

SINO-OCEAN

遠洋集團控股有限公司

SINO-OCEAN GROUP HOLDING LIMITED

(Incorporated in Hong Kong with limited liability)

Stock Code: 03377.HK

TRANSFORM •
REBIRTH

CONTENTS

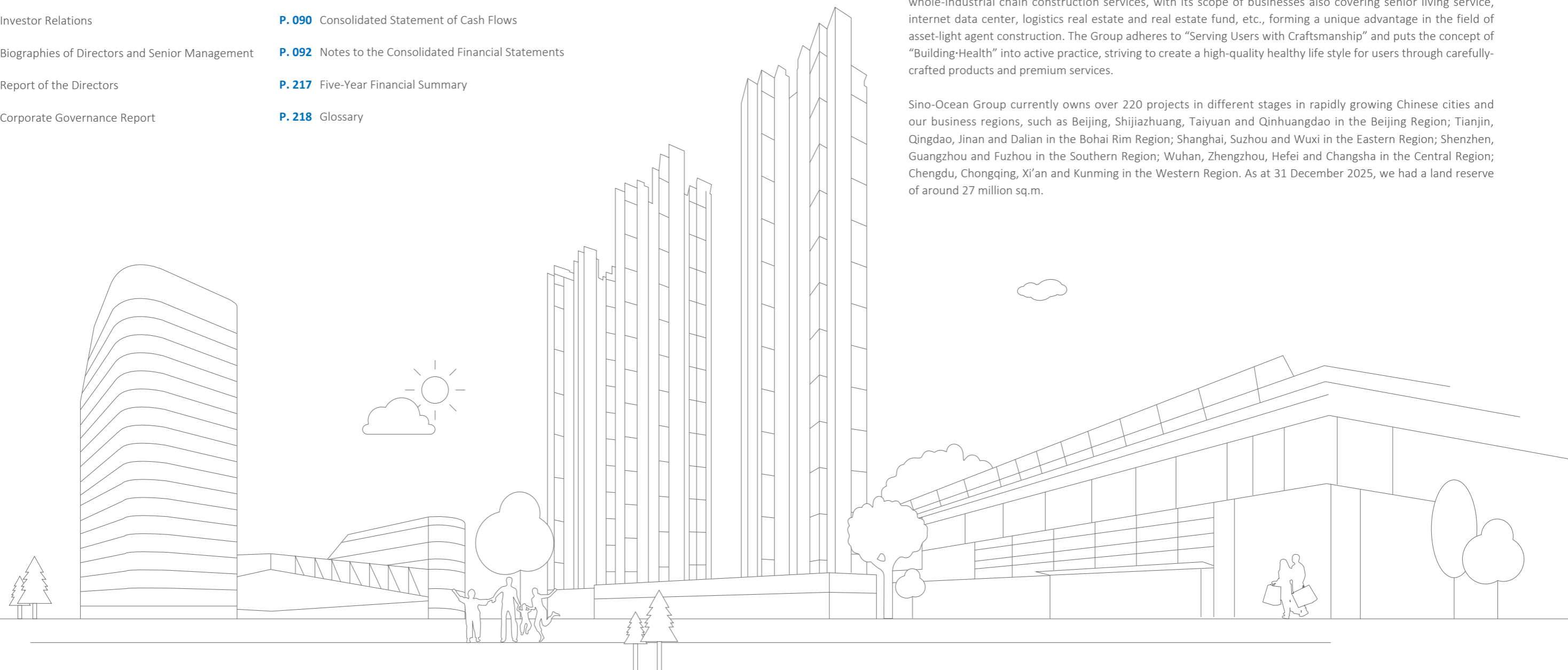
- P. 003** About Sino-Ocean
- P. 004** Corporate Information
- P. 006** Financial & Operation Highlights
- P. 008** Chairman's Statement
- P. 012** Management Discussion & Analysis
- P. 039** Investor Relations
- P. 040** Biographies of Directors and Senior Management
- P. 046** Report of the Directors
- P. 063** Corporate Governance Report
- P. 081** Independent Auditor's Report
- P. 084** Consolidated Statement of Profit or Loss
- P. 085** Consolidated Statement of Comprehensive Income
- P. 086** Consolidated Statement of Financial Position
- P. 088** Consolidated Statement of Changes in Equity
- P. 090** Consolidated Statement of Cash Flows
- P. 092** Notes to the Consolidated Financial Statements
- P. 217** Five-Year Financial Summary
- P. 218** Glossary

ABOUT SINO-OCEAN

Sino-Ocean Group Holding Limited has been listed on the Main Board of The Stock Exchange of Hong Kong Limited since 28 September 2007 (Stock Code: 03377.HK), with China Life Insurance Company Limited and Dajia Life Insurance Co., Ltd. as substantial Shareholders.

With a strategic vision of becoming the “Creator of Building Health and Social Value”, Sino-Ocean Group is committed to becoming a pragmatic comprehensive corporation focusing on the principal business of property development while exploring related diversified new businesses. The core businesses of the Group include development of residential property, investment property development and operation, property services and whole-industrial chain construction services, with its scope of businesses also covering senior living service, internet data center, logistics real estate and real estate fund, etc., forming a unique advantage in the field of asset-light agent construction. The Group adheres to “Serving Users with Craftsmanship” and puts the concept of “Building-Health” into active practice, striving to create a high-quality healthy life style for users through carefully-crafted products and premium services.

Sino-Ocean Group currently owns over 220 projects in different stages in rapidly growing Chinese cities and our business regions, such as Beijing, Shijiazhuang, Taiyuan and Qinhuangdao in the Beijing Region; Tianjin, Qingdao, Jinan and Dalian in the Bohai Rim Region; Shanghai, Suzhou and Wuxi in the Eastern Region; Shenzhen, Guangzhou and Fuzhou in the Southern Region; Wuhan, Zhengzhou, Hefei and Changsha in the Central Region; Chengdu, Chongqing, Xi'an and Kunming in the Western Region. As at 31 December 2025, we had a land reserve of around 27 million sq.m.



