

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

REPORTS AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2025

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LEE HING DEVELOPMENT LIMITED
利興發展有限公司

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report together with the audited consolidated financial statements of Lee Hing Development Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and the activities of its subsidiaries and associates are shown in notes 6 and 7 to the consolidated financial statements respectively.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial performance of the Group for the financial year ended 31 December 2025 and the consolidated financial position of the Group at that date are exhibited in the annexed audited consolidated financial statements.

DIVIDENDS

No dividends were paid or proposed to be paid (2024: Nil).

SHARE CAPITAL

There are no changes in share capital of the Company.

RESERVES

The movements in reserves during the financial year are set out in the consolidated statement of changes in equity on page 10.

DIRECTORS

1. The directors during the financial year and at the date of this report are:
Mr. TAN Boon Seng (Managing Director)
Mr. FUNG Ka Pun
2. In accordance with the Company's Articles of Association, the following director is due to retire and, being eligible, he offers himself for re-election:

Mr. FUNG Ka Pun
3. During the year and up to the date of this report, Mr. Tan Boon Seng is also a director of certain subsidiaries of the Company. Other director of the Company's subsidiary includes Mr. Tan Yee Seng.

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

REPORT OF THE DIRECTORS (Continued)

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

At no time during the financial year was the Company or any of its subsidiaries or holding company a party to any arrangements to enable the directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract to which the Company or any of its subsidiaries or holding company was a party and in which a director of the Company had, whether directly or indirectly, a material interest subsisted at the end of the financial year or at any time during the financial year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into by the Group or existed during the year.

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

The Group is principally engaged in share investment and dealing.

During the year under review, the Group's revenue and income of HK\$61 million, less than 1% increase as compared with last year, were mainly attributable to interest income of HK\$6 million, net gain on derivative financial instruments of HK\$21 million, and dividends from listed investments of HK\$30 million. In 2025, the Group disposed of its entire interest (4,515,077 shares) in PureCircle Limited at consideration of HK\$25 million and resulted a loss of HK\$5 million.

Operating profit after finance costs was HK\$65 million, a decrease of HK\$12 million as compared with last year. The decrease was mainly attributable to net loss on financial assets at fair value through profit or loss - unlisted investments of HK\$5 million as compared with the net gain of HK\$27 million last year.

At 31 December 2025, the Group held interests in IGB Real Estate Investment Trust of HK\$32 million and IGB Berhad of HK\$199 million.

IGB Berhad is principally an investment holding company engaged in property investment and management, retail, hotel operations and construction. It also has private equity investments in the field of information and communications technology and water/wastewater treatment.

The Group has no control or influence over IGB Berhad, hence, for the business performance, factors which may affect the share price and business outlook and future prospects of this company, shareholders and potential investors should refer to information published on its website, www.igbbhd.com.

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

REPORT OF THE DIRECTORS (Continued)

BUSINESS REVIEW (Continued)

Depending on the market conditions and the availability of funding, the Group may acquire additional shares or dispose of some of its interest in IGB Berhad.

The Group recognises its responsibility to protect the environment from its business activities. The Group continually seeks to identify and manage environmental impacts attributable to its operational activities in order to minimise these impacts if possible. The Group aims to maximise energy conservation in its offices by promoting efficient use of resources and adopting green technologies. For instance, the Group continues to upgrade equipment such as lighting and air-conditioning systems in order to increase overall operating efficiency. To identify energy efficiency opportunities, the Group measures and records the energy consumption intensity from time to time.

The Group's success also depends on the support from key stakeholders which comprise employees, shareholders and banks. Employees are regarded as the most important and valuable assets of the Group. The objective of the Group's human resource management is to reward and recognise performing staff by providing a competitive remuneration package and implementing a sound performance appraisal system with appropriate incentives, and to promote career development and progression by appropriate training and providing opportunities within the Group for career advancement. One of the corporate goals of the Group is to enhance corporate value to shareholders. The Group is poised to foster business developments for achieving the sustainability of earnings growth and rewarding shareholders by stable dividend payouts taking into account capital adequacy levels, liquidity positions and business expansion needs of the Group. The Group also maintains adequate committed lines of funding from major financial institutions to meet its liquidity requirements.

