in the aggregate amount of HK$6,111,000,000 for refinancing certain banking facilities.

Save as disclosed in this Offering Circular, there has been no material change in the total capitalisation of the Group since 30 September 2025.

Capitalisation and Indebtedness of the Issuer

As at the date of this Offering Circular, the Issuer was authorised to issue a maximum of 50,000 U.S.$1.00 par value shares of a single class and series, of which one share is held by the Guarantor.

DESCRIPTION OF THE ISSUER

Formation

Estate Sky Limited is a British Virgin Islands business company incorporated under the BVI Business Companies Act of the British Virgin Islands (BVI Company Number: 1740429). It was incorporated in the British Virgin Islands on 25 October 2012. Its registered office is at Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands. The Issuer is a wholly-owned subsidiary of the Guarantor.

Business Activity

The Issuer was established with unrestricted objects and powers as set out in its memorandum of association. The Issuer does not sell any products or provide any services and it has undertaken no business activities since its date of incorporation, other than those incidental to its incorporation and establishment as a wholly-owned subsidiary of the Guarantor and those incidental to the issuance of the Notes.

Financial Statements

Under British Virgin Islands law, the Issuer is not required to publish interim or annual financial statements. The Issuer has not published, and does not propose to publish, any financial statements. The Issuer is, however, required to keep proper books of account as are sufficient to show and to explain its transactions and which will, at any time, enable the financial position of the Issuer to be determined with reasonable accuracy.

Directors and Officers

The directors of the Issuer are Messrs. Kan Sze Man and Chow Hou Man and each of their business addresses is c/o 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong. None of the directors of the Issuer holds any shares or options to acquire shares of the Issuer.

The Issuer does not have any employees and has no subsidiaries.

DESCRIPTION OF THE GROUP

Overview

The Guarantor is an investment holding company and is primarily engaged in property development, repositioning and investment. The principal subsidiaries of the Guarantor are primarily engaged in property enhancement and development and property investment in Hong Kong, the PRC and Macau.

Corporate Information

The Guarantor is an exempted company incorporated in Bermuda with limited liability, with its registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business in Hong Kong of the Guarantor is located at 31st Floor, Bank of America Tower, 12 Harcourt Road, Central, Hong Kong.

Business Organisation

Mr. Mico Chung, the Chairman and Executive Director, obtained control of the Group in 2004 as a platform to expand his property investment business. As at the date of this Offering Circular, Mr. Chung maintains statutory control over the Group.

The following chart sets forth an overview of the Group's organisational structure:

Organisation Chart of the Group's Key Subsidiaries and Affiliates and showing principal business activities or properties held

(as at the date of this Offering Circular)

Mr. Chung

62.44%[1]

CSI Properties Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 497)

100%	**Able Market Limited**	*Retail Portions on 3/F, LL Tower, No. 2 Shelley Street, Central, Hong Kong*
100%	**Capital Strategic Property (Shanghai) Limited**	*In Point Shopping Mall, Levels 1-2, Level 7 (Corridor), No. 169 Wujiang Road and Basement Level 1, No. 1, Lane 333 Shimen 1st Road, Jing'an District, Shanghai, PRC*
50%	**Century Bliss Limited**	*No. 44 Stanley Village Road, Stanley, Hong Kong*
100%	**CH Property Services Limited**	*Provision of management services*
100%	**Clear Luck Group Limited**	*31/F and 4 car parks, 4/F, Bank of America Tower, No. 12 Harcourt Road, Central, Hong Kong*
100%	**Couture Homes Limited**	*Investment holding*
100%	**CSI Financial Holdings Limited**	*Securities investment*
100%	**CSI Property Services Limited**	*Provision of management services*
100%	**Estate Sky Limited**	*Bond Issuer*
100%	**Ever Label Limited**	*Nos. 152-164 Wellington Street, Hong Kong*
65%	**Faith Shores Limited**	*Knightsbridge, No. 90 and No. 92 Jinbao Street, approximately 13 apartments and 50 car parks, Dongcheng District, Beijing, PRC*
100%	**Go High Investments Limited**	*Richgate Plaza, Level 1, Level 2 and Basement Level 1, Nos. 1-6, Lane 222 Madang Road, Huangpu District, Shanghai, PRC*
30%	**Great Maker Limited**	*Unsold units of Capital Tower, No. 38 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong*
100%	**ICC Financial Limited**	*Money lending*
15%	**King Empire International Limited**	*Deep Water Pavilia, MTR Wong Chuk Hang Station Package Five Property Development Site E of Aberdeen, Inland Lot No. 467, 11 Heung Yip Road, Hong Kong*
50%	**Leading Avenue Limited**	*Lai Sun Yuen Long Centre, Nos. 21-35 Wang Yip Street East, Yuen Long, New Territories, Hong Kong*
100%	**Linking Plus Investments Limited**	*Hong Kong Health Check Tower, Nos. 241 and 243 Nathan Road, Jordan, Kowloon, Hong Kong*
100%	**Major Mission Limited**	*FOCO, 48 Cochrane Street, the remaining portion of Inland Lot Nos. 4462, 4463 and 4464, Hong Kong*
100%	**Mark Well Investment Limited**	*Securities investment*
25%	**Modern Crescent Limited**	*Harbourside HQ, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong*
60%	**Perry Global Limited**	*Unsold units of 2 floors of Broadway Center, Macau*
40%	**Silver Chic Limited**	*No.24 Middle Gap Road, Hong Kong*
50%	**Sincere Charm Limited**	*No. 92 Repulse Bay Road, Island South, Hong Kong*
50%	**Southwater Investments Limited**	*Developer's Portion at Inland Lot No. 9065, Urban Renewal Authority Project H18 (Site C), Gage Street/Graham Street, Central, Hong Kong*
92%	**Dynamic Care Limited**	*Cadenza, 4 residential units at No. 333 Fan Kam Road, Sheung Shui, New Territories, Hong Kong*
51%	**Star Trail Limited**	*Unsold units of DL Tower, No. 92 Wellington Street, Central, Hong Kong*
20%	**Success Apex Limited**	*One Park Place, Yau Tong, Kowloon, Hong Kong*
51%	**Surplus King Grand Investment Holding Limited**	*Unsold units of Nos. 350-352 Nathan Road, Kowloon, Hong Kong*
30%	**True Fame Enterprises Limited**	*Unsold units of High Peak, No. 23 Po Shan Road, Mid-levels, Hong Kong*
100%	**Well Clever International Limited**	*Securities investment*

[1] Through interest of controlled corporations.

Competitive Strengths

Solid execution capabilities with proven track record and excellent market reputation

As at 30 September 2025, the Group's equity attributable to owners of the Guarantor was HK$12,955 million. As at 30 September 2025, the Group owned and managed approximately 3.6 million square feet (attributable interest of approximately 1.5 million square feet) of prime commercial and residential space in Hong Kong, Shanghai, Beijing and Macau. As at 30 September 2025, the Group held 25 major properties in prime locations across Hong Kong, Shanghai, Beijing and Macau, with a total attributable book value of approximately HK$25 billion.

Self-funded business model through capital recycling

The Group funds its operations primarily via internally generated cash flow, in addition to bank loans. Compared with typical Hong Kong retail property and office property developers, the Group's inherent business model, coupled with its efficient practices, results in a shorter cash conversion cycle. In the Group's experience, the time required to acquire, plan, reposition, and lease out a commercial property is on average three years, substantially less than the time required to develop and stabilise typical Hong Kong retail and office properties, which is an average between five to six years. Unlike typical Hong Kong commercial property developers who tend to hold on to the properties post-completion, the Group sells those completed properties that have reached rental stabilisation. As such, the Group believes it is able to realise its cash returns earlier compared to commercial property developers, and to reinvest the sale proceeds back into its business through capital recycling.