CORPORATE INFORMATION

The corporate information of Sino-Ocean Group as of the date of this report was as follows:

Directors

Executive Directors

Mr. LI Ming (*Chairman and CEO*)
Mr. WANG Honghui
Mr. CUI Hongjie
Ms. CHAI Juan

Non-executive Directors

Mr. ZHANG Zhongdang
Mr. YU Zhiqiang
Ms. SUN Jianxin
Ms. WANG Manling

Independent Non-executive Directors

Mr. HAN Xiaoqing
Mr. LYU Hongbin
Mr. LIU Jingwei
Mr. JIANG Qi
Mr. CHEN Guogang

Audit Committee

Mr. LIU Jingwei (*Chairman of committee*)
Mr. YU Zhiqiang
Ms. SUN Jianxin
Mr. LYU Hongbin
Mr. CHEN Guogang

Nomination Committee

Mr. LI Ming (*Chairman of committee*)
Ms. WANG Manling
Mr. HAN Xiaoqing
Mr. JIANG Qi
Mr. CHEN Guogang

Remuneration Committee

Mr. HAN Xiaoqing (*Chairman of committee*)
Ms. CHAI Juan
Mr. LYU Hongbin
Mr. JIANG Qi

Strategic and Investment Committee

Mr. LI Ming (*Chairman of committee*)
Mr. WANG Honghui
Mr. CUI Hongjie
Mr. ZHANG Zhongdang
Ms. WANG Manling
Mr. LIU Jingwei
Mr. ZHAO Jianjun

Company Secretary

Ms. CHAN Ka Man

Authorized Representatives

Mr. LI Ming
Ms. CHAN Ka Man

Registered Office

Suite 601, One Pacific Place
88 Queensway
Hong Kong

Principal Place of Business

31–33 Floor, Tower A
Ocean International Center
56 Dongsihuanzhonglu
Chaoyang District, Beijing
PRC

Principal Bankers

(in alphabetical order)

Agricultural Bank of China, Ltd.
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Communications Co., Ltd.
Bank of Shanghai Co., Ltd.
China CITIC Bank Corporation Limited
China Everbright Bank Co., Ltd.
China Guangfa Bank Co., Ltd.
China Minsheng Bank Corp., Ltd.
China Zheshang Bank Co., Ltd.
CMB Wing Lung Bank Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China, Ltd.
Industrial Bank Co., Ltd.
Ping An Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking
Corporation Limited
United Overseas Bank Limited

Auditor

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor

Legal Advisor

Paul Hastings (Hong Kong) LLP

Share Registrar

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

Listing Information

The Stock Exchange of Hong Kong Limited
Stock Code: 03377.HK

Company Website

www.sinooceangroup.com

Investor Relations Contact

ir@sinooceangroup.com

FINANCIAL & OPERATION HIGHLIGHTS

Financial Highlights (RMB million)	2025	2024	Change
Contracted Sales	26,310	35,160	-25%
Revenue	14,837	23,641	-37%
Gross loss	-10,583	-398	2,559%
Profit/(loss) for the year	3,599	-18,987 ³	N/A
Profit/(loss) attributable to owners of the Company	6,756	-18,624	N/A
Total assets	150,975	181,405	-17%
Equity attributable to owners of the Company	366	-12,659	N/A
Cash resources ¹	6,023	4,828	25%

Financial Information per share	2025	2024	Change
Earnings per share/(loss per share) (RMB)			
— Basic	0.660	-2.445	N/A
— Diluted	0.503	-2.445	N/A

Financial Ratios	2025	2024	Change
Gross loss margin (%)	-71%	-2%	-69 pts
Net profit/(loss) margin (%)	24%	-80% ³	104 pts
Current ratio (times)	0.91	0.88 ³	3%
Net gearing ratio (%) ²	2,361%	N/A ³	N/A

Notes:

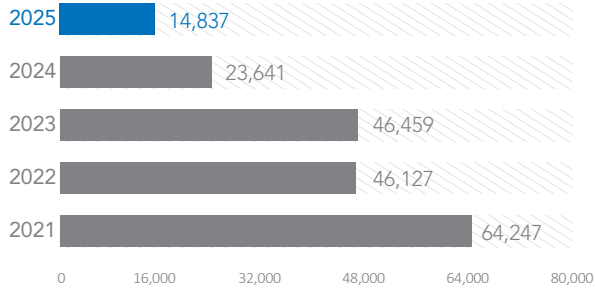
1 Including the restricted bank deposits

2 Total borrowings minus cash resources divided by total equity

3 Restated

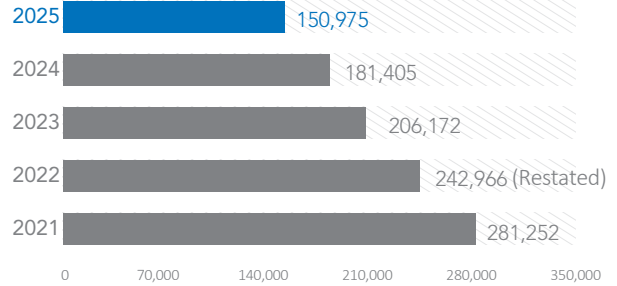
Revenue

(RMB million)



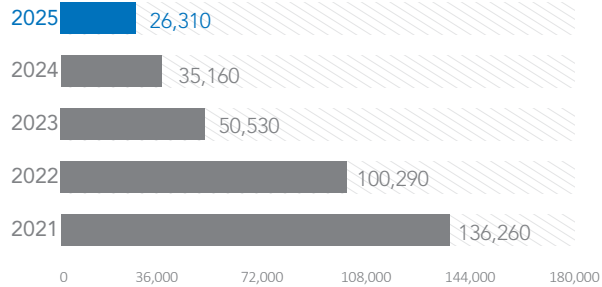
Total Assets

(RMB million)



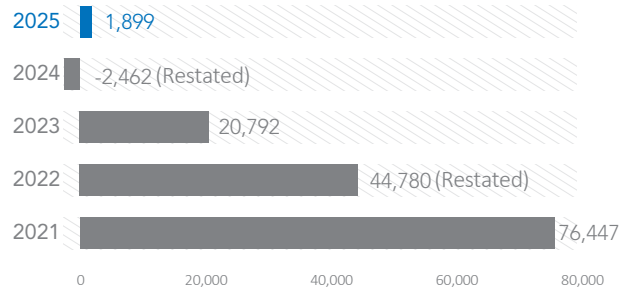
Contracted Sales

(RMB million)



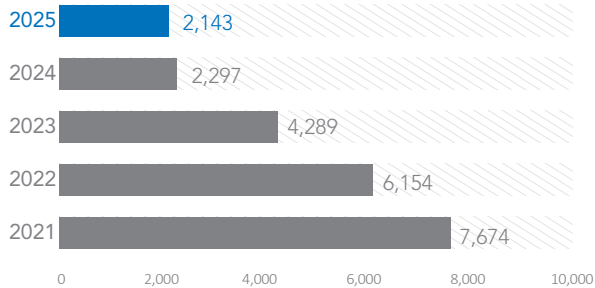
Total Equity

(RMB million)



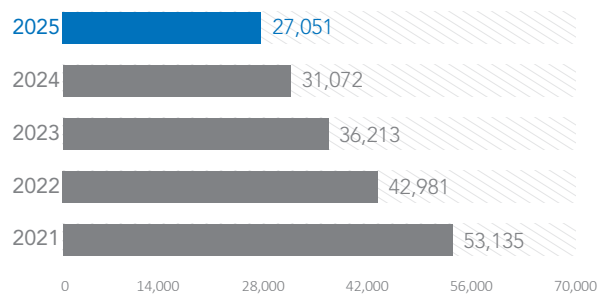
Saleable GFA Sold

('000 sq.m.)



