

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
(incorporated in the British Virgin Islands with limited liability)

Consolidated Financial Statements
For the year ended 31 December 2025

**INDEPENDENT AUDITOR'S REPORT
TO THE DIRECTORS OF BRIGHT GALAXY INTERNATIONAL LIMITED 耀河國際有限公司**

(incorporated in the British Virgin Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Bright Galaxy International Limited (the "Company") and its subsidiary (together the "Group") set out on pages 5 to 39, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key audit matter

Key audit matter is those matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on this matter.

Loss allowance on amount due from intermediate holding company
(Refer to notes 14, 16 and 22(a) to the consolidated financial statements)

In previous years, the Company raised funds through the issue of guaranteed bonds with principal amount of US\$517 million to professional investors and the funds raised were on-lent to its intermediate holding company, Capital Holdings (International) Limited ("CHIL"). CHIL further on-lent the funds to its subsidiaries.

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF BRIGHT GALAXY INTERNATIONAL LIMITED 耀河國際有限公司

(incorporated in the British Virgin Islands with limited liability)

Key audit matter - Continued

The amount due from CHIL amounted to HK\$4,046,959,402 as at 31 December 2025 and is unsecured. In spite of this, the ultimate holding company, 北京首都開發控股（集團）有限公司 (Beijing Capital Development Holding (Group) Co., Ltd.) ("BCDH") has undertaken to provide financial assistance to CHIL to enable it to meet its liabilities as and when they are fall due. Moreover, the guaranteed bonds are unconditionally and irrevocably guaranteed by BCDH. Management assessed loss allowance on the amount due from CHIL using expected credit loss model which is subject to a number of key parameters and assumptions, such as estimation of probability of default, loss given default and forward-looking information. Management also considered the undertaking and guarantee from BCDH in determining the allowance. As assessed by the management, loss allowance is not required for the due from intermediate holding company as at 31 December 2025.

We identified assessing loss allowance on amount due from intermediate holding company as a key audit matter due to the amount due from CHIL is material to the Group and the estimation of loss allowance is inherently subjective and requires the exercise of significant management judgement.

Our audit procedures in relation to assessing loss allowance on amount due from intermediate holding company include:

- assessing the expected credit loss model used by the management including appropriateness of the key parameters adopted in the model;
- verifying the key parameters which are derived from external data to the available public resources;
- evaluating management's assessment that the credit risk of the amount due from the intermediate holding company has not increased significantly since initial recognition;
- inspecting the signed letter of undertaking issued by the ultimate holding company and assessing the financial capability of the ultimate holding company in providing such undertaking; and
- assessing the disclosures in the financial statements with reference to the requirements of the prevailing accounting standards.

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF BRIGHT GALAXY INTERNATIONAL LIMITED 耀河國際有限公司

(incorporated in the British Virgin Islands with limited liability)

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the Hong Kong Financial Reporting Standards issued by the HKICPA, and for such internal control as the directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

INDEPENDENT AUDITOR'S REPORT

TO THE DIRECTORS OF BRIGHT GALAXY INTERNATIONAL LIMITED 耀河國際有限公司

(incorporated in the British Virgin Islands with limited liability)

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements - Continued

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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



BDO Limited

Certified Public Accountants

Lee Ming Wai

Practising Certificate Number P05682

Hong Kong, 27 April 2026

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

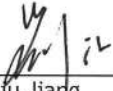
	Notes	2025 HK\$	2024 HK\$
Revenue	5	9,422,855	9,634,128
Costs of revenue		<u>(8,015,416)</u>	<u>(7,987,988)</u>
		1,407,439	1,646,140
Interest revenue	5	159,057,257	158,505,935
Other net (loss)/gain	6	(97,360)	315,074
Marketing expenses		(249,138)	(233,334)
Administrative and other operating expenses		<u>(3,934,285)</u>	<u>(3,984,022)</u>
Profit from operations		156,183,913	156,249,793
Finance costs	7(a)	<u>(148,157,779)</u>	<u>(149,077,203)</u>
Profit before taxation	7	8,026,134	7,172,590
Income tax expense	8(a)	<u>(1,393,009)</u>	<u>(1,338,477)</u>
Profit and other comprehensive income for the year		<u><u>6,633,125</u></u>	<u><u>5,834,113</u></u>

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

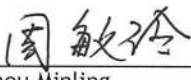
	Notes	2025 HK\$	2024 HK\$
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	9	102,045	187,319
Investment in financial assets	12	-	341,913,552
Amount due from intermediate holding company	14	-	3,959,079,000
		<u>102,045</u>	<u>4,301,179,871</u>
Current assets			
Investment in financial assets	12	355,843,639	-
Prepayment and deposits		526,776	508,401
Amount due from immediate holding company	14	421,510,108	432,060,108
Amount due from intermediate holding company	14	4,046,959,402	64,582,369
Cash and cash equivalents	13(a)	1,720,862	1,923,609
		<u>4,826,560,787</u>	<u>499,074,487</u>
Current liabilities			
Trade and other payables and accruals	15	2,734,216	2,064,559
Bank loan	17	103,000,000	107,000,000
Debt securities issued	16	4,078,367,051	61,232,514
		<u>4,184,101,267</u>	<u>170,297,073</u>
Net current assets		<u>642,459,520</u>	<u>328,777,414</u>
Total assets less current liabilities		<u>642,561,565</u>	<u>4,629,957,285</u>
Non-current liabilities			
Debt securities issued	16	-	3,995,421,854
Deferred tax liabilities	8(c)	5,744,208	4,351,199
		<u>5,744,208</u>	<u>3,999,773,053</u>
Net assets		<u>636,817,357</u>	<u>630,184,232</u>