Highly experienced and disciplined management

The Group has a dedicated and experienced management team which has achieved a consistent track record of success in the real estate sectors in Hong Kong and Shanghai. The majority of members in the Group's management team has an average of more than 20 years of relevant experience in the industry, providing the Group with both expertise and continuity.

- **Mr. Chung Cho Yee, Mico**, Chairman, Founder and Executive Director, joined the Group in 2004. He is also a director of certain subsidiaries of the Group. He is also the chairman of the Executive Committee and the Nomination Committee, and a member of the Remuneration Committee of the board of directors of the Guarantor (the "**Board**"). He has over 30 years of corporate finance and real estate experience and had previously been involved in several landmark deals.

- **Mr. Kan Sze Man**, Deputy Chief Executive Officer and Executive Director, joined the Group as Group General Counsel in 2001 and served as the Chief Operating Officer of the Group from 2016 until 28 February 2025. He is a director of certain subsidiaries and associates of the Group, and a member of the Executive Committee of the Board. Mr. Kan is a qualified solicitor by profession. He has worked in the commercial department of a Hong Kong law firm and a U.K. city firm, until joining Hikari Tsushin International Limited (now known as China Oil and Gas Group Limited) as its senior vice president and legal counsel in early 2000.

- **Mr. Chow Hou Man**, Executive Director – Operations and Finance, joined the Group in 2001 and was Group Chief Financial Officer up to 7 February 2025. He is a director of certain subsidiaries and associates of the Group, and a member of the Executive Committee of the Board. He has over 20 years of financial experience in various companies listed in Hong Kong and overseas and an international firm of certified public accountants. He is a member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants.

- **Mr. Ho Lok Fai**, Executive Director, joined the Group in 2005. He is a deputy managing director/director of certain subsidiaries and associates of the Group, and a member of the Executive Committee of the Board. He has been involved in the commercial property investment and agency business since 1991, having over 30 years of solid and proven experience specialising in the investment in Grade A and B offices in Hong Kong. He has served the Group from 2005, and is responsible for investment in commercial properties, leasing matters, and the property management business for offices and industrial properties of the Group. He possesses exceptional acumen and insight in the property market business, with comprehensive understanding of extensive clientele in commercial property investments, and has extensive and reliable connections with reputable estate agents in the commercial property market which he can readily call upon to dispose of the Group's commercial and development projects into the market in the most profitable and efficient manner. Over many years, he has achieved very satisfactory results and performance for those projects or investments that he has been involved in.

- **Mr. Leung King Yin, Kevin**, Executive Director, joined the Group in 2021 and was appointed as managing director of development. He is a director of a subsidiary and associates of the Group, and a member of Executive Committee of the Board. He is the head of the project management and development department of the Group, leading a team of project managers and surveyors in managing a variety of residential and commercial projects in Hong Kong. Prior to joining the Group, he was the general manager/project director of a number of sizable listed companies. He has over 30 years of experience in the property development field, with a varied portfolio that includes residential, commercial and hotel developments in Hong Kong, Mainland China and Canada. He holds a Bachelor degree of Architecture from the University of Melbourne. He is a registered architect and an authorized person under the Buildings Ordinance (Cap. 123 of the Laws of Hong Kong) (the "**BO**"), with extensive project management experience.

- **Ms. Chung Yuen Tung, Jasmine**, Executive Director, joined the Group in 2017. She is a member of the Executive Committee and the Nomination Committee of the Board. She is responsible for driving corporate development strategy to optimise business units, sales and marketing functions of the Group. She also plays an active role in promoting the Group's Environmental, Social and Governance initiatives and integrating corporate branding strategy.

- **Mr. Yip Chai Tuck**, Executive Director, joined the Group in 2025. He is a member of the Executive Committee of the Board. He has extensive experience in corporate management, business development and investment banking. Before joining the Group, he was the chief executive officer of Media Asia Group Holdings Limited (whose shares were delisted from the GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 20 March 2023 with previous stock code: 8075) between February 2024 and April 2025 and the executive director of eSun Holdings Limited (listed on the Main Board of the Stock Exchange with stock code: 571) from February 2014 to April 2025. Mr. Yip was also an executive director of Media Asia Group Holdings Limited from July 2014 until its shares were delisted from the Stock Exchange, and the chief executive officer of Lai Sun Garment (International) Limited (listed on the Main Board of the Stock Exchange with stock code: 191) from August 2013 to February 2024. Prior to joining the Lai Sun Group in 2013, he was also a managing director of Goldman Sachs and head of mergers and acquisitions ("**M&A**") for China. Mr. Yip had also worked for PCCW Limited as vice president of ventures and M&A, responsible for strategic investments and M&A transactions.

- **Ms. Wong Ho Yee, Janet**, Group Chief Financial Officer, joined the Group in 2014. She is a director of certain subsidiaries and associates of the Group. She holds a Bachelor of Business Administration degree and a Master of Business Administration degree from the University of Hong Kong. She has over 20 years of financial and audit experience gained from major property developers in Hong Kong and one of the Big Four accounting firms. She is a fellow member of the Hong Kong Institute of Certified Public Accountants.

Furthermore, Mr. Chung was nominated as one of “Asia’s Business Leaders” at the CNBC Asia Business Leaders Awards 2014. The Group was also awarded the “Best Small-Cap Company in Hong Kong” for 2013 and 2014 and “Best Mid-Cap Company in Hong Kong” for 2018 in Asia’s Best Managed Companies annual poll conducted by Finance Asia, one of the leading financial journals in the Asia-Pacific region.

Recurring rental income base, underpinned by high quality portfolio with solid fundamentals

As at 30 September 2025, the Group has a portfolio of 13 major commercial properties across different sectors, covering retail, office and hotel properties in Hong Kong, Shanghai and Macau, with a recurring income base. For the years ended 31 March 2023, 2024 and 2025, and for the six months ended 30 September 2024 and 2025, the Group’s revenue from rental income has generally been stable and amounted to HK$258 million, HK$236 million, HK$231 million, HK$120 million and HK$118 million, respectively. Until their disposals, these properties generate a stable recurring income base which reduces the potential volatility in the Group’s financial results, which is associated with property trading and provides a solid foundation for the Group’s future growth and strategy.

Prudent financial policy and conservative capital structure with low gearing

The Group has a conservative capital structure and adopts a balanced approach to maintain an optimal mix of equity and debt financing. As at 30 September 2025, the Group had a net gearing ratio of approximately 26.8 per cent. (net gearing ratio is calculated by the Group’s bank borrowings and notes payable (due after one year) less cash and bank balances divided by total assets) and total debt (banks and other borrowings) to total assets ratio of approximately 37.3 per cent. In addition, it is the Group’s policy to maintain a prudent amount of cash and bank balances at all times in order to ensure, among other things, liquidity and credit-worthiness, as well as to provide funds towards project acquisition when opportunities arise. As at 30 September 2025, the Group had consolidated cash and bank balances (including cash held by securities brokers) and marketable securities held for sale comprising of financial assets at FVTPL of approximately HK$2,439 million and HK$268 million, respectively. In addition to its internally generated cash flow, the Group has access to diversified sources of funds for its operations. In July 2021, the Issuer issued the notes guaranteed by the Guarantor in the aggregate principal amount of US$300,000,000 at an interest rate of 5.45 per cent. (“**2021 Guaranteed Notes**”). In 2025, the Issuer issued the Original Notes (comprising the initial issue of US$150 million in May 2025 and the tap issue of US$50 million in September 2025). In addition, as at 30 September 2025, the Group has undrawn committed facilities of approximately HK$1,355 million. The Group’s ability to obtain funding from a variety of sources, both internally and externally, allows it to maintain a competitive advantage under volatile market conditions. These factors enable the Group to maintain a strong financial position with a healthy level of liquidity.