AUDITOR

The consolidated financial statements for the year have been audited by Messrs. CHENG & CHENG LIMITED who retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

TAN Boon Seng
Director

Hong Kong, 26 March 2026

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEE HING DEVELOPMENT LIMITED

利興發展有限公司

(Incorporated in Hong Kong with limited liability)

Report on the audit of the consolidated financial statements

Qualified opinion

We have audited the consolidated financial statements of Lee Hing Development Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 8 to 30, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for qualified opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2025, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRS for Private Entities Accounting Standard as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for qualified opinion

The audit opinion on the consolidated financial statements of the Group for the year ended 31 December 2024, which forms the basis for the corresponding amounts presented in the current year's consolidated financial statements, was qualified because of the possible effects of the limitation on scope of audit in respect of fair value of the Group's investment in PureCircle Limited of HK\$29,603,000 classified as financial assets at fair value through profit or loss - unlisted investments. As the opening balance of financial assets at fair value through profit or loss - unlisted investments affected the determination of the results of operations for current year, we were unable to determine whether adjustments to the results of operations and opening accumulated losses might be necessary for the year ended 31 December 2025. Our audit opinion on the consolidated financial statements for the year ended 31 December 2025 was modified accordingly.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAAs") as issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and 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 qualified opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

TO THE MEMBERS OF LEE HING DEVELOPMENT LIMITED

利興發展有限公司

(Incorporated in Hong Kong with limited liability)

Information other than the consolidated financial statements and auditor's report thereon

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for qualified opinion section above, we were unable to obtain sufficient appropriate audit evidence about the fair value of investment in PureCircle Limited as at 31 December 2024, the effect on profit for the year ended 31 December 2024 and 31 December 2025. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to these matters.

Responsibilities of directors for the consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS for Private Entities Accounting Standard as issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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 Section 405 of Hong Kong Companies Ordinance, 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 judgement 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 (Continued)

TO THE MEMBERS OF LEE HING DEVELOPMENT LIMITED

利興發展有限公司

(Incorporated in Hong Kong 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 audit 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.

INDEPENDENT AUDITOR'S REPORT (Continued)

**TO THE MEMBERS OF
LEE HING DEVELOPMENT LIMITED**

利興發展有限公司

(Incorporated in Hong Kong with limited liability)

Report on other matters under section 407(3) of the Hong Kong Companies Ordinance

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the fair value of financial assets at fair value through profit or loss - unlisted investments as at 31 December 2024 as described in the Basis for qualified opinion section of our report above:

- We have not obtained all the information or explanations that, to the best of our knowledge and belief, are necessary and material for the purpose of the audit.

CHENG & CHENG LIMITED
Certified Public Accountants

Hong Kong, 26 March 2026

Lam Hok Nin, Sammy
Practising Certificate number P02975

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000
Non-current assets			
Property, plant and equipment	5	15,546	15,088
Associates	7	23,944	21,936
Financial assets at fair value through profit or loss	8	-	29,603
Financial assets that are equity instruments measured at cost less impairment	9	6,394	6,534
		<u>45,884</u>	<u>73,161</u>
Current assets			
Financial assets at fair value through profit or loss	10	234,066	157,645
Derivative financial instruments	11	16,679	1,020
Other assets	12	295	295
Accounts receivable, deposits and prepayments		78,915	27,222
Current tax assets		-	252
Time deposits and bank balances		158,096	173,726
		<u>488,051</u>	<u>360,160</u>
Current liabilities			
Accounts payable, deposits and accruals		762	973
Derivative financial instruments	11	9,510	-
Other payable	13	348	348
Current tax liabilities		203	-
		<u>10,823</u>	<u>1,321</u>
Net current assets		<u>477,228</u>	<u>358,839</u>
Net assets		<u>523,112</u>	<u>432,000</u>
Capital and reserves			
Share capital	14	717,808	717,808
Reserves	15	(194,696)	(285,808)
		<u>523,112</u>	<u>432,000</u>

TAN Boon Seng
Director

FUNG Ka Pun
Director

The attached notes form an integral part of these consolidated financial statements.