Landbank

('000 sq.m.)



CHAIRMAN'S STATEMENT

On behalf of the Board, I have the pleasure in presenting the annual results of the Group for the twelve months ended 31 December 2025.

RESULTS OF 2025

Due to the continuous downturn in the overall real estate market in the PRC, for the twelve months ended 31 December 2025, the Group recorded RMB14,837 million in revenue, representing a YoY decrease of approximately 37%; gross loss was RMB10,583 million (2024: gross loss of RMB398 million) and the gross loss margin was 71% (2024: gross loss margin of 2%). Profit attributable to owners of the Company was RMB6,756 million and earnings per share (basic and diluted) were RMB0.660 and RMB0.503, respectively.

MARKET REVIEW AND OUTLOOK

For the real estate industry, 2025 was a year of trial — one marked by intensive bottoming out and revolutionary transition. The Central Government and local governments continued to release positive signals, striving to stabilizing the real estate market, while the industry remained in a serious adjustment phase, operating at a low level in general. In 2025, investment in real estate development totaled RMB8,278.8 billion nation-wide, a YoY decrease of 17.2%; GFA of newly built commodity housing sold was 881.01 million sq.m., a YoY drop of 8.7%; the contracted sales of newly built commodity housing was RMB8,393.7 billion, a YoY decline of 12.6%. The continued pressure on investment and sales data reflects that it will be a long way before risks in the industry can be cleared, and the transformation of business models and the elimination of weaker players have entered a more profound stage.

Looking ahead to 2026, policies will drive a coordinated approach from three aspects: demand, supply, and institutional development, with a long-term perspective of the healthy development of the industry. On the demand side, it will meet both rigid demand and diversified needs for improved housing. On the supply side, the focus is on stringent control on new supply, revitalizing existing stock, and improving quality. At the same time, establishment of fundamental institutions includes corporatization of development projects, putting in place a lead financing bank system, and gradually pushing forward with selling completed properties, thus shifting the industry to a healthier and more stable existence. Diverse demands will drive industry transformation, opening up vast space for renovation of stock properties, professional operation, and asset securitization. Against this backdrop, the real estate industry is reinventing itself from a 'develop and sell' model to 'hold and operate' and comprehensive service supply.

PERFORMANCE REVIEW AND STRATEGY

In 2025, amid serious adjustments in the industry and complex environment, the Group adopted a pragmatic and considered approach. While pushing ahead with various tasks to ensure quality delivery, safeguard operations and mitigate risks, the Group actively sought new solutions, focused on developing asset-light businesses and endeavored to build a new sustainable expansion model.

Adhering to meticulous craftsmanship, we were in the forefront of delivery quality

The Group always adhered to the principle of 'serving customers with craftsmanship' and resolutely fulfilled its primary duty of guaranteed delivery, made every effort to advance delivery work, and strictly upheld the bottom line of quality. In 2025, the Group delivered approximately 24,000 residential units in 29 cities across the country. During the period from 2023 to 2025, the Group completed delivery of over 120,000 residential units in total. Third-party data¹ indicated that our products' overall quality was in the Top 10 for three consecutive years while interior decoration and landscape were Top 5. Our capabilities in crafting products and delivery were abundantly recognized.

Note 1: According to statistics provided by Shenzhen Ruijie Technology Co., Ltd

Resolved risks in an orderly manner to achieve significant progress in onshore and offshore debt restructuring

The financing environment continued to be harsh in 2025. The Group addressed the challenges and set about resolving risks and optimal restructuring of onshore and offshore debts. Significant progress was made during the year, laying a solid foundation for safeguarding operations and restoring financial health.

The Group's offshore debt restructuring was officially effective on 27 March 2025. As the first domestic real estate entity to apply offshore debt restructuring through the UK restructuring plan and the Hong Kong arrangement, this debt restructuring reduced the leverage by approximately USD4 billion. At the same time, the debt restructuring of the onshore platform, Sino-Ocean Holding, resolving a total debt exposure of approximately RMB18.00 billion. The advancement of onshore and offshore debt restructuring considerably improved the Group's asset-liability structure and significantly alleviated liquidity pressure. While securing the relative stability of the Group's governance and equity structure, it provided strong assurance for the resumption of operations and long-term development.

Overall operations remained stable, the asset-light businesses progressed rapidly

In 2025, the Group responded to challenges in the industry without hesitation, proactively sought change, and totally leveraged our advantages in 'full-business, full-industry chain' operations. We persisted in cultivating development and commissioned construction, commercial management and asset management, and user services. While the Group accelerated business expansion in the direction of asset-light operations, driving the gradual optimization of our business structure.

In the property development and agent construction sector, the Group maintained a firm grasp on market trends and users' needs, achieving contracted sales of approximately RMB26.3 billion for the year, ranking the industry's Top 30² and a forerunner in sales in Shenzhen, Tianjin and Shanghai. The asset-light agent construction business under the 'Sino-Ocean Construction Management' brand continued its rapid growth with over 160 projects in more than 40 cities across the country through the past three years. Third-party statistics³ indicated the Group's newly contracted GFA of agent construction in 2025 made Top 10 for the first time and placed it in the first echelon of the industry. The Qichen Bay project in Tianjin, a super-massive development of one million sq.m. agent built and sold by the Group, achieved the 'instant sold out' and became the regional sales champion; the Huanan Hui project in Dalian successfully achieved premium sales and ranked No.1 in Dalian in terms of residential units, amount and area. Sino-Ocean Construction Management's product development and project operation capabilities continued to gain market recognition in the complex market environment.

In the commercial and asset management sector, the Group's extensive experience in investment property over the years enabled an overall stable operation in a persistently sluggish market. The Group actively managed the existing projects under development, witnessing the successful opening of Citylane in Wuhan in April of 2025 and Ocean We-life Plaza in Suqian in September; in December, the main office buildings of Grand Canal Place in Beijing was completed and in the same month, the show flat of the Vision Place, a super high-rise office tower in Beijing CBD area and Sino-Ocean Anzhen Plaza in Beijing, was unveiled, injecting new momentum into urban renewal and asset management. The Group also pushed ahead with revitalization of related assets and completed the sale of 23% equity interests in Ocean International Center Phase II in Beijing in April. At the same time, the Group also fully leveraged its asset management and commercial management expertise, and used its integrated knowledge to actively expand asset-light businesses. In March 2025, the Group successively entered into two commercial complex projects for asset management in Shanghai (Lingang Dingke and Tianchen) to provide full-process operation and management services, and its comprehensive service capabilities were once again recognized by the market.