The Group also has a prudent dividend policy, which takes into account cash requirements, investment and growth plans, future prospects, general economic and business conditions, and peer group norms. For the year ended 31 March 2023, the Group declared a dividend of HK$39.4 million. For the years ended 31 March 2024 and 2025, the Group’s consolidated loss attributable to owners of the Guarantor was at HK$425.6 million and HK$1,691.5 million, respectively, and the Board has recommended not to declare a final dividend for the years ended 31 March 2024 and 2025. For the year ended 31 March 2025, the loss attributable to owners of the Guarantor was primarily attributable to the aggregate of (i) decrease in revenue from the sales of properties; and (ii) adverse change in fair value of the Group’s investment properties, write-down of the Group’s properties held for sale and the impairment provisions for joint ventures and associates’ properties of approximately HK$1,122.3 million. For the six months ended 30 September 2024 and 2025, the Group's consolidated loss attributable to owners of the Guarantor was at HK$904.1 million and HK$556.7 million, respectively, and no dividends were paid, declared and proposed by the Guarantor for the six months ended 30 September 2024 and 2025. For the six months ended 30 September 2025, the consolidated loss attributable to owners of the Guarantor was primarily attributable to write-down of the Group's properties held for sale and the impairment provisions for joint ventures and associates' properties of approximately HK$287.4 million. Change in fair value of investment properties, write-down of the Group’s properties held for sale and impairment provisions for joint ventures and associates’ properties are non-cash items which will not have an impact on the operating cash flow of the Group. The overall financial, business and trading positions of the Group remain healthy.

Strategies

Focus on core strength of making value-added investments in Hong Kong and the PRC

The Group's principal strategy is to make value-added investments in Hong Kong and the PRC with a focus on creating value through its "repositioning" strategy by investing in properties for resale and/or enhancing rental income. The Group's approach involves identifying and acquiring under-performing properties with room for rental and capital value enhancement. This is followed by implementation of the Group's proven enhancement strategy through a combination of, among other things: (i) upgrade and refurbishments; (ii) active lease management to improve the tenant mix; (iii) change of usage; and (iv) site redevelopment, followed by disposal soon after the enhancement process is complete and rental yield reaches stabilisation. The Group closely monitors market conditions to optimise disposals of properties for re-investment opportunities. The Group will continue to leverage on its core strength in identifying, acquiring, redeveloping and repositioning strategically located properties to improve rental yields and drive capital value appreciation.

Strategic partnerships with established developers

The Group is self-sufficient and capable of targeting, acquiring, repositioning, developing and exiting projects on its own. However, where it is expedient and value-adding to do so, the Group has entered into, and will continue to enter into, strategic partnerships and joint ventures with established property developers in Hong Kong and the PRC or such other appropriate partners. The Group's existing joint ventures are all undertaken with existing and recognised institutions in the real estate industry which the Group believes can provide complementary expertise beneficial to the Group's investment strategy.

Active management of the investment property portfolio to maximise value

The Group intends to actively manage its property portfolio to maximise value creation. The Group will continue to explore opportunities to carry out asset improvement activities on its properties to generate organic growth, including reconfiguration of certain retail and office units and converting certain ancillary areas into leasable space, as well as undertaking refurbishments to enhance the overall positioning of these properties. The Group's business model seeks to attract premium tenants to improve the overall offering of the Group's projects, as well as to improve product offering to allow renegotiation of existing lease agreements with a view to increasing the Group's rental cash flow as well as the capital value of the Group's properties. The Group will also continue to work closely with property managers to actively manage lease renewals and market the properties to prospective tenants in desired target groups, in order to achieve the optimal mix of types of tenants in addition to diversification within each category of tenants (for example, office tenants and food & beverage tenants are accommodated separately).

Improving tenant mix is a key strategy of the Group and an aspect of the development process in which the Group takes an active role – benefiting the product overall and enhancing rental income potential. The Group will continue to monitor the macro environment and market conditions closely in order to capitalise on the optimal market window for property disposals.

Continue to leverage on industry knowledge and relationship network in order to identify and invest in properties that fit within the Group's value enhancement business model

The Group intends to continue to utilise its extensive network of property brokers and business relationships to identify under-performing properties and draw on its on-the-ground industry knowledge, structuring expertise and strong execution capabilities to seize development opportunities. The Group also demonstrates a competitive advantage with the speed and ease of its decision-making due to the size and closeness of its senior management, which allows the Group to identify potential acquisitions and execute transactions within a short timeframe. The Group's close relationships with property brokers, which have been developed over a number of years, often allow the Group first access to view properties for sale and in advance of other investors, allowing the Group to identify mispricing opportunities earlier than its competitors.

Expand into luxury residential developments under the "Couture Homes" brand

Having recognised a gap in the market to provide uniquely designed and furnished premium lifestyle residences to clients from Hong Kong, as well as from the PRC, Taiwan and elsewhere seeking a pre-furnished home in Hong Kong, the Group established the "Couture Homes" brand in 2010 in order to further extend its presence in the residential property markets of Hong Kong and the PRC. Couture Homes combines design concepts from world-renowned interior designers with bespoke furnishings and décor. The Hampton in Happy Valley, the Group's first project launched under the Couture Homes brand designed and fitted-out by an internationally-renowned design team, led by the award-winning architect and designer, Mr. Steve Leung, was well received in the market. The Group believes that the premium pricing achieved for these units reinforces the reputation of Couture Homes as a leading lifestyle property developer in Greater China. Management's aim is to grow Couture Homes into a world-class premium lifestyle residential developer and a distinguished provider of bespoke premium quality residences to satisfy the growing needs of lifestyle-oriented end-users in Hong Kong and the PRC. In addition, the Group has also furthered presence in the mass residential market with participation in two residential sites at Yau Tong and Wong Chuk Hang MTR stations.

Business

The business of the Guarantor follows a property repositioning model, focusing on commercial projects and premium "lifestyle" residential properties in prime locations in Hong Kong, Shanghai, Beijing and Macau. The Guarantor's luxury residential development division is marketed as "Couture Homes", which combines architectural and interior design to an internationally recognised standard, with bespoke "lifestyle" furnishing and interior decoration.

As at 30 September 2025, the Group owns and manages over 3.6 million square feet (attributable interest of approximately 1.5 million square feet) of prime properties in Hong Kong, Shanghai, Beijing and Macau.

The Group seeks to maximise shareholders' returns by identifying "mismatched" properties where the property's true value has not yet been reflected, and by uplifting its true capital value via the Group's strategic repositioning model. The Group builds on management's strengths in making swift and professional investment decisions, leverages on internal resources, and forms strategic alliances with partners and shareholders.

The following table sets forth the revenue and results for the business divisions of the Group for the years/periods indicated:

	For the year ended 31 March			**For the six months ended 30 September**	
	2023	**2024**	**2025**	**2024**	**2025**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Sales of properties held for sale	545,879	1,343,298	289,790	23,080	6,280
Rental income	258,391	235,834	230,833	119,904	117,834
	804,270	**1,579,132**	**520,623**	**142,984**	**124,114**

The following is an analysis of the Group's revenue and results by reportable and operating segments for the six months ended 30 September 2025 (unaudited):

	Commercial property holding	Residential property holding	Macau property holding	Securities investment	Consolidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
External revenue					
Rental income	116,520	692	622	–	117,834
Sales of properties held for sale	–	–	6,280	–	6,280
Revenue of the Group	116,520	692	6,902	–	124,114
Interest income and dividend income	–	–	–	4,058	4,058
	116,520	692	6,902	4,058	128,172
Share of revenue of associates and joint ventures					
Rental income	30,189	89	–	–	30,278
Sales of properties held for sale	61,837	377,373	–	–	439,210
	92,026	377,462	–	–	469,488
Segment revenue	208,546	378,154	6,902	4,058	597,660
Results					
Share of results of joint ventures *(Note)*	(90,808)	(56,364)	–	–	(147,172)
Share of results of associates *(Note)*	75	(186,844)	–	–	(186,769)
Segment profit (loss) excluding share of results of joint ventures and associates	31,564	(64,489)	1,785	(50,476)	(81,616)
Segment (loss) profit	(59,169)	(307,697)	1,785	(50,476)	(415,557)
Unallocated other income					39,512
Unallocated other gains					48,550
Central administration costs					(10,844)
Finance costs					(238,838)
Loss before taxation					(577,177)

Note: Share of results of associates and joint ventures mainly represent share of the operating profits or loss of these entities from their businesses of property investment and development.