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025

	Notes	2025 HK\$	2024 HK\$
CAPITAL AND RESERVES	18		
Share capital		8	8
Reserves		636,817,349	630,184,224
Total equity		<u>636,817,357</u>	<u>630,184,232</u>



 Liu Jiang
 Director



 Zhou Minling
 Director

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Share capital HK\$	Capital contribution reserve HK\$ (note 18(c))	Retained profits HK\$	Total HK\$
Balance as at 1 January 2024	8	58,606,297	565,743,814	624,350,119
Profit and other comprehensive income for the year	-	-	5,834,113	5,834,113
Balance as at 31 December 2024 and 1 January 2025	8	58,606,297	571,577,927	630,184,232
Profit and other comprehensive income for the year	-	-	6,633,125	6,633,125
Balance as at 31 December 2025	8	58,606,297	578,211,052	636,817,357

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	2025 HK\$	2024 HK\$
Operating activities			
Profit before taxation		8,026,134	7,172,590
Adjustments for:			
Depreciation		99,089	101,217
Finance costs		148,157,779	149,077,203
Interest income from investments in corporate bond		(13,930,087)	(13,384,768)
Interest income from amount due from the intermediate holding company		(145,124,867)	(145,117,421)
Bank interest income		(2,303)	(3,746)
Net foreign exchange loss/(gain)		97,360	(315,074)
Operating loss before changes in working capital		(2,676,895)	(2,469,999)
(Increase)/ Decrease in prepayment and deposits		(198,375)	27,317
Decrease in amount due from the intermediate holding company		132,066,630	132,029,122
Decrease in amount due from the immediate holding company		10,550,000	13,500,000
Increase/ (Decrease) in trade and other payables and accruals		804,409	(551,169)
Net cash generated from operating activities		140,545,769	142,535,271
Investing activities			
Payment for purchase of property, plant and equipment		(13,815)	(85,999)
Bank interest received		2,303	3,746
Net cash used in investing activities		(11,512)	(82,253)
Financing activities			
Repayment of bank loans	13(b)	(4,000,000)	(4,000,000)
Interest and other borrowing costs paid	13(b)	(136,737,004)	(138,539,545)
Net cash used in financing activities		(140,737,004)	(142,539,545)
Net decrease in cash and cash equivalents		(202,747)	(86,527)
Cash and cash equivalents at 1 January		1,923,609	2,010,136
Cash and cash equivalents at 31 December	13(a)	1,720,862	1,923,609

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Bright Galaxy International Limited (the “Company”) is a limited liability company incorporated in the British Virgin Islands. The address of its registered office is Portcullis Chambers, 4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola, British Virgin Islands. The Company’s principal place of business is located at Room 101-103, 1/F, 216-218 Hennessy Road, Wan Chai, Hong Kong.

The principal activities of the Company and its subsidiary (the “Group”) include provision of apartment services and investment holding.

The directors consider the immediate parent and ultimate controlling party of the Group as at 31 December 2025 to be Grand Dragon Limited and 北京首都開發控股（集團）有限公司 (Beijing Capital Development Holding (Group) Co., Ltd.) (“BCDH”) respectively, which are incorporated in Hong Kong and the People’s Republic of China respectively.

The consolidated financial statements for the year ended 31 December 2025 were approved and authorised for issue by the directors on 27 April 2026.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards which collective term includes individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”).

(b) Basis of measurement

The consolidated financial statements have been prepared under the historical cost basis.

The consolidated financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

It should be noted that accounting estimates and assumptions are used in preparation of these financial statements. Although these estimates and assumptions are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION (CONTINUED)

(c) Adoption of Amendments to HKFRS Accounting Standards - effective on 1 January 2025

The Group has applied the following amendments to HKFRS Accounting Standards issued by the HKICPA for the first time in the current year, which are effective for the annual period beginning on 1 January 2025:

Amendments to HKAS 21	Lack of Exchangeability
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The adoption of the above amendment does not have any material effect on the Group's consolidated financial statements.

(d) New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective

The following new or amendments to HKFRS Accounting Standards, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards - Volume 11 ¹
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ²
HKFRS 18	Presentation and Disclosure in Financial Statement ²
HKFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 19	Amendments to HKFRS 19 Subsidiaries without Public Accountability: Disclosures ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution without Public Accountability: Disclosures ³

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

² Effective for annual periods beginning on or after 1 January 2027

³ Effective for annual periods beginning on or after a date to be determined

The directors anticipate that all of the relevant pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. The above amendments to HKFRS Accounting Standards that have been issued but not yet effective are not expected to have a material impact on the Group's results and financial position upon application except for HKFRS 18.

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. BASIS OF PREPARATION (CONTINUED)

(d) New and amendments to HKFRS Accounting Standards that have been issued but are not yet effective (continued)

HKFRS 18 *Presentation and Disclosure in Financial Statements*, which was issued by the HKICPA in July 2024, supersedes HKAS 1 and will result in major consequential amendments to HKFRS Accounting Standards including HKAS 8 *Basis of Preparation of Financial Statements* (renamed from *Accounting Policies, Changes in Accounting Estimates and Errors*). Even though HKFRS 18 will not have any effect on the recognition and measurement of items in the consolidated financial statements, it is expected to have a significant effect on the presentation and disclosure of certain items. These changes include categorisation and sub-totals in the consolidated statement of profit or loss, aggregation/disaggregation and labelling of information, and disclosure of management-defined performance measures.