Note 2: According to TOP 200 ranking of 2025 Total Sales of China Real Estate Developers (CRIC)

Note 3: According to 2025 China Real Estate Agent Construction Newly Added Scale Ranking (China Index Academy)

In the service sector, the Group endeavored to drive the senior living business and property management services, revolving our services around the multi-level elderly care and better living quality. In 2025, a breakthrough was made by signing and successfully operating projects in Shijiazhuang and Kunming, materializing commissioned operation. We also won the bid for the nursing home in Longgang District, Shenzhen, undertaking our first public-private partnership project. The Senior Living L'Amour brand has so far successfully operated over 30 chain institutions with more than 11,000 beds. Guided by the belief in customer centricity, Sino-Ocean Services always put property owners' needs at the core and continuously optimized our business structure. In 2025, newly contracted GFA from third parties rose 13 percentage points from 81% to 94% YoY, significantly raising its market orientation.

In addition, the Group was also keen to explore and plan future directions of businesses such as special assets, urban renewal, and customized housing, achieving certain breakthroughs. Accumulatively 19 urban renewal projects were signed, covering various types including renovation of existing stock, comprehensive area renovation, and owner-occupied residential renewal. A strategic cooperation agreement was signed with Karamay City. For customized housing, several projects have been implemented in Beijing and Sanya, among others. The special asset business was also being developed concurrently with a professional team covering advisory services, investment fund restructuring and common benefit bonds.

Persevered with sustainable development, ESG performance remained stable

In a complex cycle, adhering to long-termism is particularly valuable. The Group has always regarded sustainable development as an important component of corporate resilience. In 2025, the Group's sustainability performance continued to receive international acclaim. In the S&P Global 2026 Sustainability Yearbook, the Group was among more than 9,200 participating companies worldwide selected and one of the 57 Chinese companies listed in the book. Furthermore, the Group maintained its five-star rating, the highest in global real estate sustainability assessments (GRESB), and secured top rating among Mainland real estate companies in Morningstar and S&P CSA, demonstrating its sustainable development competitiveness amid complex economic cycles.

Guided by the concept of 'building · health', the Group continuously upgraded its green and healthy building standards and internal system tools to encourage energy saving, carbon reduction, and management of materials and water resource throughout the entire project lifecycle. As at the end of 2025, the Group had registered a total of 196 green building projects covering a total GFA over 40 million sq.m., representing over 75% of total projects.

Looking ahead, the Group will continue to be guided by governance resilience, setting quantifiable targets around key issues such as green and low-carbon development, wholesome products and services, and supply chain management, thus adding to execution prowess and disclosure quality, driving corporate transformation and reinventing long-term value.

2026 COMPANY STRATEGIES

In 2026, the Group will prioritize risk mitigation, use our stalwart operation as buttress, seek new avenues for development and leverage our corporate structure to reinvent ourselves and build a new model for real estate.

Mitigate risks and take ownership. We will carry on place high-quality project delivery in an important position, steadily advance the construction and delivery of key projects, and maintain the advantages of overall delivery quality and product fulfillment capability. We will augment the capacity to resolve various debt risks with a focus on non-public market liabilities.

Fortify operations and revitalize assets. Starting off from the underlying asset operation logic, we will enhance cash flow management, speed up sales collection and promote asset disposal full steam ahead. We will actively revitalize development projects in stock and raise the operational capacity of self-owned projects. We will apply stringent cost control, reshape the supply chain, and craft superb products, housing, and communities and drive the Group's shift from a 'heavy-asset investment developer' to a 'comprehensive real estate service provider'.

Seek solutions and be bold in putting into practice. By focusing on core tracks, upgrading synergies, mutually empowerment, and strictly controlling risks, we aim to build a moat for our asset-light business capabilities. by vigorously development of agent construction, commercial and asset management, and user services. We will also probe every opportunity for special assets, urban renewal and customized housing, and put into practice a new real estate model.

The corporate structure oversees the entire perspective. In response to the new stage of the industry and regulatory guidance, we will steadily advance the corporate structure, further upgrade the management mechanism, promote the optimization of organizational capabilities and talent structure, stimulate the vitality of core teams, and provide stronger institutional support for transformation and development.

APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all Shareholders, investors, local authorities, business partners and customers who have been most supportive; also to Directors, management and the entire staff for their dedicated hard work. Our sustainable and stable development could not be achieved without their unreserved support.

LI Ming
Chairman

Hong Kong, 27 March 2026

MANAGEMENT DISCUSSION & ANALYSIS

A discussion and analysis of the Group for the year ended 31 December 2025 is set out below:






FINANCIAL REVIEW

Sino-Ocean Group is a pragmatic comprehensive corporation focusing on the principal business of property development while exploring related diversified new businesses. Our business mainly cover the areas of the Beijing Region, the Bohai Rim Region, the Eastern Region, the Southern Region, the Central Region and the Western Region.

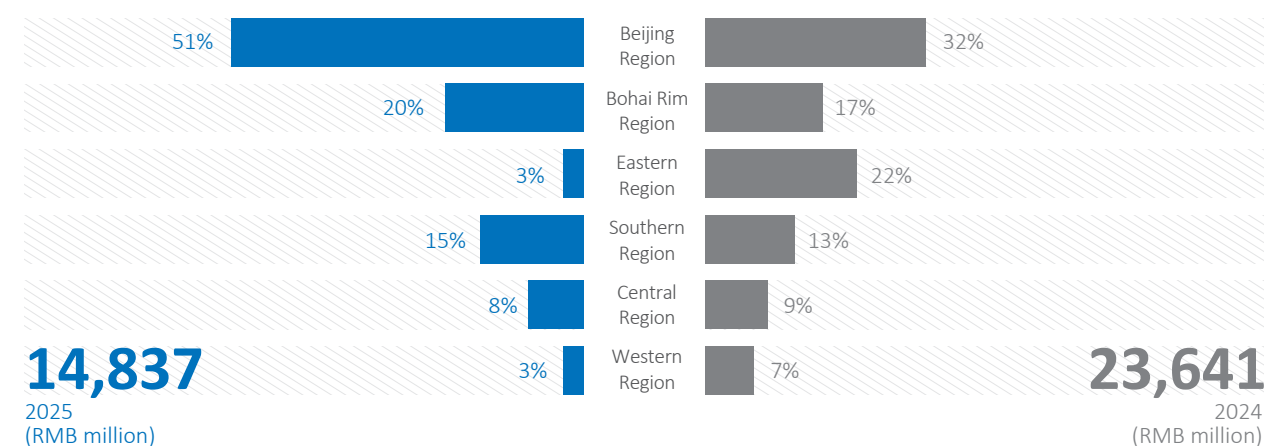
The Group's revenue decreased by approximately 37% to RMB14,837 million (2024: RMB23,641 million). The profit attributable to owners of the Company was RMB6,756 million (2024: loss of RMB18,624 million). Basic earnings per share was RMB0.660 (2024: loss of RMB2.445).