Market developments

The market conditions have been very challenging. The persistently high interest rate environment has dampened overall property investment sentiment, and has remained a substantial strain on the Group's profitability. Facing continuing weakness in the Mainland China and Hong Kong economies, the Group's asset sales have remained relatively subdued, in addition to the need for making impairment provisions for some of the Group's property portfolio. All these factors have combined to extend the Group's losses since the year ended 31 March 2024.

In the residential property market, Hong Kong Government has relaxed the various measures previously taken to dampen purchase sentiment since the beginning of 2024. The results have been mixed with improving sales volume but at subdued pricing levels. The Group's portfolio of residential properties has seen gradually stronger sales on both the mass end and luxury end since the beginning of 2025 which the Group hopes is a turning sign. In light of the better equity market performance in Hong Kong since the beginning of 2025 and some influx of capital from the Mainland China and overseas resulting in much lower Hong Kong Interbank Offered Rate, the Group remains optimistic of an improving residential market and sales going forward, albeit at subdued prices.

The Hong Kong commercial property sector continues to face significant challenges, with office and retail uptake demand remaining at subdued levels. The ongoing uncertainty in the broader economic environment, coupled with shifts in consumer behaviour and workplace dynamics, have contributed to sluggish demand for commercial spaces. The outlook for the commercial property market remains challenging, however the Group is hopeful of improvements in the medium to longer term due to a recovering Hong Kong stock market and the Mainland China economy. In spite of the still elevated interest rate cycle, the Group will endeavor to navigate the complex landscape and seek strategies to adapt to the evolving market conditions prudently and carefully.

In 2025, the Group has made tremendous efforts to significantly improve the balance sheet and liquidity. In February 2025, the Group announced the strategic fundraising of HK$1,992 million including the HK$1,492 million rights issue and the HK$500 million 4-year senior unsecured note. The exercise was led by the Group's chairman and majority shareholder, who made a personal contribution, and introduced a new institutional investor Gaw Capital as an equity partner. The successful equity fundraising helped to inject additional equity and liquidity to the Group to support the Group's strong belief in a gradual recovery of the real estate markets, which the Group can benefit on a more orderly unlocking of values for the Group's assets.

Furthermore, the successful issue of the Original Notes (comprising the initial issue of US$150 million in May 2025 and the tap issue of US$50 million in September 2025) also demonstrates investors' confidence in the ongoing credit strength and asset quality of the Group. This is the first unrated bond issue by any Hong Kong issuer for the year 2025 and the issue was well supported by numerous leading international credit investors, highlighting their strong conviction in the Group's future and a validation of the Group's business model and management strength in a challenging but hopefully improving real estate market.

During the six months ended 30 September 2025, the Group has also achieved satisfactory operational objectives. The Group achieved over HK$5 billion of attributable contracted sales commitment (including joint ventures and associates) by the end of October 2025, putting the Group on track to fulfill its previously announced objective to achieve HK$9 billion in sales by March 2029. This was primarily driven by robust presales at "Deep Water Pavilia" in Wong Chuk Hang, complemented by other transactions across residential and commercial properties.

Looking ahead, the Group expects the property markets in both Hong Kong and the Mainland China to have a gradually improving future, with encouraging signs from the improving Hong Kong stock market and the ongoing Chinese economic stimulus measures. The Group will maintain a cautiously optimistic outlook given the Group's improved balance sheet and liquidity, while focusing on continued asset disposal to further raise liquidity, prudent financial management and strategic commercial bank refinancing strategies to balance the interests of all stakeholders.

Major Properties

Set out below is a list of the Group's major properties held as at 30 September 2025. The table below sets out the breakdown of major commercial and residential properties held by the Group in Hong Kong, Shanghai, Beijing and Macau:

Portfolio Information	Location	Approximate gross floor area[1]	Approximate gross floor area attributable to the Group	Book Value as at 30 September 2025[1]	Book value attributable to the Group as at 30 September 2025
		(sq. ft '000)	*(sq. ft '000)*	*(HK$'m)*	*(HK$'m)*
Commercial Properties					
G/F and 11 car parks of Capital Centre, No. 151 Gloucester Road	Wan Chai	17	17	137	137
Retail portions on G/F and 2-3/F, LL Tower, No. 2 Shelley Street	Central	4[2]	4[2]	115	115
FOCO, 48 Cochrane Street	Central	32	32	647	647
Developer's Portion at Inland Lot No. 9065, Urban Renewal Authority Project H18 (Site C), Gage Street/ Graham Street commercial site (Redevelopment) (CSI-50 per cent.).	Central	395	198	12,432	6,216
No. 350-352 Nathan Road (Redevelopment) (CSI-51 per cent.).	Jordan	254	130	4,898	2,498
Unsold units of Capital Tower, No. 38 Wai Yip Street (CSI-30 per cent.).	Kowloon Bay	185[2]	56[2]	1,826	548
Harbourside HQ, No. 8 Lam Chak Street (CSI-25 per cent.).	Kowloon Bay	680	170	6,762	1,691
Hong Kong Health Check Tower, Nos. 241 and 243 Nathan Road	Jordan	62	62	1,650	1,650
Lai Sun Yuen Long Centre, Nos. 21-35 Wang Yip Street East (CSI-50 per cent.).	Yuen Long	388	194	1,037	519
Unsold units of DL Tower, No. 92 Wellington Street (CSI-51 per cent.).	Central	17[2]	9[2]	563	287
Unsold units of 2 floors of Broadway Center (CSI-60 per cent.).	Macau	3[2]	2[2]	14	8
In-Point Shopping Mall, Levels 1-2, Level 7 (Corridor), No. 169 Wujiang Road and Basement Level 1, No. 1, Lane 333 Shimen 1st Road	Jing'an District, Shanghai	122	122	1,686	1,686
Richgate Plaza, Level 1, Level 2 and Basement Level 1, Nos. 1-6, Lane 222 Madang Road	Huangpu District, Shanghai	122	122	1,422	1,422
		2,281	1,118	33,189	17,424

Portfolio Information	Location	Approximate gross floor area[1]	Approximate gross floor area attributable to the Group	Book Value as at 30 September 2025[1]	Book value attributable to the Group as at 30 September 2025
		(sq. ft '000)	*(sq. ft '000)*	*(HK$'m)*	*(HK$'m)*
Residential Properties					
Dukes Place, at No. 47 Perkins Road (CSI-60 per cent.) (2 units, 4 car parks and 1 motorcycle parking space)	Jardine's Lookout	11[2]	7[2]	503	302
Knightsbridge, No. 90 and No. 92 Jinbao Street (15 apartments and 53 car parks) (CSI-65 per cent.)	Dongcheng District, Beijing	87	57	556	361
House B, "8-12 Peak Road", No. 10 Peak Road	The Peak	5	5	474	474
Cadenza, No. 333 Fan Kam Road (CSI-92 per cent.)	Sheung Shui	32[2]	29[2]	512	471
No. 44 Stanley Village Road (CSI-50 per cent.)	Stanley	74	37	816	408
One Park Place (Redevelopment) (CSI-20 per cent.)	Yau Tong	325	65	3,764	753
High Peak, No. 23 Po Shan Road (CSI-30 per cent.)	Mid-levels	64[2]	19[2]	2,677	803
Deep Water Pavilia, MTR Wong Chuk Hang Station Package Five Property Development Site E of Aberdeen Inland Lot No. 467, 11 Heung Yip Road (Redevelopment) (CSI-15 per cent.)	Aberdeen	636	95	14,781	2,217
No. 92 Repulse Bay Road (Redevelopment) (CSI-50 per cent.)	Repulse Bay	9	5	670	335
No. 24 Middle Gap Road (Redevelopment) (CSI-40 per cent.)	The Peak	8	3	888	355
No. 15 Shouson, No. 15 Shouson Hill Road West (CSI-8 per cent.)	Southside	47[2]	4[2]	2,345	188
Nos. 152-164 Wellington Street (Redevelopment)	Central	69	69	1,314	1,314
		1,367	395	29,300	7,981
Total (Commercial and Residential Properties)		3,648	1,513	62,489	25,405

Notes:

(1) Approximate gross floor area and book value are on a 100 per cent. interest basis.