(e) Going concern assumption

The guaranteed bonds with principal amount of United States Dollars (“USD”) 517 million (note 16) together with the interest accrued thereon are due for repayment in July 2026. The consolidated financial statements of the Group have been prepared on a going concern basis as the Company has completed the issue of new bonds in April 2026 and the ultimate holding company, BCDH, has undertaken to provide financial assistance to the Group to enable it to meet its liabilities as and when they are fall due.

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of these financial statements are summarised below. These policies have been consistently applied to the year presented unless otherwise stated.

(a) Subsidiary

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee; exposure, or rights, to variable returns from the investee; and ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary made up to 31 December each year.

Subsidiary is consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intercompany transactions, balances and unrealised gains on transactions within the Group are eliminated on consolidation. Unrealised losses resulting from intercompany transaction are also eliminated unless the transaction provides evidence of impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is provided to write off the cost of each item of property, plant and equipment less its estimated residual value, if applicable, over its estimated useful lives on a straight-line basis as follows:

Room furniture and appliance	3 years
Furniture and equipment	4 years

Residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(c) Leases

The Group as a lessee

Leases are capitalised in the consolidated statement of financial position as right-of-use assets and lease liabilities.

The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets such as laptops and office furniture and leases for which at the commencement date have a lease term of 12 months or less and do not contain purchase option. When the Group enters into a lease in respect of low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with short-term leases and low-value leases which are not capitalised are recognised in profit or loss on systematic basis over the lease term.

Properties leased under tenancy agreements are accounted for according to this accounting policy.

The Group as a lessor

Rental receivables from operating leases is recognised as rental income in profit or loss on a straight-line basis over the term of the relevant lease (note (k)(ii)).

(d) Financial instruments

(i) Financial assets

The Group classifies its financial assets as financial assets measured at amortised cost which are initially measured at fair value plus transaction costs that are directly attributable to its acquisition of the financial assets and are subsequently measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

The Group recognises an allowance for expected credit losses (“ECL”) on financial assets measured at amortised cost.

ECL are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the contractual cash flows due in accordance with the contract and the cash flows that the Group expects to receive), discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancement that are integral to the contract terms.

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) *Financial assets (continued)*

The ECL are measured on either of the following bases:

- 12-month ECL: these are the ECL that result from possible default events within 12 months after the reporting date; and

- lifetime ECL: these are the ECL that result from all possible default events over the expected life of a financial instrument.

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

For trade receivables, the Group applies the simplified approach in measuring ECL, that is to recognise a loss allowance based on lifetime ECL at each reporting date.

For other financial assets measured at amortised cost, the Group applies the general approach to measure ECL, that is to recognise a loss allowance based on 12-month ECL. However, when there has been a significant increase in credit risk since initial recognition, the loss allowance will be based on the lifetime ECL.

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. For the purposes of a collective evaluation of impairment, financial instruments are grouped on the basis of shared credit risk characteristics, such as past due status and credit risk rating, where applicable.

ECL are remeasured at each reporting date to reflect changes in the financial instruments credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment loss/reversal of impairment loss in profit or loss. The Group recognises an impairment loss/reversal of impairment loss with a corresponding adjustment to their carrying amount through a loss allowance account.

The Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. For this purpose, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) *Financial assets (continued)*

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

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change in the debtors' ability to meet their debt obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of the debtors; and
- actual or expected significant adverse change in the regulatory, economic, or technological environment in which the debtors operate that results in a significant change in the debtors' ability to meet their debt obligations.

The Group presumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the debtor fails to make contractual payment if more than 90 days past due.

At the end of each reporting period, the Group assesses whether a financial asset is credit-impaired. A financial asset is considered as credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- (i) significant financial difficulty of the debtor;
- (ii) a breach of contract, such as a default or past due event;
- (iii) granting a concession to the debtors that the lender would not otherwise consider for economic or contractual reasons relating to the debtor's financial difficulty; or
- (iv) it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

BRIGHT GALAXY INTERNATIONAL LIMITED
耀河國際有限公司
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(d) Financial instruments (continued)

(i) Financial assets (continued)

The gross carrying amount of a financial asset measured at amortised cost is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial assets. For non-credit-impaired financial assets, interest income is calculated based on the gross carrying amount.

(ii) Financial liabilities

The Group classifies its financial liabilities as financial liabilities measured at amortised cost. Financial liabilities measured at amortised cost are initially measured at fair value, net of directly attributable costs incurred, and are subsequently measured at amortised cost using the effective interest method. The related interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (note (h)).

(iii) Effective interest method

Effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. Effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

BRIGHT GALAXY INTERNATIONAL LIMITED
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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(f) Employee benefits

Salaries, annual bonus, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present value.

(g) Income tax

Income tax comprises current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income tax. Current tax includes any tax arising from dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for temporary differences arising on (i) the initial recognition of goodwill; (ii) the initial recognition of an asset or a liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting nor taxable profit and does not give rise to equal taxable and deductible temporary differences; and (iii) investments in subsidiaries and associates and interests in joint arrangements where the Group is able to control the timing of the reversal of the temporary difference; and it is probable that the temporary difference will not reverse in the foreseeable future, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that taxable profits will be available against which those temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Such reductions are reversed when the probability future taxable profits improves.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(g) Income tax (continued)

Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period and reflects any uncertainty related to income taxes.

Income taxes are recognised in profit or loss.

(h) Borrowing costs

Borrowing costs include interest charges and other costs incurred in connection with the borrowing of funds. Borrowing costs are recognised as an expense in the period in which they are incurred.