Revenue

The components of the revenue are analyzed as follows:

(RMB million)	2025	2024	Change
 Property development	8,480	17,273	-51%
 Property investment	292	321	-9%
 Property management and related services	2,641	2,710	-3%
 Other real estate related businesses	3,424	3,337	3%
 Total	14,837	23,641	-37%

Revenue contributions by geographical locations are analyzed below:



The Group's revenue in 2025 decreased by approximately 37% to RMB14,837 million, from RMB23,641 million in 2024. Property development segment was accounted for about 57% of total revenue (2024: 73%). During 2025, the revenue from property development contributed by the Beijing, Bohai Rim, Eastern, Southern, Central and Western Regions were 18%, 34%, 4%, 25%, 13% and 6%, respectively. We will persistently maintain a balanced project portfolio for mitigating the risk from single market fluctuations and enabling more effective usage of resources.

Property management and related services include (i) property management services; (ii) community value-added services; and (iii) value-added services to non-property owners.

The other real estate businesses include whole-industrial chain construction services, senior living services, asset-light agent construction, internet data center, and etc.

Cost of sales

The Group's total cost for the year increased by approximately 6% to RMB25,420 million, from RMB24,039 million in 2024.

The Group's total cost of sales was mainly the cost of property development, which mainly consisted of land cost and construction cost.

Excluding carparks, average land cost per sq.m. of property development business in 2025 was approximately RMB6,400 (2024: RMB6,300 per sq.m.). Average construction cost per sq.m. (excluding carparks) for property development business decreased to approximately RMB4,800 for the year, as compared to RMB5,200 for the year of 2024.

Gross loss

Gross loss for the year was RMB10,583 million (2024: RMB398 million). Gross loss margin was 71% in 2025 (2024: 2%). The gross loss recorded for the year was primarily attributed to the continuous adjustment in the overall PRC real estate market during 2025, which led to (i) the decreasing industry gross profit margin; and (ii) the provision made by the Group for inventories.

Interest and other income and other losses (net)

Interest and other income decreased by approximately 14% to RMB602 million in 2025, compared to RMB700 million in 2024. The decrease was mainly attributable to the decrease in the interest income during 2025.

The Group recorded other losses (net) of RMB5,187 million in 2025 (2024: RMB4,651 million). The recorded losses in 2025 were primarily due to the deep adjustment and operational difficulties in the real estate market in the PRC. It was mainly comprised of the provisions for litigations and other contingent liabilities, fair value losses of financial assets at fair value through profit or loss and derivative financial instruments and goodwill impairment during the year.

Gains from debt restructuring

The Group recorded gains from debt restructuring of RMB46,872 million in 2025 (2024: nil). The one-off and non-cash gains were derived from the completion of offshore debt restructuring and the significant progress made in its onshore debt restructuring by the Group during the year.

Revaluation of investment properties

Due to the continual deep adjustment of the real estate industry in the PRC, the Group recognized fair value losses on its investment properties (before tax and non-controlling interests) of RMB1,279 million for 2025 (2024: RMB747 million).

Operating expenses

Selling and marketing expenses for 2025 were RMB730 million (2024: RMB710 million), which increased by approximately 3% as compared to 2024. The increase was mainly caused by several newly launched projects in 2025. These costs accounted for approximately 2.8% of the total contracted sales amount for 2025 (2024: 2.0%).

Administrative expenses incurred for 2025 decreased to RMB1,465 million (2024: RMB1,630 million), representing approximately 9.9% of the total revenue for 2025 (2024: 6.9%). The Group will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

Net impairment losses under expected credit loss model

The Group recorded the net impairment losses under expected credit loss model of RMB18,938 million for the year (2024: RMB7,699 million). The expenses included the provisions made for expected credit losses on the trade and other receivables and financial guarantee by the Group during 2025.

Finance costs

Our weighted average interest rate increased from 5.36% (restated) for the year of 2024 to 7.23% for the year of 2025, which was primarily due to the impact on finance costs and borrowings arising from debt restructuring. The total interest expenses paid or accrued decreased to RMB5,001 million in 2025 (2024: RMB5,398 million (restated)), of which RMB3,657 million (2024: RMB3,688 million (restated)) was not capitalized and charged through consolidated income statement during the year.

Taxation

The aggregate of enterprise income tax and deferred tax credit was RMB429 million in 2025 (2024: tax expense of RMB329 million), the recorded tax credit was mainly attributed to the combined effects of the decrease in revenue and the recorded gross loss during the year. In addition, land appreciation tax expense for 2025 was RMB234 million (2024: tax credit of RMB834 million). It was mainly due to the reversal of the previous recognized land appreciation tax expense for several projects during 2024.

Profit/(loss) attributable to owners of the Company

The profit attributable to owners of the Company was RMB6,756 million for the year of 2025 (2024: loss of RMB18,624 million). The recorded profit for the reporting period was mainly attributed to the non-cash gains recorded from the completion of the offshore debt restructuring and the significant progress made in the onshore debt restructuring by the Group. Excluding the impact of the aforementioned one-off gains from debt restructuring, the Group recorded a loss attributable to owners of the Company for the year of 2025, which was mainly attributed to (i) the continuous adjustment in the overall real estate market of China in recent years, resulting in a decrease in revenue and gross profit margin, and an increase in the provision for impairment of property projects; and (ii) a decrease in the share of results from joint ventures and associates.

Financial resources and liquidity

During 2025, the Group continued to refine our funding structure, treasury and credit policies and objectives to strengthen the financial control and minimize its risk exposure under the everchanging financial market and global economic environment. We completed the offshore debt restructuring and made significant progress on the onshore debt restructuring during the year. The borrowings decreased from RMB98,373 million (restated) at the end of 2024 to RMB50,852 million as at the year end of 2025, of which 80% of the borrowings were denominated in RMB. The remaining borrowings were denominated in other currencies, such as USD and HKD. Approximately 63% of the borrowings were made at fixed interest rate.

As at 31 December 2025, the Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB6,023 million, of which approximately 99.7% (31 December 2024: 99.0%) of the Group's cash resources were denominated in RMB with the remaining balances denominated in other currencies, such as USD and HKD. The current ratio was 0.91. During the year, we took the initiative in mitigating liquidity risks, so as to secure the Group will have sufficient cash resources to continue as a going concern and pay its debts.

As at 31 December 2025, the Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) was approximately 2,361%. The improvement in the capital structure was mainly due to the completion of the Group's offshore debt restructuring and the significant progress made in the Group's onshore debt restructuring in 2025, which led to the increase in recorded gains and total equity and the decrease in total debt. In 2026, with the dividends from easing macro policies in the real estate industry, we would continue to resolve the debt risk and focus on ensuring the delivery of property projects and lowering the net gearing ratio.