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

**CONSOLIDATED STATEMENT OF
COMPREHENSIVE INCOME**

For the year ended 31 December 2025

	Note	2025 HK\$'000	2024 HK\$'000 (Restated)
Revenue and income	16	60,970	60,784
Net loss on financial assets at fair value through profit or loss - unlisted investments		(4,869)	-
Unrealised gain on derivative financial instruments		5,724	3,953
Unrealised gain on financial assets at fair value through profit or loss - listed investments		24,319	27,825
Unrealised (loss)/gain on financial assets at fair value through profit or loss - unlisted investments		(27)	4,605
Net gain on disposal of property, plant and equipment		260	-
Impairment loss on financial assets that are equity instruments measured at cost less impairment		(140)	(463)
Operating expenses		<u>(15,507)</u>	<u>(14,614)</u>
Operating profit before finance costs	17	70,730	82,090
Finance costs	19	<u>(5,384)</u>	<u>(4,560)</u>
Operating profit after finance costs		65,346	77,530
Share of results of associates		<u>(48)</u>	<u>(47)</u>
Profit before taxation		65,298	77,483
Income tax	20	<u>(705)</u>	<u>(52)</u>
Profit attributable to owners of the Company		64,593	77,431
Other comprehensive income	21	<u>26,469</u>	<u>3,590</u>
Total comprehensive income attributable to owners of the Company		<u>91,062</u>	<u>81,021</u>

The attached notes form an integral part of these consolidated financial statements.

LEE HING DEVELOPMENT LIMITED
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Share capital HK\$'000	Accumulated losses HK\$'000 (Restated)	Investment revaluation reserve HK\$'000 (Restated)	Translation reserve HK\$'000	Total HK\$'000
Balance at 1 January 2024					
As previously reported	717,808	(365,862)	(3,333)	2,316	350,929
Adoption of the HKFRS-PE	-	(3,333)	3,333	-	-
As restated	717,808	(369,195)	-	2,316	350,929
Profit for the year	-	77,431	-	-	77,431
Other comprehensive income	-	-	-	3,590	3,590
Total comprehensive income for the year	-	77,431	-	3,590	81,021
Unclaimed dividend forfeited	-	50	-	-	50
Balance at 31 December 2024	717,808	(291,714)	-	5,906	432,000
Profit for the year	-	64,593	-	-	64,593
Other comprehensive income	-	-	-	26,469	26,469
Total comprehensive income for the year	-	64,593	-	26,469	91,062
Unclaimed dividend forfeited	-	50	-	-	50
Balance at 31 December 2025	717,808	(227,071)	-	32,375	523,112

The attached notes form an integral part of these consolidated financial statements.

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000 (Restated)
Operating activities		
Profit before taxation	65,298	77,483
Adjustments for:		
Amortisation	17	16
Dividend income	(29,594)	(10,522)
Depreciation	199	209
Share of results of associates	48	47
Finance costs	5,384	4,560
Unrealised gain on derivative financial instruments	(5,724)	(3,953)
Net loss/(gain) on financial assets at fair value through profit or loss - unlisted investments	4,869	(26,868)
Net gain on disposal of property, plant and equipment	(260)	-
Write back of impairment losses amount due from an investee company	-	(6,472)
Impairment loss on financial assets that are equity instruments measured at cost less impairment	140	463
Interest income	(6,361)	(4,309)
Unrealised exchange loss	2,303	602
Unrealised gain on financial assets at fair value through profit or loss - listed investments	(24,319)	(27,825)
Unrealised loss/(gain) on financial assets at fair value through profit or loss - unlisted investments	27	(4,605)
Operating profit/(loss) before working capital changes	12,027	(1,174)
Increase in derivative financial instruments	(425)	(6)
Increase in accounts receivable, deposits and prepayments	(25,213)	(10,630)
Decrease in accounts payable, deposits and accruals	(161)	(1,246)
Increase in financial assets at fair value through profit or loss - unlisted investments	(3,308)	-
Cash used in operations	(17,080)	(13,056)
Dividends received	58	10,522
Finance costs paid	(5,384)	(4,573)
Interest received	7,352	3,318
Overseas tax paid	(250)	(438)
Net cash used in operating activities	(15,304)	(4,227)

The attached notes form an integral part of these consolidated financial statements.