(i) Provisions and contingent liabilities

Provision is recognised when the Group has a present obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future uncertain events not wholly within the control of the Group, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

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3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

(j) Foreign currencies

Transactions entered into by group entities in currencies other than the functional currency of the Group are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of the reporting period. Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

(k) Recognition of revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under operating leases in the ordinary course of the Group's business.

Revenue is recognised when service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Further details of the Group's revenue and other income recognition policies are as follows:

- (i) Income from hotel operations is recognised over time when the relevant services (including management services), facilities and goods are provided to customers.
- (ii) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease.
- (iii) Interest income is accrued on a time basis using the effective interest method by applying applicable interest rate on (i) the amortised cost (i.e. gross carrying amount less loss allowance for credit-impaired financial assets); or (ii) the gross carrying amount for non-credit-impaired financial assets.

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4. ACCOUNTING JUDGEMENT AND ESTIMATES

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

Loss allowance for financial assets

The measurement of loss allowance for ECL of financial assets requires judgment, in particular, the assessment of a significant increase in credit risk and credit-impaired financial assets as well as the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses. These estimates are driven by a number of factors, changes in which can result in different levels of allowances.

At each reporting date, the Group assesses whether there has been a significant increase in credit risk for exposures since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Group considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and also, forward-looking analysis.

Details of the ECL assessment of financial assets are set out in note 22(a).

5. REVENUE, INTEREST REVENUE AND SEGMENT INFORMATION

The principal activities of the Group are provision of apartment services and investment holding. Revenue derived from the Group's principal activities comprises of the followings:

	2025 HK\$	2024 HK\$
Revenue from contracts with customers		
within the scope of HKFRS 15		
Room service income	8,343,890	8,390,387
Revenue from other sources		
Rental income from operating leases (note 10(b))	1,059,000	1,188,000
Others	19,965	55,741
	<u>9,422,855</u>	<u>9,634,128</u>

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5. REVENUE, INTEREST REVENUE AND SEGMENT INFORMATION (CONTINUED)

	2025 HK\$	2024 HK\$
Interest revenue from:		
Investment in corporate bond (note 12)	13,930,087	13,384,768
Amount due from intermediate holding company (note 14)	145,124,867	145,117,421
Banks	2,303	3,746
	<u>159,057,257</u>	<u>158,505,935</u>

Segment information

The Group determines its operating segment and prepares segment information based on the financial information provided regularly to the directors who are the chief operating decision-makers for the purposes of resources allocation and assessment of segment performance. The Group has identified one reportable segment for its operating segment, i.e. provision of apartment services. In addition, the Group has identified one other segment, i.e. "Corporate", which includes the activities of the corporate headquarter.

Information of the operating segment of the Group reported to the chief operating decision-maker for the purposes of resources allocation and performance assessment does not include segment assets and segment liabilities. Accordingly, no information of segment assets and segment liabilities is presented.

	Apartment services HK\$	Corporate HK\$	Total HK\$
Year ended 31 December 2025			
Revenue			
Revenue from external customers	<u>9,422,855</u>	<u>-</u>	<u>9,422,855</u>
Results			
Segment loss	(1,864,576)	(1,008,768)	(2,873,344)
Interest revenue	803	159,056,454	159,057,257
Finance costs	(1,220)	(148,156,559)	(148,157,779)
(Loss)/Profit before taxation	<u>(1,864,993)</u>	<u>9,891,127</u>	<u>8,026,134</u>
Other segment information			
Depreciation	<u>99,089</u>	<u>-</u>	<u>99,089</u>

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5. REVENUE, INTEREST REVENUE AND SEGMENT INFORMATION (CONTINUED)

	Apartment services HK\$	Corporate HK\$	Total HK\$
Year ended 31 December 2024			
Revenue			
Revenue from external customers	9,634,128	-	9,634,128
Results			
Segment loss	(1,696,391)	(559,751)	(2,256,142)
Interest revenue	3,746	158,502,189	158,505,935
Finance costs	(605)	(149,076,598)	(149,077,203)
(Loss)/Profit before taxation	(1,693,250)	8,865,840	7,172,590
Other segment information			
Depreciation	101,217	-	101,217

Geographical information

The Company is domiciled in the British Virgin Islands. All of the Group's revenue is derived from activities conducted in Hong Kong whereas all of the Group's specified non-current assets are located in Hong Kong. Accordingly, no analysis of the Group's revenue and specified non-current assets by geographical locations is presented.

Information about major customers

For the year ended 31 December 2025, revenue contributed by an individual customer amounted to HK\$1,059,000 (2024: HK\$1,188,000), which accounted for more than 10% of the Group's total revenue from external customers for the year. Revenue derived from this customer is reported under the "Apartment services" segment.

6. OTHER NET (LOSS)/ GAIN

	2025 HK\$	2024 HK\$
Net foreign exchange (loss)/ gain	(97,360)	315,074

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7. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

	2025 HK\$	2024 HK\$
(a) Finance costs		
Interest on bank borrowing	5,080,545	6,994,807
Arrangement fees of bank borrowing	392,500	97,466
Interest on debt securities issued (note 16)	142,683,514	141,984,325
Others	1,220	605
	<u>148,157,779</u>	<u>149,077,203</u>
(b) Staff costs		
Salaries, wages and other benefits	2,864,887	2,984,419
Contributions to defined contribution plan	119,225	122,115
Termination benefits	38,558	-
	<u>3,022,670</u>	<u>3,106,534</u>
(c) Other items		
Auditor's remuneration	204,000	204,000
Depreciation	99,089	101,217
Lease expenses for short-term lease	3,828,000	3,828,000
Lease expenses for low-value assets excluding short-term leases of low-value assets	191,145	183,216
	<u>191,145</u>	<u>183,216</u>

8. INCOME TAX

(a) Income tax expense in the consolidated statement of profit or loss and other comprehensive income represents:

	2025 HK\$	2024 HK\$
Deferred tax		
Origination and reversal of temporary differences (note (c))	1,393,009	1,338,477
Income tax expense	<u>1,393,009</u>	<u>1,338,477</u>

No Hong Kong Profits Tax has been provided in the consolidated financial statements as the Group did not derive any assessable profits in Hong Kong for the current year and in prior year. Withholding tax is provided at 10% (2024: 10%) on the interest income from investment in financial assets sourced in Australia.