(2) Saleable area applied.

Major disposals and unrecognised contracted sales commitment for the period ended 30 September 2025

Major disposals and contracted sales commitment for the period ended 30 September 2025

Major disposals achieved for the period ended 30 September 2025 included the following sales: (i) 4 units at Broadway Center, Macau, (ii) 3 units and 71 car parking spaces at the Knightsbridge at No. 90 and 92 Jinbao Street, Beijing, (iii) 1 car parking space at Capital Tower of No. 38 Wai Yip Street, Hong Kong, (iv) 2 floors at DL Tower, No. 92 Wellington Street, Hong Kong, (v) 1 unit at High Peak at No. 23 Po Shan Road, Hong Kong and (vi) 1 garden villa unit at the "Infinity" at No. 8-12 Peak Road, Hong Kong.

Major unrecognised contracted sales commitment achieved up to the period ended 30 September 2025 included the following: (i) 2 floors at LL Tower at No.2 Shelley Street, Hong Kong, (ii) a house at Cadenza of No. 333 Fan Kam Road, Hong Kong, (iii) 1 ground floor shop at the Capital Centre, No. 151 Gloucester Road, Hong Kong, (iv) one detached luxury house at No. 8-12 Peak Road, Hong Kong, (v) one car parking space at the Knightsbridge at No. 90 and 92 Jinbao Street, Beijing, (vi) one unit at Dukes Place at No. 47 Perkins Road, Jardine's Lookout, Hong Kong, (vii) one house at No. 15 Shouson Hill, Hong Kong, (viii) 646 units at the Deep Water Pavilia, No. 11 Heung Yip Road, Hong Kong and (ix) 245 units at Topside Residences, Jordan.

Commercial Properties

The Group's commercial properties section is engaged in investment, re-design, renovation and redevelopment of commercial properties to add value for letting and disposal.

Set out below are the details of the Group's certain major commercial property projects as at 30 September 2025:

Hong Kong

G/F and 11 car parks of Capital Centre, No. 151 Gloucester Road, Wan Chai, Hong Kong

The Group holds a 100 per cent. interest in its remaining properties in this grade-A office building located at No. 151 Gloucester Road, Wan Chai, with a prime view of the Victoria Harbour. As at 30 September 2025, the Group owns the ground floor and 11 car parking spaces, totalling a GFA of approximately 16,600 square feet. As at 30 September 2025, the book value attributable to the Group was HK$137 million. The Group entered into sales contract to sell the ground floor and 11 car parking spaces as at 30 September 2025.

Retail portions on G/F and 2-3/F, LL Tower, No. 2 Shelley Street, Central, Hong Kong

In March 2011, the Group acquired an old building in the SOHO area in Central, Hong Kong, for a total consideration of HK$285 million for redevelopment. The Group holds a 100 per cent. interest in this project. The newly redeveloped building has a GFA of approximately 40,200 square feet, with the upper floors being used as office and the ground floor, upper ground floor and 1st to 3rd floors as retail and food and beverage outlets. As at 30 September 2025, the Group has sold all office floors totalling approximately 34,200 square feet. The book value of the remaining units attributable to the Group, with GFA totalling approximately 4,000 square feet, was HK$115 million as at 30 September 2025. The Group entered into sales contract to sell the ground floor and second floor of LL Tower during the six months ended September 2025. The only remaining interest is the third floor of LL Tower.

FOCO, 48 Cochrane Street, Central, Hong Kong

In March 2016, the Group acquired an old building at Nos. 46 and 48 Cochrane Street for a total consideration of HK$405 million for redevelopment. This commercial development project is situated at the heart of SOHO district of Central, immediately across from "Tai Kwun". The SOHO district is world-famous for its restaurants, bars, art galleries and comedy clubs and therefore is also highly frequented by tourists, expatriates and locals alike. The Group plans to make the project a Ginza-style food and beverage destination with a design theme inspired by the New York meatpacking district. As at 30 September 2025, this site has a GFA of approximately 32,000 square feet and the book value attributable to the Group was HK$647 million.

Developer's Portion at Inland Lot No. 9065, Urban Renewal Authority Project H18 (Site C), Gage Street/ Graham Street, Central, Hong Kong

In December 2017, the Group won the tender for this site from Urban Renewal Authority. The Group holds a 50 per cent. interest through its joint venture with a third party real estate company established in Hong Kong. As at 30 September 2025, the book value attributable to the Group was HK$6,216 million. The Group is working with the renowned architectural firm Foster + Partners and has initiated the master planning for this project which consists of a grade-A office tower, an international luxury hotel, with a combined GFA of approximately 395,000 square feet. The Group expects this building to be an iconic and high-tech landmark to attract a mix of industries including retail, education and high-end hospitality. The construction is underway with final construction completion sets for the second half of 2026.

Nos. 350-352 Nathan Road, Jordan, Kowloon, Hong Kong

The ex-Novotel Hong Kong Nathan Road Kowloon ("**Ex-Novotel Hotel**") commenced the redevelopment plan since September 2021. The Group formed a joint venture with Canada Pension Plan Investment Board and a minority partner to undertake this project. The redevelopment plan is a joint commercial and residential complex with total GFA of approximately 254,000 square feet. Demolition of the Ex-Novotel Hotel was completed and construction part is expected to be completed in the latter part of 2025. The residential portion, namely "Topside Residences", as at 30 September 2025 had conducted successful presale exercises since May 2024 with over 245 units out of 259 units presold. As at 30 September 2025, the book value attributable to the Group was HK$2,498 million.

Capital Tower, No. 38 Wai Yip Street, Kowloon Bay, Kowloon, Hong Kong

In May 2015, the Group won a government tender for the acquisition of an office land site in Kowloon Bay by participating in the government tender process through a consortium bid with Billion Development and Project Management Limited and Sino Land Company Limited for a total consideration of HK$3.04 billion. The Group holds a 30 per cent. interest in this joint venture project. The site has an area of approximately 40,800 square feet with a maximum GFA of approximately 490,200 square feet. In mid-2019, the Group completed construction of a commercial office building on the site. The book value of remaining units attributable to the Group was HK$548 million as at 30 September 2025. The Group sold one carparking space at this building during the six months ended 30 September 2025.

Harbourside HQ, No. 8 Lam Chak Street, Kowloon Bay, Kowloon, Hong Kong

In August 2018, the Group purchased this office tower with three other joint venture partners through a consortium arrangement. The Group holds a 25 per cent. interest in this property. The site has a total GFA of approximately 680,000 square feet. The Group has completed renovations for this property and has continually upgraded its tenant mix with the Hospital Authority as an anchor tenant renting an additional 16,000 square feet of office space in addition to the 100,000 square feet previously rented. The Group will strive to continue bringing in high calibre tenants, as well as achieving respectable rental yields. As at 30 September 2025, the book value attributable to the Group was HK$1,691 million.