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

For the year ended 31 December 2025

	2025 HK\$'000	2024 HK\$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(674)	-
Decrease/(increase) in time deposits with maturities over three months	62,984	(62,984)
Repayment from associate	-	91
Net proceeds on disposal of financial assets at fair value through profit or loss - unlisted investments	-	168,045
Repayment from an investee company	-	6,472
Net proceeds on disposal of property, plant and equipment	260	-
Net cash generated from investing activities	<u>62,570</u>	<u>111,624</u>
Cash flows from financing activities		
Repayment of other loans	-	(2,900)
Net cash used in financing activities	<u>-</u>	<u>(2,900)</u>
Increase in cash and cash equivalents	47,266	104,497
Cash and cash equivalents at the beginning of the year	110,742	6,174
Effect of foreign exchange rate changes	<u>88</u>	<u>71</u>
Cash and cash equivalents at the end of the year	<u><u>158,096</u></u>	<u><u>110,742</u></u>
Analysis of cash and cash equivalents		
Time deposits and bank balances	158,096	173,726
Time deposits with maturities over three months	-	(62,984)
	<u><u>158,096</u></u>	<u><u>110,742</u></u>

Non-cash transactions

During the year, the Group received dividend in specie of HK\$29,536,000 from listed investments.

The attached notes form an integral part of these consolidated financial statements.

LEE HING DEVELOPMENT LIMITED
利興發展有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

1. CORPORATE INFORMATION

The Company is a public company incorporated in Hong Kong with limited liability and has its registered office and principal place of business at Suite 1506-7, 15/F., Nine Queen's Road Central, Hong Kong.

The principal activity of the Company is investment holding. The principal activities of the Company's subsidiaries are property investment, investment holding, and sales and purchases of securities.

Lee Hing (2021) Limited, a company incorporated in the British Virgin Islands, is the ultimate holding company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with the HKFRS for Private Entities Accounting Standard ("HKFRS-PE") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the requirements of the Hong Kong Companies Ordinance. The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basic of preparation of the consolidated financial statements

These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss, and derivative financial instruments which are stated at fair value.

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries and the Group's interests in associates.

The preparation of consolidated financial statements in conformity with the HKFRS-PE requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

(b) Consolidation and subsidiaries

These consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities, generally accompanying a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for business combinations that result in the acquisition of subsidiaries by the Group. The cost of a business combination is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the business combination. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised is recorded as goodwill.

LEE HING DEVELOPMENT LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Consolidation and subsidiaries (Continued)

The Group applies a policy of treating transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity and attributed to equity holders of the parent. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Inter-company transactions, balances and unrealised gains on transactions are eliminated in full. Intra-group losses are also eliminated but may indicate an impairment that requires recognition in the consolidated financial statements.

Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable. In the Company's statement of financial position, investments in subsidiaries are stated at cost less any accumulated impairment losses.

(c) Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. The Group's share of results of associates is included based on the equity method of accounting. Under the equity method of accounting, the Group's proportionate share of the post-acquisition profits and losses of associates is recognised in profit or loss, and its proportionate share of post-acquisition movements in reserves is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the cost of the investment. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated amortisation and depreciation and any accumulated impairment losses. The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after the asset has been put into operation, such as repairs and maintenance, is normally recognised in profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of the asset, the expenditure is capitalised as an additional cost of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is the difference between the net sale proceeds and the carrying amount of the relevant asset and is recognised in profit or loss.

Depreciation or amortisation is provided to write off the cost of the assets, over their estimated useful lives and after taking into account their estimated residual values, using the straight-line method, at the following annual rates:

Leasehold land	Over the lease term
Building	2%
Equipment and motor vehicles	10% - 20%

The useful lives and residual values of the assets are reviewed and adjusted, if appropriate.

LEE HING DEVELOPMENT LIMITED
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Leases

Operating lease charges

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Assets acquired under finance leases

The Group leases certain items of property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased assets and the present value of the minimum lease payments.

Each lease payment is apportioned between the liability and finance charges using the effective interest method. Rental obligations, net of finance charges, are included in borrowings in the consolidated statement of financial position. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, that item of property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(f) Financial instruments

Financial assets and financial liabilities are recognised on the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument. The following financial instruments are classified according to the management's intention on acquisition:-

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value, at each reporting date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Borrowings

Borrowings are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Receivables

Receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables.

Payables

Payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Financial instruments (Continued)

Basic financial instruments - others

On initial recognition, basic financial instruments are measured at the transaction price (including transaction costs unless the instrument is measured at fair value through profit or loss). The asset or liability is measured at the present value of the future payments if payment is deferred or is financed at an interest rate that is not a market rate.

At the end of each reporting period, basic debt instruments are measured at amortised cost using the effective interest method. Commitments to receive a loan are measured at cost less impairment. Investments in non-convertible and non-puttable ordinary shares or preference shares are measured at fair value through profit or loss if fair value can be measured reliably, otherwise at cost less impairment.