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8. INCOME TAX (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2025 HK\$	2024 HK\$
Profit before taxation	8,026,134	7,172,590
Notional tax on profit before taxation calculated at Hong Kong Profits Tax rate of 16.5%	1,324,312	1,183,477
Tax effect of non-taxable revenue	(26,244,447)	(26,205,467)
Tax effect of non-deductible expenses	24,552,290	24,727,969
Tax effect of unused tax losses not recognised	361,907	289,640
Tax effect of temporary difference not recognised	5,938	4,381
Withholding tax	1,393,009	1,338,477
Income tax expense	1,393,009	1,338,477

(c) Deferred tax liabilities recognised:

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Withholding tax on interest income from investment in financial assets HK\$
At 1 January 2024	3,012,722
Charged to profit or loss	1,338,477
At 31 December 2024 and 1 January 2025	4,351,199
Charged to profit or loss	1,393,009
At 31 December 2025	5,744,208

(d) Deferred tax assets not recognised:

As at 31 December 2025, the Group has unused tax losses of approximately HK\$ 23,665,969 (2024: HK\$21,472,596) available for offset against future assessable profits. The tax losses are subject to approval by the Inland Revenue Department of the HKSAR Government. No deferred tax assets in respect of these tax losses have been recognised in the financial statements due to the unpredictability of future profit streams. These tax losses have no expiry date.

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9. PROPERTY, PLANT AND EQUIPMENT

	Furniture and equipment HK\$	Room furniture and appliance HK\$	Total HK\$
Cost			
At 1 January 2024	650,045	362,429	1,012,474
Additions	62,779	23,220	85,999
Written-off	(2,199)	(18,158)	(20,357)
At 31 December 2024 and 1 January 2025	710,625	367,491	1,078,116
Additions	1,360	12,455	13,815
Written-off	(3,650)	(69,351)	(73,001)
At 31 December 2025	708,335	310,595	1,018,930
Accumulated depreciation			
At 1 January 2024	489,087	320,850	809,937
Charge for the year	69,367	31,850	101,217
Written-off	(2,199)	(18,158)	(20,357)
At 31 December 2024 and 1 January 2025	556,255	334,542	890,797
Charge for the year	69,727	29,362	99,089
Written-off	(3,650)	(69,351)	(73,001)
At 31 December 2025	622,332	294,553	916,885
Net book value			
At 31 December 2025	86,003	16,042	102,045
At 31 December 2024	154,370	32,949	187,319

10. LEASES

As a lessee

The Group leases a property (the “218 Apartment”) from a fellow subsidiary, Macro Winner Limited, for providing apartment services. The Group did not recognise right-of-use assets and lease liabilities for the lease as the lease is a short-term lease. The lease does not include variable lease payments. The monthly rent of the lease is fixed over the lease term.

Total cash outflow relating to leases amounting to HK\$4,019,145 for the year (2024: HK\$4,011,216) are included in the consolidated statement of cash flow within operating activities.

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11. INVESTMENT IN A SUBSIDIARY

Details of the Company's subsidiary as at 31 December 2025 are set out below:

Name of subsidiary	Place of incorporation/ operations	Particulars of issued and paid up capital	Proportion of ownership interest held directly by the Company	Principal activities
South Jacob Limited	Hong Kong	2 ordinary shares of HK\$2	100% (2024: 100%)	Provision of apartment services

12. INVESTMENT IN FINANCIAL ASSETS

	2025 HK\$	2024 HK\$
Financial assets measured at amortised cost		
Unlisted corporate bond issued by a fellow subsidiary	355,843,639	341,913,552

The corporate bond, issued at a discount to their principal amount, does not carry periodic interest payments. The bond is initially recognised at fair value, net of direct attributable transaction costs, and is subsequently measured at amortised cost at an effective interest rate of 4%. The Group intends to hold the corporate bond till its maturity date in August 2026.

The corporate bond is classified as financial asset and measured at amortised cost under HKFRS 9 *Financial Instruments* as the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Further details on the Group's credit policy and credit risk arising from financial assets measured at amortised cost are set out in note 22(a).

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13. CASH AND CASH EQUIVALENTS AND NOTES TO STATEMENT OF CASH FLOWS

(a) Cash and cash equivalents comprise:

	2025 HK\$	2024 HK\$
Cash at bank and on hand	1,720,862	1,923,609
Cash and cash equivalents in the consolidated statement of financial position and consolidated statement of cash flows	1,720,862	1,923,609

(b) Reconciliation of liabilities arising from financing activities:

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

	Debt securities issued (note 16) HK\$	Bank loan (note 17) HK\$
At 1 January 2025	4,056,654,368	107,000,000
Changes from financing cash flows:		
Interest and other borrowing costs paid	(131,307,987)	(5,429,017)
Repayment of bank loans	-	(4,000,000)
Total changes from financing cash flows	(131,307,987)	(9,429,017)
Exchange adjustments	10,337,156	-
Other changes:		
Decrease in interest payables	-	135,972
Payment of arrangement fee included under operating cash flows	-	(180,000)
Interest in bank borrowing (note 7(a))	-	5,080,545
Interest on debt securities issued (note 7(a))	142,683,514	-
Other borrowing costs (note 7(a))	-	392,500
Total other changes	142,683,514	5,429,017
At 31 December 2025	4,078,367,051	103,000,000

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13. CASH AND CASH EQUIVALENTS AND NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Debt securities issued (note 16) HK\$	Bank loan (note 17) HK\$
At 1 January 2024	4,072,171,120	111,000,000
Changes from financing cash flows:		
Interest and other borrowing costs paid	(131,261,130)	(7,278,415)
Repayment of bank loans	-	(4,000,000)
Total changes from financing cash flows	<u>(131,261,130)</u>	<u>(11,278,415)</u>
Exchange adjustments	(26,239,947)	-
Other changes:		
Decrease in interest payables	-	116,142
Decrease in other payables and accruals	-	250,000
Payment of arrangement fee included under operating cash flows	-	(180,000)
Interest in bank borrowing (note 7(a))	-	6,994,807
Interest on debt securities issued (note 7(a))	141,984,325	-
Other borrowing costs (note 7(a))	-	97,466
Total other changes	<u>141,984,325</u>	<u>7,278,415</u>
At 31 December 2024	<u><u>4,056,654,368</u></u>	<u><u>107,000,000</u></u>

14. AMOUNT DUE FROM INTERMEDIATE HOLDING COMPANY / IMMEDIATE HOLDING COMPANY

An amount of HK\$3,968,871,000 (2024: HK\$3,959,079,000) representing loan to the intermediate holding company is unsecured, bearing interest at 3.65% (2024: 3.65%) payable semi-annually and recoverable on 20 July 2026 (2024: 20 July 2026). Such loan is denominated in USD with principal amount of USD510,000,000. As at 31 December 2025, both the principal amount and the accrued interest of HK\$78,088,402 (2024: Accrued interest of HK\$64,582,369 only) was classified under current assets.

Amounts due from immediate holding company are unsecured, interest-free and repayable on demand.

These balances are assessed for ECL in accordance with the policy set out in note 22(a).

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15. TRADE AND OTHER PAYABLES AND ACCRUALS

	2025 HK\$	2024 HK\$
Trade payables	123,997	145,645
Deposits received	1,431,280	811,960
Interest payable	385,949	521,921
Other payables and accruals	792,990	585,033
	<u>2,734,216</u>	<u>2,064,559</u>

16. DEBT SECURITIES ISSUED

	2025 HK\$	2024 HK\$
Guaranteed bonds	<u>4,078,367,051</u>	<u>4,056,654,368</u>

Details of guaranteed bonds issued are as follows:

<u>Principal amount</u>	<u>Issue date</u>	<u>Maturity date</u>	<u>Interest rate per annum</u>	<u>Interest payment</u>
USD517,000,000	16 July 2021	15 July 2026	3.25%	Interest is payable semi-annually in arrear on 15 January and 15 July in each year commencing on 15 January 2022

On 16 July 2021, The Stock Exchange of Hong Kong Limited approved the application of the Group for the listing of and permission to deal in the guaranteed bonds issued to professional investors. The bonds, issued at an issue price equal to 99.111% of the bond's principal amount, are interest-bearing on their outstanding principal amount and are unconditionally and irrevocably guaranteed by the ultimate parent, BCDH.

Upon maturity, the outstanding guaranteed bonds will be redeemed at their principal amount.

The guaranteed bonds were initially measured at fair value, net of directly attributable costs incurred, and subsequently measured at amortised cost using the effective interest rate of 3.551% per annum. For the year ended 31 December 2025, imputed interest of HK\$142,683,514 (2024: HK\$141,984,325) was incurred.

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16. DEBT SECURITIES ISSUED (CONTINUED)

The movements of the carrying amount of the guaranteed bonds are set out below:

	2025 HK\$	2024 HK\$
At 1 January	4,056,654,368	4,072,171,120
Imputed interest expense (note 7(a))	142,683,514	141,984,325
Interest paid	(131,307,987)	(131,261,130)
Exchange adjustment	10,337,156	(26,239,947)
At 31 December	<u>4,078,367,051</u>	<u>4,056,654,368</u>
Debt securities issued comprised:		
- Interest payable within 12 months classified as current liabilities	61,383,962	61,232,514
- Other portion classified as current liabilities	4,016,983,089	-
	<u>4,078,367,051</u>	<u>61,232,514</u>
- Other portion classified as non-current liabilities	-	3,995,421,854
	<u>4,078,367,051</u>	<u>4,056,654,368</u>

17. BANK LOAN

	2025 HK\$	2024 HK\$
Current liabilities		
Bank loan, secured	<u>103,000,000</u>	<u>107,000,000</u>

The bank loan is subject to repayment on demand clause. The maturity analysis of the bank loan prepared based on the scheduled repayment dates set out in the loan agreement and ignore the effect repayment on demand clause is as follows:

	2025 HK\$	2024 HK\$
Within 1 year	103,000,000	4,000,000
After 1 year but within 2 years	-	103,000,000
	<u>103,000,000</u>	<u>107,000,000</u>

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17. BANK LOAN (CONTINUED)

Interest on bank loan is charged at Hong Kong Inter-bank Offered Rate (“HIBOR”) plus 2.00% per annum (2024: HIBOR plus 2.00% per annum).