The maturities of the Group's total borrowings are set out as follows:

(RMB million)	As at 31 December 2025	As a percentage of total borrowings	As at 31 December 2024 (Restated)	As a percentage of total borrowings (Restated)
Within 1 year	24,815	49%	65,935	67%
1 to 2 years	6,010	12%	13,489	14%
2 to 5 years	4,172	8%	13,285	13%
Over 5 years	15,855	31%	5,664	6%
Total	50,852	100%	96,014	100%

Other investments

As at 31 December 2025, the Group owned a diversified investment portfolio, such as investments in joint ventures and associates for property development projects, investments in property funds and equity financial investments in real estate.

The results of the above investments have been properly reflected in the audited financial information for the year ended 31 December 2025.

Financial guarantees and charge on assets

As at 31 December 2025, the value of the guarantees provided by the Group to banks for mortgages extended to property buyers before completion of their mortgage registration was RMB10,627 million (31 December 2024: RMB12,716 million).

As at 31 December 2025, the Group had pledged some of plant and equipment, land use rights, properties under development, completed properties held for sale, investment properties, equity interests in certain subsidiaries and affiliates and trade and other receivables to secure short-term borrowings (including the current portion of long-term borrowings) of RMB22,528 million (31 December 2024: RMB25,565 million) and long-term borrowings of RMB25,516 million (31 December 2024: RMB29,406 million). As at 31 December 2025, total pledged assets accounted for approximately 46% of the total assets of the Group (31 December 2024: 40%).

Capital commitments

The Group entered into certain agreements in respect of properties under development and property projects. As at 31 December 2025, the Group had a total capital commitment of RMB11,153 million (31 December 2024: RMB9,827 million).

Contingent liabilities

In line with the prevailing commercial practice in the Mainland China, the Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 31 December 2025, the total amount of the aforesaid guarantees provided by the Group was RMB10,627 million (31 December 2024: RMB12,716 million). In the past, the Group had not incurred any material loss from providing such guarantees, as the guarantees were given as a transitional arrangement that would be terminated upon the completion of the mortgage registration and were secured by the buyers' properties.

As at 31 December 2025, the Group provided guarantees amounted to approximately RMB68,242 million for borrowings of joint ventures, associates and third parties (31 December 2024: RMB68,970 million). For details of financial guarantees, please refer to note 45 to the consolidated financial statements of this annual report.

Material acquisitions and disposals of subsidiaries, associates and joint ventures

- **Disposal of 23% equity interests in an associate**

On 11 April 2025, Beijing Yin Gang Real Estate Development Company Limited* (北京銀港房地產開發有限公司) (a wholly-owned subsidiary of the Company, the "Vendor") and Rizhao Steel Holding Group Co., Ltd. (日照鋼鐵控股集團有限公司) (the "Purchaser") entered into an equity transfer agreement (the "Disposal Agreement") in relation to the disposal by the Vendor to the Purchaser of 23% equity interests in Beijing Shengyong Property Development and Investment Company Limited* (北京盛永置業投資有限公司) (the "Target Company") at the consideration of RMB322,304,479.76 (the "Disposal").

The Target Company is principally engaged in investment property development and its wholly-owned subsidiary, Beijing Yuanxiang Property Development Company Limited* (北京遠翔置業有限公司), is the owner of a development named Ocean International Center, Phase II, comprising two international grade-A office premises and one shopping mall, located in Chaoyang District, Beijing, the PRC.

As at the date of the Disposal Agreement, the Target Company was owned as to 35% by the Vendor and 65% by the Purchaser, and was an associate of the Company. Upon completion of the Disposal, the Target Company would be owned as to 12% by the Vendor and 88% by the Purchaser. Accordingly, the Target Company would remain as an associate of the Company and be accounted for in the consolidated financial statements of the Group using equity method. The Disposal had been completed during the year ended 31 December 2025.

Details of the Disposal have been disclosed in the announcement of the Company dated 11 April 2025.

- **Internal restructuring of assets**

As disclosed in the announcement of the Company dated 16 July 2025, on 16 July 2025, the Company (on behalf of each relevant member of the Group) and Sino-Ocean Service (a 63.82%-owned subsidiary of the Company, on behalf of each relevant member of Sino-Ocean Service Group) entered into a framework agreement (the “Framework Agreement”) in relation to the return of certain assets by Sino-Ocean Service Group to the Group (the “Return”). The assets to be returned comprise 2,684 parking spaces located in the PRC (the “Target Assets”), which form part of the assets transferred by the Group to Sino-Ocean Service Group pursuant to the parking spaces transfer framework agreement and the commercial properties transfer framework agreement both dated 21 July 2023 (collectively, the “Original Assets Transfer Framework Agreements”) in relation to the acquisition by the relevant members of Sino-Ocean Service Group of certain parking spaces and commercial properties from the relevant members of the Group. The Return will be effected by way of cancellation of the transfer of the Target Assets pursuant to the Original Assets Transfer Framework Agreements, and the original transfer price of RMB323,200,000 for the Target Assets under the Original Assets Transfer Framework Agreements will be reverted and settled by a long term loan (the “Long Term Loan”) to be granted by Sino-Ocean Service or its designated wholly-owned subsidiary (as lender) to a designated wholly-owned subsidiary of the Company (as borrower), with the Company acting as the guarantor for the loan.

Taking into account the change in circumstances after the entering into of the Framework Agreement, in September 2025, Sino-Ocean Service Group successfully completed the transfer registration procedures for the transfer of parking space ownership for 266 parking spaces (the “Transferred Parking Spaces”) which originally formed part of the Target Assets. After the completion of the transfer registration procedures, Sino-Ocean Service Group became the registered owner of the Transferred Parking Spaces and has the right to transfer, dispose of and benefit from such parking spaces in accordance with the relevant PRC laws, rules and/or regulations. As such, considering the aforementioned change in respect of the Transferred Parking Spaces, the parties agreed to exclude the Transferred Parking Spaces from the transactions as contemplated under the Framework Agreement. In light of this development, on 10 October 2025, the Company and Sino-Ocean Service entered into a supplemental agreement to the Framework Agreement to, among other things, amend the number of Target Assets involved as well as the loan amount of the Long Term Loan, pursuant to which the number of Target Assets involved in the Return was reduced to 2,418 parking spaces and the loan amount of the Long Term Loan was reduced to RMB312,400,500, equivalent to the original purchase price of the 2,418 parking spaces under the Original Assets Transfer Framework Agreements.

The Return is in substance an internal restructuring of assets of the Group from a 63.82%-owned subsidiary to wholly-owned subsidiaries of the Company which would result in a net acquisition of approximately 36.18% interest in the Target Assets by the Group. The Group and Sino-Ocean Service Group are in the process of completing the Return. The Return has not been completed as of the Latest Practicable Date.

BUSINESS REVIEW

Property development

Recognized sales

Revenue from property development business decreased by approximately 51% in 2025, amounting to RMB8,480 million (2024: RMB17,273 million). Saleable GFA delivered decreased by 41% from approximately 1,507,000 sq.m. in 2024 to approximately 886,000 sq.m. in 2025 accordingly. Excluding carparks sales, the average selling price recognized in 2025 decreased to approximately RMB10,700 per sq.m. (2024: RMB12,600 per sq.m.). The decrease was mainly due to less projects in tier-one cities being delivered in 2025.