An entity only derecognises a financial asset when the rights to the cash flows from the assets have expired or are settled; the entity has transferred substantially all the risks and rewards of ownership of the financial asset; or the entity has retained some significant risks and rewards but has transferred control of the asset to another party. In this case, the asset is derecognised, and any rights and obligation created or retained are recognised.

Financial liabilities are derecognised only when they are extinguished that is when the obligation is discharged, cancelled or expires.

Other financial instruments

When a financial asset or financial liability is recognised initially, an entity measures it at its fair value, which is normally the transaction price.

At the end of each reporting period, an entity measures all financial instruments within the scope of Section 12 at fair value by using quoted market price in an active market and recognise changes in fair value in profit or loss, except as follows: equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably, and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, are measured at cost less impairment.

(g) Impairment of assets

Impairment of financial instruments

At the end of each reporting period, financial instruments measured at cost or amortised cost are reviewed for objective evidence of impairment. Impairment losses are recognised in profit or loss immediately. If the objective evidence reverses in a subsequent period, impairment losses are reversed in profit or loss of subsequent periods.

For instruments measured at amortised cost (for example, trade accounts and notes receivable), the impairment loss is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Impairment of assets (Continued)

Impairment of non-financial assets other than inventories

Assets that are subject to depreciation or amortisation are assessed at each reporting date to determine whether there is any indication that the assets are impaired. Where there is any indication that an asset may be impaired, the carrying value of the asset (or cash-generating unit to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, bank balances and deposits and other short-term highly liquid investments that are readily convertible into known amounts of cash with original maturities of three months or less.

(i) Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are generally recognised for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences). Deferred tax assets are generally recognised for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences) - but only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

(j) Revenue recognition

Major categories of revenue are recognised in the consolidated financial statements on the following bases:

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised as it accrues using the effective interest method.

Rental income is accounted for on a straight-line basis over the lease terms.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Employee benefits

Salaries, annual bonuses, 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.

(l) Foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Hong Kong dollars, which are the Company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are recognised in profit or loss except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

On consolidation, the assets and liabilities of those foreign subsidiaries and associates that have a functional currency different from the presentation currency of the Group are translated in to Hong Kong dollars at the exchange rates ruling at the end of the reporting period and their income and expenses are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

(m) Related parties

(i) A person, or a close member of that person's family, is related to the Group if that person:

- (a) has control or joint control over the Group;
- (b) has significant influence over the Group; or
- (c) is a member of the key management personnel of the Group or the Group's holding company.

(ii) An entity is related to the Group if any of the following conditions applies:

- (a) The entity and the Group are members of the same group (which means that each holding company, subsidiary and fellow subsidiary is related to the others).
- (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (c) Both entities are joint ventures of the same third party.
- (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers are also related to the Group.
- (f) The entity is controlled or jointly controlled by a person identified in (i).
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a holding company of the entity).
- (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's holding company.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Related parties (Continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3. TRANSITION TO THE HKFRS-PE

(a) Basis of transition to the HKFRS-PE

Application of the HKFRS-PE

The consolidated financial statements for the year ended 31 December 2025 are its first annual consolidated financial statements prepared under accounting policies that comply with the HKFRS-PE.

The date of transition of the Group is 1 January 2024. The Group prepared its opening HKFRS-PE consolidated statement of financial position at that date.

(b) Reconciliation

The following reconciliations show the effect on the equity of the Group of the transition from using HKFRS Accounting Standards to the HKFRS-PE at 1 January 2024 and 31 December 2024, and the profit of the Group for the year ended 31 December 2024.

	31 December 2024 HK\$'000	1 January 2024 HK\$'000
Total equity under HKFRS Accounting Standards	432,000	350,929
Increase in accumulated losses upon transferred from investment revaluation reserve	(3,796)	(3,333)
Increase in investment revaluation reserve upon transferred to accumulated losses	<u>3,796</u>	<u>3,333</u>
Total equity under the HKFRS-PE	<u>432,000</u>	<u>350,929</u>
		2024 HK\$'000
Results for the year under HKFRS Accounting Standards		77,894
Impairment loss on financial assets that are equity instruments measured at cost less impairment		<u>(463)</u>
Result for the year under the HKFRS-PE		<u>77,431</u>

Note: Explanation of transition to the HKFRS-PE

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

3. TRANSITION TO THE HKFRS-PE (Continued)

(b) Reconciliation (Continued)