At 31 December 2025, the banking facilities were secured by mortgages over certain properties of a fellow subsidiary and guaranteed by the immediate holding company. Such banking facilities amounted to HK\$173,000,000 (2024: HK\$207,000,000) and were utilised to the extent of HK\$103,000,000 as at 31 December 2025 (2024: HK\$107,000,000).

The Group’s banking facilities are subject to the fulfilment of covenants relating to the loan-to-market value ratio. The Group regularly monitors its compliance with these covenants. Further details of the Group’s management of liquidity risk are set out in note 22(d). As at 31 December 2025, none of the covenants relating to drawn down facilities have been breached (2024: None).

18. SHARE CAPITAL, DIVIDEND AND RESERVES

(a) Share capital

	2025	2024
Authorised:		
50,000 ordinary shares of US\$1 each	<u>US\$ 50,000</u>	<u>US\$ 50,000</u>
Issued and fully paid:		
1 ordinary share	<u>US\$ 1</u>	<u>US\$ 1</u>
Equivalent to	<u>HK\$ 8</u>	<u>HK\$ 8</u>

(b) Dividends declared and paid during the year

No dividend was declared or paid during the year (2024: Nil).

(c) Nature of capital contribution reserve

Pursuant to the restructuring instructions from the ultimate holding company, the Company acquired a subsidiary from a former intermediate holding company at nil consideration. The capital contribution reserve represents the net assets value of the subsidiary on the date of transfer.

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19. RELATED PARTY TRANSACTIONS

(a) *Transactions with related parties*

In addition to the balances disclosed elsewhere in the notes to the consolidated financial statements, the Group entered into the following material related party transactions during the year:

	2025 HK\$	2024 HK\$
Interest income from investment in corporate bond issued by a fellow subsidiary	13,930,087	13,384,768
Interest income from amount due from intermediate holding company	145,124,867	145,117,421
Management fee paid to the immediate holding company	1,000,000	1,000,000
Rentals paid to a fellow subsidiary	<u>3,828,000</u>	<u>3,828,000</u>

(b) *Key management personnel remuneration*

Remuneration to key management personnel is disclosed as follows:

	2025 HK\$	2024 HK\$
Salaries, allowances and benefits in kind	84,000	84,000
Discretionary bonus	<u>160,458</u>	<u>278,847</u>
	<u>244,458</u>	<u>362,847</u>

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20. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost. As the Group is part of a larger group, the Group's resources of additional capital and policies for distribution of excess capital may also be affected by the larger group's capital management objectives.

The Group defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Group as capital.

The Group's capital structure is regularly reviewed and managed with due regard to the capital management practices of the larger group to which the Group belongs. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Group and the larger group. The results of the directors' review of the Group's capital structure are used as a basis for the determination of the level of dividends, if any, that are declared. The Group's overall strategy remains unchanged from prior year.

21. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

	2025 HK\$	2024 HK\$
Financial assets measured at amortised cost:		
Investment in financial assets	355,843,639	341,913,552
Amount due from intermediate holding company	4,046,959,402	4,023,661,369
Amount due from immediate holding company	421,510,108	432,060,108
Cash and cash equivalents	1,720,862	1,923,609
	<u>4,826,034,011</u>	<u>4,799,558,638</u>
Financial liabilities measured at amortised cost:		
Trade and other payables	2,193,921	1,760,924
Bank loan	103,000,000	107,000,000
Debt securities issued	4,078,367,051	4,056,654,368
	<u>4,183,560,972</u>	<u>4,165,415,292</u>

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21. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY (CONTINUED)

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values due to their short-term nature, except for the following financial instruments for which their carrying amounts and fair values and the level of fair value hierarchy are disclosed as follows:

	Carrying amount HK\$	Fair value HK\$	Fair value measurement hierarchy
As at 31 December 2025			
Amount due from intermediate holding company	4,046,959,402	3,976,073,154	Level 3
Investment in financial assets	355,843,639	357,700,701	Level 3
Debt securities issued	<u>4,078,367,051</u>	<u>4,038,219,786</u>	<u>Level 2</u>
As at 31 December 2024			
Amount due from intermediate holding company	4,023,661,369	4,049,437,080	Level 3
Investment in financial assets	341,913,552	344,654,780	Level 3
Debt securities issued	<u>4,056,654,368</u>	<u>3,917,688,545</u>	<u>Level 2</u>

The fair values of amount due from intermediate holding company and investment in financial assets are determined by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The fair value of the debt securities issued is determined with reference to the quoted market price in over the counter market that are not active.

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22. FINANCIAL RISK MANAGEMENT

Exposure to credit risk, currency risk, interest rate risk and liquidity risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to investment in unlisted corporate bond issued by a fellow subsidiary (note 12), amounts due from group companies including intermediate holding company and immediate holding company and cash and bank balances. Management has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

The Group's exposure to credit risk arising from cash and cash equivalents is limited because the counterparties are bank and financial institutions with sound credit rating, for which the Group considers to have low credit risk.

With respect to the credit risk arising from the amounts due from intermediate holding, the management has made assessment based on the financial position of the ultimate holding company, BCDH, as the ultimate holding company has undertaken to provide financial assistance to this group company to enable it to meet its liabilities as and when they are fall due. The financial statements of the ultimate holding company carry sufficient liquid assets which can be used to repay the amounts when demanded. The management also estimates the expected credit loss of amounts due from this group company based on the credit rating of the ultimate holding company provided by external agency, and concluded that the credit risk associated with the balances is insignificant. With respect to the credit risk arising from the amount due from immediate holding company, having considered the financial performance and the financial position of the immediate holding company at the end of the reporting period, the management has assessed that credit risk associated with this balance is insignificant and there has not been a significant change in credit risk exposure of the amount due from the immediate holding company since initial recognition.