Hong Kong Health Check Tower, Nos. 241 and 243 Nathan Road, Jordan, Kowloon, Hong Kong

In May 2018, the Group purchased this prime commercial/retail building in Jordan for a total consideration of HK$1.9 billion. The Group holds a 100 per cent. interest in this project. The total GFA of this property is approximately 62,000 square feet. The building is strategically situated on the junction of Nathan Road and Jordan Road and directly opposite to Jordan MTR station, which only requires a fifteen-minute walk from the high-speed railway station and thus provides fast and frequent access to Mainland China. The area is also well known to both the locals and mainland tourists for its high density of clinic and medical centres. The Hong Kong Health Check Tower has a leading Hong Kong medical service provider, Hong Kong Health Check and Medical Diagnostic Centre Limited, anchored as main tenant. Other tenants include Chow Tai Fook Jewellery and the Bank of East Asia. As at 30 September 2025, the book value attributable to the Group was HK$1,650 million.

Lai Sun Yuen Long Centre, Nos. 21-35 Wang Yip Street East, Yuen Long, New Territories, Hong Kong

In October 2017, the Group acquired a 50 per cent. interest in this industrial building with a joint venture partner for a total consideration of approximately HK$1,037 million. The Group holds a 50 per cent. interest in this project. Lai Sun Yuen Long Centre is planned for conversion into a mass residential complex with an anticipated GFA of approximately 480,000 square feet. The Group is progressing with the preparation work for the site. As at 30 September 2025, the book value attributable to the Group was HK$519 million. The Group is planning to commence the redevelopment into residential towers in the second half of 2026.

DL Tower, No. 92 Wellington Street, Central, Hong Kong

In 2019, the Group completed the acquisition of all ownership interest of a commercial site at Nos. 92-96 Wellington Street in Central. Group has once again partnered with Canada Pension Plan Investment Board and a minority partner to develop a new commercial building with a total GFA of approximately 43,000 square feet at the original site. The construction was completed in March 2024. The strata-sale of individual floors is well underway with a total of ten floors sold as at the end of September 2025. The book value attributable to the Group was HK$287 million as at 30 September 2025.

The PRC

In addition to the Group's strong market presence in Hong Kong and Macau, the Group owns two commercial properties in the PRC under management comprising an aggregate GFA of approximately 244,000 square feet. The Group's interests are focused in Shanghai, where the Group has an office employing local staff with knowledge of and expertise in the local market. The Group seeks to target the long-term growth potential for sales of tailor-made residences to high net worth individuals in the PRC looking to invest in Shanghai, as well as the long-term growth in demand for prime retail and commercial spaces.

Particulars of the Group's major commercial projects in the PRC as at 30 September 2025 are set out below:

In Point Shopping Mall, Levels 1-2, Level 7 (Corridor), No. 169 Wujiang Road and Basement Level 1, No. 1, Lane 333 Shimen 1st Road, Jing'an District, Shanghai, PRC

The Group holds a 100 per cent. interest in In Point Shopping Mall, Shanghai, a shopping mall located in central Shanghai, with a GFA of approximately 122,000 square feet. As at 30 September 2025, the book value attributable to the Group was HK$1,686 million. This site is located next to the "HKRI Taikoo Hui" complex jointly owned by Swire Properties and HKR International, which the Group expects to result in a high demand for leasing space in this shopping mall. The Group has completed the repositioning of this property to enhance yield by converting this shopping mall into a strip of double-decker premium street-front stores to attract well-known retail tenants. With the tenancy upgrade, the Group is achieving significant value creation with much improved rental.

Richgate Plaza, Level 1, Level 2 and Basement Level 1, Nos. 1-6, Lane 222 Madang Road, Huangpu District, Shanghai, PRC

In 2017, the Group purchased a retail shopping mall named Richgate Plaza in the prime Xintiandi area for a total consideration of approximately RMB1.37 billion with a total GFA of approximately 122,000 square feet. As at 30 September 2025, the book value attributable to the Group was HK$1,422 million. The tenants of Richgate Plaza include banks, sportswear, beauty salons and fashion. The Group has completed the refurbishment and repositioning of this shopping mall and has achieved significant rental improvement with tenancy upgrade.

Residential Properties Development – Couture Homes

Couture Homes was formally launched in 2010 to meet the demand of premium lifestyle residences which target potential customers who are willing to pay a premium for bespoke design and furnishings.

Set out below are the details of the Group's certain major residential development projects as at 30 September 2025:

Dukes Place, 2 residential units, 4 car parks and 1 motorcycle parking space at No. 47 Perkins Road, Jardine's Lookout, Hong Kong

In December 2012, the Group acquired an old building at this site for redevelopment. In 2020, following extensive construction work, the new luxury residential tower is built. This luxury apartment project, which is located in an ultra-high net-worth neighbourhood, consisting of 16 spacious apartments with multiple layouts, with saleable area ranging from approximately 2,850 square feet to over 6,800 square feet. The Group holds a 60 per cent. interest in this project. The Group collaborated with an internationally renowned architect firm PDP London and with leading interior designers from the United Kingdom, France, Japan and Hong Kong in this masterpiece project. As at 30 September 2025, the book value attributable to the Group was HK$302 million. The Group has seen improving buying interest of ultra-luxury units after the U.S. Federal Reserve rate cut in September 2024 and sold an additional two duplex units since then. As at 30 September 2025, the Group has sold a substantial majority of units in the project.

Knightsbridge, No. 90 and No. 92 Jinbao Street, Dongcheng District, Beijing, PRC

In May 2017, the Group with its partner acquired Knightsbridge residential units, which consist of 114 apartments and 124 car parking spaces with a total GFA of approximately 396,000 square feet, located in Beijing. The Group holds a 65 per cent. interest in this project. The surrounding area of this site is one of the most prime locations in Beijing and is adjacent to the Regent Hotel and the Hong Kong Jockey Club Beijing Clubhouse. Extensive renovation work was done and sales of the units have commenced at the beginning of 2021. Sales of the units are well underway with over 95 of the total 114 refurbished units sold at solid pricing as at 30 September 2025, demonstrating resilient demand from affluent mainlanders for high-end luxury residential properties in the Mainland China. As at 30 September 2025, the book value attributable to the Group was HK$361 million. As at 30 September 2025, the Group has sold the majority of the units with 15 refurbished units remaining.

House B, "8-12 Peak Road", No. 10 Peak Road, The Peak, Hong Kong

In October 2015, the Group acquired with a partner a house at No. 10 Peak Road, The Peak, Hong Kong. In 2021, the Group acquired the remaining 35 per cent. interest in the house. The Group currently holds a 100 per cent. interest in this project. The property was a rare purchase in the premier residential area on the Peak in Hong Kong. As at 30 September 2025, the book value attributable to the Group was HK$474 million. The Group entered into sales agreement to sell the luxury house during the six months ended 30 September 2025.

Cadenza, No. 333 Fan Kam Road, Sheung Shui, New Territories, Hong Kong

In May 2015, the Group won a government tender to acquire this land site for a total consideration of HK$302 million. The Group holds a 92 per cent. interest in this project. The site area is approximately 69,000 square feet with total saleable area of approximately 39,000 square feet. This project comprises 6 luxurious villas with each villa providing a saleable area of approximately 6,000 square feet. Each villa includes an exquisite private garden and swimming pool, setting the benchmark for the true dream country houses. The project is a mere three-minute drive from the acclaimed Hong Kong Golf Club at Fanling, with easy accessibility to the Mainland China for cross border travellers. As at 30 September 2025, the book value attributable to the Group was HK$471 million. The Group sold one of the villas in the second half of the year ended 31 March 2025. The Group entered into sales agreement to sell one more house during the six months ended 30 September 2025.