Under the HKFRS Accounting Standards, financial assets at fair value through other comprehensive income ("FVTOCI") are measured at fair value with change in fair value recognised in investment revaluation reserve. Upon adoption of HKFRS-PE, financial assets that are equity instruments measured at cost less impairment (previously classified as FVTOCI) are measured at cost less impairment. Any impairment loss for the year is recognised in profit or loss. The accumulated amounts recognised in investment revaluation reserve are transferred to accumulated losses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates, assumptions and judgements as appropriate in the preparation of the consolidated financial statements. These estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances and will, by definition, seldom equal the actual results. The estimates, assumptions and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include write back/provision for impairment losses on investments in and amounts due from associates, financial assets that are equity instruments measured at cost less impairment and valuation of derivative financial instruments.

5. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land in Hong Kong HK\$'000	Building in Hong Kong HK\$'000	Equipment and motor vehicles HK\$'000	Total HK\$'000
Cost				
At 1 January 2024 and at 31 December 2024	13,884	2,900	1,001	17,785
Additions	-	-	674	674
Disposals	-	-	(695)	(695)
At 31 December 2025	13,884	2,900	980	17,764
Accumulated amortisation and depreciation				
At 1 January 2024	358	1,276	838	2,472
Provision	16	58	151	225
At 31 December 2024	374	1,334	989	2,697
Provision	17	58	141	216
Write back	-	-	(695)	(695)
At 31 December 2025	391	1,392	435	2,218
Net book values				
At 31 December 2025	13,493	1,508	545	15,546
At 31 December 2024	13,510	1,566	12	15,088

The Group's ownership interests in leasehold land are held under the lease term of 50 years or more.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

6. SUBSIDIARIES

Details of subsidiaries are as follows:-

Unlisted companies	Place of incorporation/ operation	Issued and paid up ordinary share capital/ registered capital	Principal activities	Percentage of equity interest held	
				by the Company	by the Group
HK 8 Limited *	Liberia/ Hong Kong	1 share of US\$1	Investment holding	-	100
HK 12 Limited *	Liberia/ Hong Kong	1 share of US\$1	Investment holding	-	100
Lee Hing Investment Company, Limited	Hong Kong	2,000 ordinary shares	Property investment, investment holding, and sales and purchases of securities	100	100
Wang Tak Company Limited	Hong Kong	1,000 ordinary shares	Investment holding, and sales and purchases of securities	100	100
Wang Majujaya Sdn. Bhd.*	Malaysia	2 ordinary shares of RM1 each	Investment holding, and sales and purchases of securities	-	100

* Companies not audited by CHENG & CHENG LIMITED

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

7. ASSOCIATES

	2025 HK\$'000	2024 HK\$'000
Share of net assets	39,119	37,309
Less: Impairment losses	<u>(17,030)</u>	<u>(17,030)</u>
	<u>22,089</u>	<u>20,279</u>
Amounts due from associates	1,855	1,697
Less: Provision for impairment losses (Note)	<u>-</u>	<u>(40)</u>
	<u>1,855</u>	<u>1,657</u>
	<u><u>23,944</u></u>	<u><u>21,936</u></u>

Note:

Movements in provision for impairment losses are as follows:

	2025 HK\$'000	2024 HK\$'000
At 1 January	40	2,084
Written off against receivables	<u>(40)</u>	<u>(2,044)</u>
At 31 December	<u>-</u>	<u>40</u>

Amounts due from associates are unsecured, non-interest bearing and with no fixed term of repayment.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

7. ASSOCIATES (Continued)

Details of the associates are as follows:-

Unlisted companies	Place of incorporation/ operation	Issued and paid up ordinary share capital/ registered capital	Principal activities	Percentage of equity interest held	
				by the Company	by the Group
Parkway M & A Capital Corporation*	British Virgin Islands	4,500,000 shares of US\$1 each	Investment holding	-	39
Trusoul Ayutthaya Co., Ltd.*	Thailand	2,000,000 shares of Baht 100 each	Property development	-	49
Trusoul Ayutthaya Holding Co., Ltd.*	Thailand	40,000 common shares of Baht 100 each	Investment holding	-	49

* Companies not audited by CHENG & CHENG LIMITED

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Unlisted investments, at fair value	-	29,603

Fair value of unlisted investments of HK\$Nil (2024: HK\$29,603,000) was determined by the directors by reference to latest sale price.