For unlisted corporate bond issued by a fellow subsidiary, the management estimates the expected credit loss based on the credit rating of the ultimate holding company as the ultimate holding company has undertaken to provide financial assistance to the fellow subsidiary. Considering the financial strength of the ultimate holding company, the amount of loss allowance is insignificant.

Based on the above assessment, no loss allowance was recorded for the current year and prior year as loss allowance was assessed to be insignificant. The maximum exposure to credit risk is represented by the carrying amount of each the financial assets in the statement of financial position.

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22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Currency risk

The functional currency of the Company and its subsidiary is HKD. The Group is exposed to currency risk mainly related to loan to intermediate holding company (note 14) and debt securities issued (note 16) which are denominated in USD.

Given these USD denominated monetary assets and liabilities are having the same maturity and their principal amounts are largely the same, natural hedge mechanism existed and thus the directors assessed that the Group's exposure on currency risk is not significant.

(c) Interest rate risk

The Group's interest rate risk arises primarily from investment in unlisted corporate bond issued by a fellow subsidiary (note 12), loan to intermediate holding company (note 14) and debt securities issued (note 16). These financial instruments are interest bearing at fixed rate which expose the Group to fair value interest rate risk. The Group is also exposed to cash flow interest rate risk as the Group's bank loan is arranged at floating rate.

The following table details the interest rate profile of the Group's interest bearing financial assets and financial liabilities:

	2025		2024	
	Interest rate	Amount HK\$	Interest rate	Amount HK\$
Fixed rate				
Investment in corporate bond	4.00%	355,843,639	4.00%	341,913,552
Loan to intermediate holding company	3.65%	3,968,871,000	3.65%	3,959,079,000
Debt securities issued	3.25%	(4,016,983,090)	3.25%	(3,995,421,854)
		<u>307,731,549</u>		<u>305,570,698</u>
Variable rate				
Bank loan	HIBOR + 2%	<u>(103,000,000)</u>	HIBOR + 2%	<u>(107,000,000)</u>

The directors have assessed that the Group's exposure on fair value interest rate risk is reduced significantly due to the offsetting effect of the financial assets and financial liabilities bearing interest at fixed rate and having similar rate profile and maturity, thus natural hedge existed.

In respect of cash flow interest rate risk, as at 31 December 2025, it is estimated that a general increase/decrease of 100 basis point in interest rate, with all other variables held constant, would result in a decrease/increase the Group's profit for the year and retained profits by approximately HK\$1,030,000 (2024: HK\$1,070,000).

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22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements, including the terms of debt securities issued and bank borrowings, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from other group companies to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on current rates at the end of the reporting period) and the earliest date the Group can be required to pay:

			Contractual undiscounted cash outflows	
	Carrying amount HK\$	Total HK\$	Within 1 year or on demand HK\$	More than 1 year but less than 2 years HK\$
At 31 December 2025				
Trade and other payables	2,193,921	2,193,921	2,193,921	-
Bank loan (note)	103,000,000	103,000,000	103,000,000	-
Debt securities issued	4,078,367,051	4,154,104,435	4,154,104,435	-
	<u>4,183,560,972</u>	<u>4,259,298,356</u>	<u>4,259,298,356</u>	<u>-</u>
At 31 December 2024				
Trade and other payables	1,760,924	1,760,924	1,760,924	-
Bank loan (note)	107,000,000	107,000,000	107,000,000	-
Debt securities issued	4,056,654,368	4,287,506,074	130,839,387	4,156,666,687
	<u>4,165,415,292</u>	<u>4,396,266,998</u>	<u>239,600,311</u>	<u>4,156,666,687</u>

Note:

The bank loan contains repayment on demand clause which can be exercised at the lender's sole discretion. The analysis above shows the cash outflow based on the earliest period in which the Group can be required to pay, that is if the bank were to invoke its unconditional rights to call the loan with immediate effect.

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22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Liquidity risk (continued)

The following table summarises the maturity analysis of the bank loan based on agreed scheduled repayments set out in the loan agreement. The amount include interest payments computed using contractual rate.

	Carrying amount HK\$	Contractual undiscounted cash outflow		
		Total HK\$	Within 1 year or on demand HK\$	More than 1 year but less than 2 years HK\$
At 31 December 2025				
Bank loan	<u>103,000,000</u>	<u>105,927,001</u>	<u>105,927,001</u>	<u>-</u>
At 31 December 2024				
Bank loan	<u>107,000,000</u>	<u>117,515,350</u>	<u>10,691,459</u>	<u>106,823,891</u>

Taking into account the securities in place, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that the bank loan will be repaid in accordance with the scheduled repayment dates set out in the loan agreement.

23. EVENTS AFTER THE REPORTING PERIOD

On 13 April 2026, the issue of USD350,000,000 6.30% guaranteed bonds due 2029 (the "2026 Bonds") by the Group was completed. The 2026 Bond is unconditionally and irrevocably guaranteed BCDH, the ultimate parent. The 2026 Bonds bear interest on their outstanding principal amount at the rate of 6.30% per annum and such interest will be payable semi-annually in arrear on 20 April and 20 October in each year, commencing on 20 October 2026. Unless previously redeemed, or purchased and cancelled, the 2026 Bonds will be redeemed at their principal amount on 20 April 2029. The 2026 Bonds may be redeemed before then at the option of the Group in whole, but not in part, at any time, at their principal amount together with interest accrued thereon. The 2026 Bonds are listed on the Singapore Exchange Securities Trading Limited.