No. 44 Stanley Village Road, Stanley, Hong Kong

In October 2016, the Group acquired with a partner No. 44 Stanley Village Road for a consideration of approximately HK$780 million for the site of around 82,300 square feet. The Group holds a 50 per cent. interest in this project. As at 30 September 2025, the book value attributable to the Group was HK$408 million. The site is located adjacent to Stanley Knoll, a high-end residential area in Stanley with a stunning view of Stanley Bay. The Group is working closely with the relevant government authorities on the preservation plan for this site for which the rezoning plan has been approved.

One Park Place, Yau Tong, Kowloon, Hong Kong

The Group acquired a residential site at Yau Tong with its joint venture partner Sino Land Company Limited through a tender of the Mass Transit Railway ("**MTR**") in May 2018 for a total consideration of approximately HK$2.64 billion. The Group holds a 20 per cent. interest in this project. Such property is located near the Yau Tong MTR station and has developed into a property of around 500 units at this convenient residential site in Kowloon East. The presale of the residential units has commenced in November 2025. As at 30 September 2025, the book value attributable to the Group was HK$753 million.

High Peak, No. 23 Po Shan Road, Mid-Levels, Hong Kong

In 2015, the Group acquired with other joint venture partners a residential land lot at No. 23 Po Shan Road in Hong Kong. In May 2021, the Group acquired an additional 10 per cent. stake in the project and the Group's interest in this project raised to 30 per cent. The residential site has a total GFA of approximately 79,000 square feet. As at 30 September 2025, the book value of remaining 14 units attributable to the Group was HK$803 million.

Deep Water Pavilia, MTR Wong Chuk Hang Station Package Five Property Development Site E of Aberdeen Inland Lot No. 467, 11 Heung Yip Road, Aberdeen, Hong Kong

In January 2021, the Group joined with a consortium formed with New World Development Company Limited, Empire Development Hong Kong (BVI) Limited and Lai Sun Development Company Limited, which won the tender for the Wong Chuk Hang Station Package Five Property Development. The Group holds a 15 per cent. interest in this project. As at 30 September 2025, the book value attributable to the Group was HK$2,217 million. This prime property, namely "Deep Water Pavilia", is located on top of the Wong Chuk Hang MTR station mall podium and can be developed into a total GFA of around 636,000 square feet. The units to be built will have excellent unblocked views of the Ocean Park Hong Kong and Deep Water Bay, creating a prime haven for premium residential units at this convenient address with five-minute MTR access to prime area of Central. Construction of superstructure has commenced with target project completion in 2026. Presales of Phase 5A of the residential units have already commenced in June 2025 with solid buyer interest, over 640 units presold and with top pricings being achieved for some superior high floor units via the tender process.

No. 92 Repulse Bay Road, Repulse Bay, Hong Kong

In March 2020, the Group acquired with a joint venture partner a residential land lot at No.92 Repulse Bay Road in Hong Kong. The Group is considering the various options available including sale of the site or the redevelopment into a new luxury residential house at this site. The residential site has a total GFA of approximately 9,000 square feet. The Group holds a 50 per cent. interest in this project. As at 30 September 2025, the book value attributable to the Group was HK$335 million.

No. 24 Middle Gap Road, The Peak, Hong Kong

The Group holds a 40 per cent. interest in this residential redevelopment project located at No.24 Middle Gap Road, The Peak, Hong Kong. The residential site has a total GFA of approximately 8,000 square feet. The old residential structure has been demolished and the Group is in the process of commencing a redevelopment into a new luxury detached residential house. As at 30 September 2025, the book value attributable to the Group was HK$355 million.

No. 15 Shouson, No. 15 Shouson Hill Road West, Hong Kong

In 2019, the Group purchased the joint venture stake of the residential project from another developer. The project has a total of 15 luxury detached houses in this luxury area at the Southside. The total saleable area of the project amounts to approximately 97,000 square feet. The sales of the houses are well underway and a total of seven luxury houses were sold as at the end of March 2025. The book value attributable to the Group was HK$188 million as at 30 September 2025. The Group entered into agreement to sell one more luxury house during the six months ended September 2025.

Nos. 152-164 Wellington Street, Central, Hong Kong

In 2021, the Group completed the acquisition of all ownership interest at Nos. 152-164 Wellington Street and Nos. 1-2 Wa On Lane, Central, Hong Kong for a total consideration of approximately HK$1,314 million. The site has a total GFA of approximately 69,000 square feet. The site has been approved by the government for the redevelopment into a residential building. The book value attributable to the Group was HK$1,314 million as at 30 September 2025. The Group is planning to commence the redevelopment of the site into a residential tower in second half of 2026.

Asset Value

The Group's properties held for sale are stated at the lower of cost and net realisable value on an individual property basis in accordance with current accounting standards. The principal assets of the Group's joint ventures are properties held for sale and stated at the lower of cost and net realisable value in accordance with HKFRS Accounting Standards.

In order to fully reflect the underlying economic value of the properties held for sale by the Group and its joint ventures, the Group considers it appropriate also to present supplementary information on the Group's statement of net assets on the same basis as if the Group were to state its properties held for sale at their open market valuations as at 30 September 2025.

	As at 30 September 2025
	(HK$'m) (unaudited)
Net assets attributable to owners of the Guarantor	12,955
Add: Attributable revaluation surplus relating to the Group's properties held for sale as per independent valuation[1]	815
Attributable revaluation surplus relating to the Group's properties held for sale by joint ventures as per independent valuation[1]	900
Net assets attributable to owners of the Guarantor as if the properties held for sale and interests in joint ventures were stated at open market value[2]	14,670
Net assets per ordinary share as if the properties held for sale and interests in joint ventures were stated at open market value[3]	1.14

Notes:

(1) Based on latest open market valuations as most applicable dates of 30 September 2025 as carried out by independent firms of qualified professional valuers not connected to the Group (the value of which has been slightly adjusted due to the RMB to HK$ exchange rate) or actual transaction prices or estimated based on average transaction price as specified in "Description of the Group – Major Properties".

(2) Deferred tax liabilities have not been provided for the attributable revaluation surplus of the properties held for sale.

(3) Net assets per ordinary share calculated based on 12,893.7 million shares in issue as at 30 September 2025.

Borrowings

As at 30 September 2025, the Group's total net external borrowings comprising of bank borrowings and notes payable (net of cash and bank balances and cash held by securities brokers) amounted to HK$6,174 million (as compared with HK$7,990 million, HK$7,661 million and HK$7,819 million, respectively, comprising of bank borrowings and guaranteed notes (net of cash and bank balances and cash held by securities brokers) as at 31 March 2023, 2024 and 2025).

The Group's short-term bank borrowings increased from HK$2,064 million as at 31 March 2023 to HK$3,877 million as at 31 March 2024, decreased to HK$1,113 million as at 31 March 2025 and subsequently increased to HK$1,546 million as at 30 September 2025. The Group's long-term bank borrowings decreased significantly from HK$6,792 million as at 31 March 2023 to HK$4,006 million as at 31 March 2024, increased to HK$5,812 million as at 31 March 2025, and decreased to HK$5,108 million as at 30 September 2025. As a result, the Group's total bank borrowings have gradually decreased in recent years, falling from HK$8,856 million as at 31 March 2023 to HK$7,883 million as at 31 March 2024, further to HK$6,925 million as at 31 March 2025 and HK$6,654 million as at 30 September 2025.