Details of the financial assets at fair value through profit or loss are as follows:-

Unlisted company	Place of incorporation	Class of shares
PureCircle Limited	England	A and B ordinary shares of GBP0.01 each

9. FINANCIAL ASSETS THAT ARE EQUITY INSTRUMENTS MEASURED AT COST LESS IMPAIRMENT

Financial assets that are equity instruments measured at cost less impairment are equity securities held for strategic purpose and stated at cost less impairment.

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 HK\$'000	2024 HK\$'000
Listed investments, at market value - Overseas	230,785	157,645
Unlisted investments, at market value	3,281	-
	<u>234,066</u>	<u>157,645</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

10. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (Continued)

Details of financial assets at fair value through profit or loss are as follows:-

<u>Listed investments</u>	<u>Place of incorporation/operation</u>	<u>Class of shares</u>	<u>Percentage of equity interest held</u>
IGB Berhad	Malaysia	Ordinary shares of RM1 each	2.49% (2024: 2.54%)
IGB Real Estate Investment Trust	Malaysia		0.14% (2024: Nil)

Unlisted investment funds

OPUS Fixed Income Fund
OPUS Cash Extra Fund

11. DERIVATIVE FINANCIAL INSTRUMENTS

	2025 HK\$'000	2024 HK\$'000
Equity swaps	16,679	1,020
Equity swaps	(9,510)	-

12. OTHER ASSETS

	2025 HK\$'000	2024 HK\$'000
Club debenture, at cost	295	295

13. OTHER PAYABLE

Amount due to an investee company is unsecured, non-interest bearing and with no fixed term of repayment.

14. SHARE CAPITAL

	2025 HK\$'000	2024 HK\$'000
Issued and fully paid: 146,781,000 ordinary shares	717,800	717,800

In accordance with Section 135 of the Hong Kong Companies Ordinance, the ordinary shares of the Company do not have a par value.

15. RESERVES

	2025 HK\$'000	2024 HK\$'000 (Restated)
Translation reserve	32,375	5,906
Accumulated losses	(227,071)	(291,714)
	(194,696)	(285,808)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

15. RESERVES (Continued)

The movements of the Group's reserves for the years ended 31 December 2025 and 31 Decemebr 2024 are presented in the consolidated statement of changes in equity on page 10.

Translation reserve is dealt with in accordance with the accounting policy of foreign currencies as set out in note 2(l) to the consolidated financial statements.

16. REVENUE AND INCOME

	2025 HK\$'000	2024 HK\$'000
Net gain on financial assets at fair value through profit or loss - unlisted investments	-	26,868
Dividend income - listed investments	29,536	10,522
Dividend income - unlisted investments	58	-
Interest income	6,361	4,309
Write back of impairment losses on amount due from an investee company	-	6,472
Net gain on derivative financial instruments	21,531	10,667
Rental income	842	842
Net exchange gain	385	-
Sundry income	2,257	1,104
	<u>60,970</u>	<u>60,784</u>

17. OPERATING PROFIT BEFORE FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Operating profit before finance costs is arrived at after charging/(crediting):		
Auditors' remuneration		
Audit services	231	307
Directors' emoluments:		
Fee	-	-
Salaries and allowances	7,312	7,172
Contributions to retirement scheme	244	239
Salaries and allowances	1,851	1,918
Long service payment	1,048	-
Contributions to retirement scheme	92	96
Depreciation	199	209
Amortisation of leasehold land	17	16
Net gain on derivative financial instruments	(21,531)	(10,667)
Write back on amount due from an investee company	-	(6,472)
Net exchange (gain)/loss	(385)	835
Net loss/(gain) on financial assets at fair value through profit or loss - unlisted investments	4,869	(26,868)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

18. DIRECTORS' EMOLUMENT

The emoluments of the director is as follows:

	2025 HK\$'000	2024 HK\$'000
Mr. TAN Boon Seng	7,556	7,411
	<u>7,556</u>	<u>7,411</u>

19. FINANCE COSTS

	2025 HK\$'000	2024 HK\$'000
Interest on bank loans and other facilities	5,384	4,456
Interest on other loans	-	104
	<u>5,384</u>	<u>4,560</u>

20. INCOME TAX

(a) Income tax in the consolidated statement of comprehensive income represents:

	2025 HK\$'000	2024 HK\$'000
Current tax - overseas		
Overseas taxation	705	52
	<u>705</u>	<u>52</u>

No Hong Kong profits tax has been provided for the 2025/26 year of assessment (2024/25: Nil) as no assessable profits was earned during the financial year.

Overseas taxation is calculated at the rates prevailing in the relevant jurisdictions.

(b) The reconciliation between income tax and accounting profit of the Group in the consolidated statement of comprehensive income is as follows:

	2025 HK\$'000	2024 HK\$'000 (Restated)
Profit before taxation	65,298	77,483
Share of results of associates	48	47
	<u>65,346</u>	<u>77,530</u>
Notional tax at the domestic income tax rate of 16.5% (2024: 16.5%)	10,782	12,792
Tax effect of net income that are not taxable in determining taxable profit	(10,380)	(12,660)
Tax effect of utilisation of previously unrecognised tax losses	(90)	(96)
Effect of different tax rate in other jurisdiction	142	16
Under provision in prior year	251	-
	<u>705</u>	<u>52</u>
Income tax expense for the year	<u>705</u>	<u>52</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

20. INCOME TAX (Continued)

(c) Deferred tax assets and liabilities recognised

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

	Accelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 January 2024	263	(263)	-
Charged/(credited) to consolidated statement of comprehensive income for the year	10	(10)	-
At 31 December 2024	273	(273)	-
Charged/(credited) to consolidated statement of comprehensive income for the year	83	(83)	-
At 31 Decemeber 2025	356	(356)	-

(d) Deferred tax assets unrecognised

At 31 December 2025, the Group had unused tax losses of HK\$39,801,000 (2024: HK\$40,349,000) available for set-off against future taxable profit. A deferred tax asset has been recognised in respect of HK\$2,158,000 (2024: HK\$1,654,000) of such losses. No deferred tax asset has been recognised in respect of the remaining balance of HK\$37,643,000 (2024: HK\$38,695,000) due to unpredictability of future taxable profit streams. The tax losses do not expire under current tax legislation.

21. OTHER COMPREHENSIVE INCOME

	2025 HK\$'000	2024 HK\$'000 (Restated)
Item that will not be reclassified to profit or loss:		
Exchange differences on translation of financial statements of foreign entities -		
Subsidiary	24,413	3,774
Associates	2,056	(184)
Other comprehensive income for the year, net of tax	26,469	3,590

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利興發展有限公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

22. PLEDGE OF ASSETS

The Group pledged certain financial assets at fair value through profit or loss, and accounts receivable with a total net book value of approximately HK\$221,000,000 (2024: HK\$159,000,000) as security for banking facilities extended to the Group.

23. RELATED PARTY DISCLOSURES

In addition to those disclosed in the consolidated financial statements, there was no material transaction with related parties during the year:

24. LEASES

AS LESSOR

The Group leases portion of its leasehold land and building under operating lease arrangements, and the term of the lease is three years.

At 31 December 2025 and 31 December 2024, the Group as a lessor had future minimum lease payment under non-cancellable operating lease as follows:-

	2025 HK\$'000	2024 HK\$'000
Within one year	492	842
After one year but within five years	-	492
	<u>492</u>	<u>1,334</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

For the year ended 31 December 2025

25. COMPANY STATEMENT OF FINANCIAL POSITION

	2025 HK\$'000	2024 HK\$'000
Non-current assets		
Subsidiaries	193,980	195,935
Current assets		
Time deposits and bank balances	232	67
Current liabilities		
Accounts payable, deposits and accruals	167	255
Net current assets/(liabilities)	65	(188)
Net assets	194,045	195,747
Equity		
Share capital	717,808	717,808
Reserves (Note)	(523,763)	(522,061)
Total equity	194,045	195,747

TAN Boon Seng
Director

FUNG Ka Pun
Director

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)
For the year ended 31 December 2025

25. COMPANY STATEMENT OF FINANCIAL POSITION (Continued)

Note:

	Accumulated losses HK\$'000	Total HK\$'000
At 1 January 2024	(515,772)	(515,772)
Loss for the year	(6,339)	(6,339)
Unclaimed dividend forfeited	50	50
At 31 December 2024	(522,061)	(522,061)
Loss for the year	(1,752)	(1,752)
Unclaimed dividend forfeited	50	50
At 31 December 2025	(523,763)	(523,763)

At 31 December 2025, the reserves of the Company available for distribution to shareholders, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, amounted to HK\$Nil (2024: HK\$Nil).

26. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 March 2026.