The Group's ratio of total debt (bank and other borrowings) to total assets was 40.2 per cent., 38.8 per cent, 41.1 per cent. and 37.3 per cent., respectively, as at 31 March 2023, 2024, 2025 and 30 September 2025. The bank borrowings were mainly denominated in Hong Kong dollars and Renminbi, which were on a floating rate basis at either bank prime rate lending rates or short-term inter-bank offer rates. As at 30 September 2025, the Group's bank borrowings had an effective interest rate ranging from 1.63 per cent. to 5.99 per cent. per annum.

The following table sets out the maturity profile of the Group's bank borrowings as at 30 September 2025:

	As at 30 September 2025
	(HK$'m) (unaudited)
Within 1 year	1,545.6
Between 1 to 5 years	4,766.0
Over 5 years	342.3
Total	6,653.9

Competition

The Group competes with other property investment holding companies engaged in property repositioning, development and investment in Hong Kong, the PRC and Macau for the acquisition of suitable commercial and/or residential properties. The Group has entered into a number of strategic joint venture arrangements with certain of its competitors which are typically project-based only, and such arrangements do not restrict them from competing with the Group on other projects. New competitors entering the market would also make it more competitive for the Group to acquire suitable properties but the Group believes that its cumulative experience in property investment, development, leasing and management enable it to compete effectively with its competitors.

Intellectual Property

The Group has obtained trademarks in Hong Kong in relation to its "Couture Homes", "Couture Heritage" and "Couture Living". The Group has filed applications for trademark registration in the PRC in relation to its "Couture Homes" and "CSI Properties" brands. As of the date of this Offering Circular, there have been no instances of any material abuse of the Group's intellectual property rights.

Insurance

The Group is covered by industry-standard insurance policies arranged with reputable insurance companies which cover loss of rental, fire, flood, riot, strike, malicious damage, other material damage to property and development sites, business interruption and public liability.

The Group believes that its properties are covered with adequate insurance provided by reputable independent insurance companies and with commercially reasonable deductibles and limits on coverage. Notwithstanding the Group's insurance coverage, damage to the Group's buildings, facilities, equipment or other properties as a result of occurrences such as fire, floods, water damage, explosion, power loss, typhoons and other natural disasters could nevertheless have a material adverse effect on the Group's financial condition and results of operations.

Employees

As at 30 September 2025, the total number of employees of the Group was 94. The Group's employees are remunerated in line with the prevailing market terms as well as with reference to individual performance, with remuneration packages and policies reviewed on a regular basis. In addition to salaries, discretionary bonuses may be rewarded to employees after assessment of the performance of the Group and the individual employee.

Retirement benefit schemes

The Group participates in a Mandatory Provident Fund Scheme ("**MPF Scheme**") for its employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Scheme Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the rules of the MPF Scheme, the employer and its employees are each required to make contributions to the scheme at rates specified in the rules. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. No forfeited contributions are available to reduce the contributions payables in the future years.

The Group also operates a defined contribution retirement scheme for all qualifying employees in Macau. The assets of the scheme are held separately from those of the Group in funds under control of independent trustees. The retirement scheme cost recognised in profit or loss represents contributions payable to funds by the Group at rates specified in the rules of the scheme. Where there are employees of the Group who leave the scheme prior to vesting fully in the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The employees employed by the operations in the PRC are members of the state managed retirement benefit schemes operated by the PRC government. The PRC operations are required to contribute a certain percentage of payroll cost to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make specified contributions.

Contributions to retirement benefits schemes of the Group amounted to HK$6,388,000, HK$6,063,000, HK$5,306,000, HK$2,993,000 and HK$2,636,000, and were charged to the consolidated statement of profit or loss, respectively, for the years ended 31 March 2023, 2024 and 2025 and for the six months ended 30 September 2024 and 2025.

Environmental and Safety Matters

The Group believes that as at the date of this Offering Circular, it is in compliance in all material respects with applicable environmental regulations in Hong Kong, Macau and the PRC which relate to its business and operations. As at the date of this Offering Circular, the Group is not aware of any environmental proceedings or investigations to which it is or might become a party.

Government Regulations

The operations of the Group are subject to various laws and regulations in Hong Kong, Macau and the PRC. The Group's activities conducted on its investment and development properties are limited by zoning ordinances and other regulations. Developing properties, refurbishment and other redevelopment projects require government permits, some of which may take a longer time to obtain than others. The Group's properties are subject to routine inspections by government officials in relation to various safety and environmental issues. The Group believes that, as at the date of this Offering Circular, it is in compliance in all material respects with government safety regulations currently in effect. The Group has not experienced significant problems with any regulation with regard to these issues, and is not aware of any pending legislation on these issues that might have a material adverse effect on its properties.

Legal Proceedings

The Group is involved in litigation as part of its day-to-day business. As at the date of this Offering Circular, the Group is not involved in any litigation which would have a material adverse effect on the business or financial position of the Group.

Financial Guarantee Contracts

	As at 30 September 2025
	(HK$'000) (unaudited)
Guarantees given by the Group for banking facilities granted to:	
Joint ventures	6,589,112
Associates	1,205,296
	7,794,408
and utilised by:	
Joint ventures	6,209,367
Associates	928,096
	7,137,463

Recent Developments

Key disposal transactions subsequent to 30 September 2025

Subsequent to 30 September 2025, the Group has sold additional residential properties.

The Group entered into sales agreement for two additional house at the "Cadenza" project with sales completion at December 2025 and July 2026.

The Group entered into sales agreement for the remaining penthouse unit at the Duke's Place project with sales completion at February 2026.

The Group also entered into sales agreements for three additional luxury houses at No. 15 Shouson Hill with sales completion all within the first quarter of 2026.

The Group entered into sales agreements for eight additional luxury residential unit at the "High Peak", No 23 Po Shan Road, with sales completion for five of them completed at December 2025 and March 2026. The remaining three units are set for completion at late May, July and August 2026.

Refinancing of banking facilities by Southwater Hong Kong Limited

On 13 November 2025, the Guarantor (as guarantor) and Southwater Hong Kong Limited, a joint venture company (as borrower, the attributable equity interest to the Guarantor of which is 50 per cent.), entered into a facility agreement in relation to term loan facilities in the aggregate amount of HK$6,111,000,000 for refinancing certain banking facilities.

Disposal of investment

On 15 May 2026, Trade Sector Limited (the "**Seller**"), an indirect wholly-owned subsidiary of the Guarantor, entered into the sale and purchase agreement with AIP SFII Aggregator Pte. Ltd. and AIP Amber I Holdco Pte. Ltd. (together, the "**Purchasers**"), pursuant to which (i) the Seller conditionally agreed to sell, and the Purchasers have conditionally agreed to purchase, 4,990 ordinary shares (the "**Sale Shares**") of Action Soar Investments Limited (the "**Target Company**"), representing 49.9 per cent. of issued share capital of the Target Company; and (ii) the Seller has conditionally agreed to assign to the Purchasers the interest-free shareholder loans in the aggregate principal amount of AU$39,005,307, for the aggregate consideration of AU$29,940,000 (subject to a downward adjustment by an amount equal to the sum of all distributions in respect of the Sale Shares paid or made after 31 December 2025 through (and including) the completion date).

Upon completion, the Seller's shareholding in the Target Company will be reduced from 56.06 per cent. to 6.16 per cent. The Target Company is not a subsidiary of the Guarantor as of 15 May 2026 and both immediately before and after the completion. Accordingly, the financial results, assets and liabilities of the Target Company are currently not, and will following completion continue not to be, consolidated into the accounts of the Group.

While the disposal is expected to be completed at a discount to the Group's historical net investment cost and the Group is expected to record a loss from the disposal, the Group considers that the disposal nonetheless represents a timely opportunity for the Group to realise its investment in the Target Company and to crystallise value at the current prevailing market conditions, thereby avoiding the risk of further deterioration in value. The net proceeds from the disposal will strengthen the Group's cash position and provide the Group with additional financial flexibility to deploy capital towards general working capital or other investment/business opportunities.