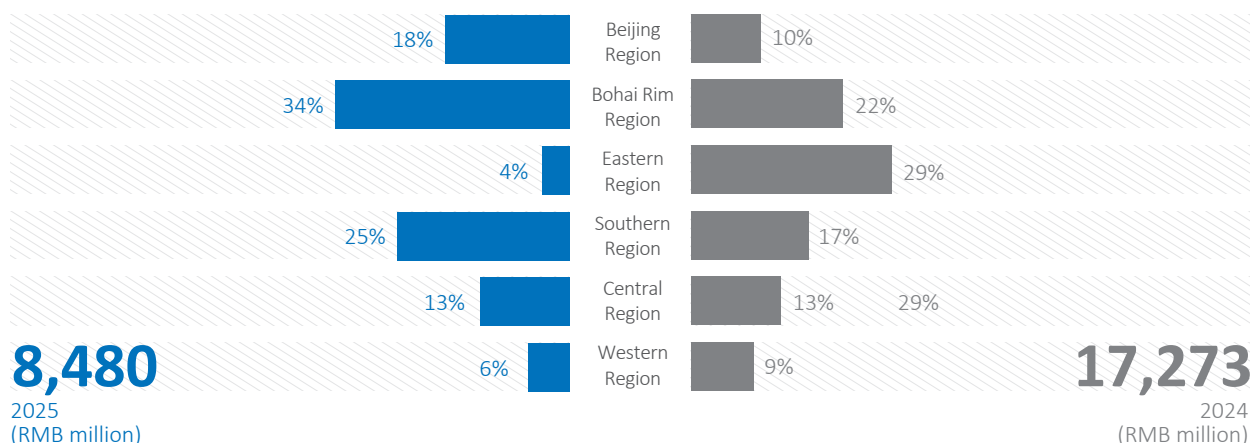
Revenue and saleable GFA delivered by cities during 2025 are set out as follows:

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Approximate average selling price recognized (RMB/sq.m.)
Beijing Region	Beijing	40	1,523	26,300
	Taiyuan	311	31,688	9,800
	Qinhuangdao	192	13,212	14,500
	Langfang	800	59,570	13,400
		1,343	105,993	12,700
Bohai Rim Region	Tianjin	592	35,673	16,600
	Qingdao	64	8,411	7,600
	Jinan	1,777	209,570	8,500
	Dalian	132	16,105	8,200
	Shenyang	110	10,317	10,700
		2,675	280,076	9,600
Eastern Region	Suzhou	6	736	8,200
	Suqian	1	71	14,100
	Wenzhou	92	6,370	14,400
		99	7,177	13,800

Regions	Cities	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Approximate average selling price recognized (RMB/sq.m.)
Southern Region	Shenzhen	1,120	46,084	24,300
	Guangzhou	286	20,307	14,100
	Maoming	1	200	5,000
	Fuzhou	113	8,946	12,600
	Foshan	1	90	11,100
	Jiangmen	131	18,456	7,100
	Zhongshan	283	35,160	8,000
	Zhanjiang	124	23,674	5,200
		2,059	152,917	13,500
Central Region	Wuhan	337	27,516	12,200
	Nanchang	7	927	7,600
	Ganzhou	592	83,166	7,100
		936	111,609	8,400
Western Region	Chengdu	279	23,576	11,800
	Chongqing	41	3,040	13,500
	Xi'an	7	324	21,600
	Guiyang	97	14,615	6,600
		424	41,555	10,200
	Other projects	740	73,105	10,100
Subtotal (excluding carparks)		8,276	772,432	10,700
Carparks (various projects)		204	113,234	1,800
Total		8,480	885,666	9,600

During 2025, the Group developed a balanced mix of contribution from the six regions on its revenue from property development business.

Revenue from property development by geographical locations are analyzed below:



In terms of property types, residential properties (including villas) continued to contribute the largest portion of property development revenue, accounting for approximately 91% in 2025 (2024: 93%). The average selling price recognized for the revenue from residential properties (including villas) in 2025 decreased by 25% to approximately RMB9,500 per sq.m. (2024: RMB12,600 per sq.m.) and corresponding total saleable GFA delivered decreased by approximately 43% from approximately 1,269,000 sq.m. in 2024 to approximately 719,000 sq.m. in 2025.

Revenue from property development in terms of property types are analyzed below:

	2025		2024	
	Revenue (RMB million)	GFA delivered ('000 sq.m.)	Revenue (RMB million)	GFA delivered ('000 sq.m.)
Residential and villa	7,695	719	16,010	1,269
Office premise	5	1	265	20
Retail space	576	53	614	47
Carpark	204	113	384	171

Contracted sales

Due to the impact caused by the continuous adjustment in the overall real estate market in the PRC, the contracted sales of the Group, together with its joint ventures and associates, for the twelve months ended 31 December 2025 decreased to RMB26,310 million, representing approximately 25% decrease compared to RMB35,160 million in 2024. Contracted saleable GFA sold in 2025 decreased by approximately 28% to 2,143,000 sq.m. (2024: 2,996,800 sq.m.). The average selling price (excluding car parks) increased to approximately RMB13,800 per sq.m. (2024: RMB12,800 per sq.m.). The increase was mainly due to more projects launched in the first-tier cities during 2025.

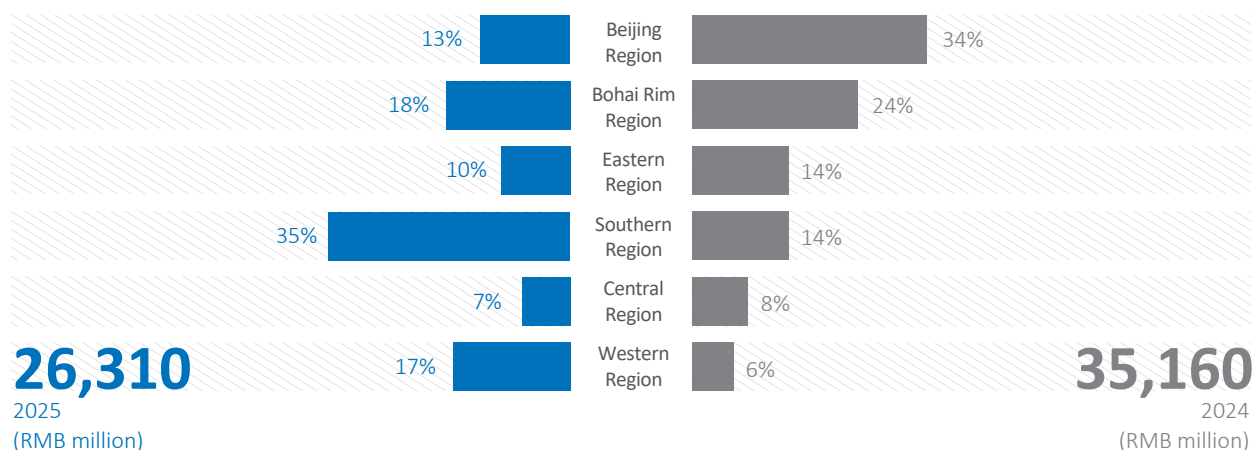
The contracted sales amounts and saleable GFA sold by cities in 2025 are set out below:

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Beijing Region	Beijing	2,186	100,000	21,900
	Shijiazhuang	9	2,300	3,900
	Taiyuan	206	21,100	9,800
	Qinhuangdao	393	32,500	12,100
	Langfang	270	27,300	9,900
	Zhangjiakou	2	1,400	1,400
	Jinzhong	100	16,200	6,200
		3,166	200,800	15,800
Bohai Rim Region	Tianjin	2,797	209,700	13,300
	Qingdao	36	6,000	6,000
	Jinan	1,549	108,800	14,200
	Dalian	54	6,900	7,800
	Shenyang	27	2,100	12,900
	Changchun	40	7,400	5,400
		4,503	340,900	13,200
Eastern Region	Shanghai	1,017	31,800	32,000
	Suzhou	67	6,400	10,500
	Wuxi	648	32,500	19,900
	Changzhou	42	4,700	8,900
	Wenzhou	383	17,500	21,900
	Jinhua	23	3,400	6,800
	Yangzhou	2	300	6,700
	Zhenjiang	277	35,600	7,800
	Suqian	149	23,500	6,300
		2,608	155,700	16,800

Regions	Cities	Contracted sales (RMB million)	Approximate saleable GFA sold (sq.m.)	Approximate average selling price (RMB/sq.m.)
Southern Region	Shenzhen	7,858	144,800	54,300
	Guangzhou	70	5,800	12,100
	Fuzhou	65	5,300	12,300
	Foshan	258	18,800	13,700
	Xiamen	241	13,100	18,400
	Maoming	14	6,800	2,100
	Jiangmen	81	10,900	7,400
	Zhongshan	470	47,700	9,900
	Zhanjiang	38	6,300	6,000
	Sanya	120	4,200	28,600
		9,215	263,700	34,900
Central Region	Wuhan	356	22,100	16,100
	Zhengzhou	762	72,600	10,500
	Hefei	31	10,800	2,900
	Changsha	342	39,100	8,700
	Nanchang	31	5,300	5,800
	Ganzhou	189	25,000	7,600
		1,711	174,900	9,800
Western Region	Chengdu	224	16,300	13,700
	Chongqing	83	17,600	4,700
	Xi'an	446	29,300	15,200
	Kunming	7	2,300	3,000
	Guiyang	1,182	207,700	5,700
	Urumqi	118	12,100	9,800
	Lanzhou	72	18,100	4,000
	Xining	201	22,400	9,000
	Xishuangbanna	44	5,500	8,000
	Baoshan	1,872	378,400	4,900
		4,249	709,700	6,000
	Other projects	105	10,400	10,100
Subtotal (excluding carparks)		25,557	1,856,100	13,800
Carparks (various projects)		753	286,900	2,600
Total		26,310	2,143,000	12,300

There were about 130 projects available for sale during 2025 (2024: over 160 projects). Contracted sales from tier-one and tier-two cities accounted for approximately 82% (2024: 86%). In terms of distribution, the Group's contracted sales contributed by the Beijing, Bohai Rim, Eastern, Southern, Central and Western were 13%, 18%, 10%, 35%, 7% and 17%, respectively in 2025.

Contracted sales amounts by geographical locations are analyzed below:



In terms of property types, residential properties (including villas) continued to contribute the largest portion of contracted sales amount and accounted for 92% in 2025 (2024: 80%). The average selling price for residential properties (including villas) in 2025 decreased by approximately 24% to RMB14,500 per sq.m. (2024: RMB11,700 per sq.m.) and the saleable GFA sold for residential use decreased by approximately 33% from 2,403,000 sq.m. in 2024 to approximately 1,611,000 sq.m. in 2025.

Contracted sales amount in terms of property types are analyzed below:

	2025		2024	
	Contracted sales amount (RMB million)	Saleable GFA sold ('000 sq.m.)	Contracted sales amount (RMB million)	Saleable GFA sold ('000 sq.m.)
Residential and villa	23,390	1,611	28,225	2,403
Office premise	944	109	4,761	206
Retail space	1,223	136	1,243	59
Carpark	753	287	931	329

Construction Progress and Developing Projects

The Group's total GFA and total saleable GFA (including its joint ventures and associates) completed in 2025 were approximately 3,762,400 sq.m. and 2,343,000 sq.m., respectively, which decreased by 32% and 44%, respectively, as compared to that of 2024. The Group will maintain the construction scale as schedule in 2026 in order to have enough GFA available for sale and for delivery to support the growth.

The details of construction progress and development progress are set out below:

Regions	Cities	Projects	Approximate GFA completed in 2025 (sq.m.)	Approximate targeted GFA to be completed in 2026 (sq.m.)
Beijing Region	Beijing	Grand Canal Place	114,900	–
		Hilltime	84,200	–
		Ocean Poetic Dwelling	9,800	–
		Sino-Ocean Anzhen Plaza	46,000	–
		Vision Place	–	27,000
	Taiyuan	Glory Mansion	33,800	–
		Sky Masion	305,200	–
	Qinhuangdao	Seatopia	81,500	84,800
	Langfang	Capital Palace	–	4,200
		Ocean Brilliant City	32,700	79,400
Bohai Rim Region	Tianjin	Happy Light Year	–	23,700
		Neo-metropolis	132,300	133,300
		Ocean Orient	60,800	1,800
		UPED	117,700	136,100
	Jinan	Fantastic Time	473,900	–
		Minghu Mansion	–	306,100
		Ocean Crown	–	74,600
		Ocean Orient	31,300	73,100
	Dalian	Diamond Bay	84,200	–
		Ocean Tower River Bay	16,800	–
	Shenyang	Ocean Elite River Prospect	–	66,000
Ocean Noble Mansion		12,800	11,700	
Eastern Region	Shanghai	Moon Mirage	50,900	57,200
	Wuxi	Life in Park	50,000	87,600
	Wenzhou	Peninsula No.9	275,100	–
	Yangzhou	Sky Masion	83,500	83,500
	Zhenjiang	Central Mansion	68,400	59,500
	Suqian	Ocean We-life Plaza	117,000	–
		Shuyang Sky Masion	–	15,100
Sky Masion		30,700	–	

Regions	Cities	Projects	Approximate GFA completed in 2025 (sq.m.)	Approximate targeted GFA to be completed in 2026 (sq.m.)
Southern Region	Shenzhen	Ocean Filter	92,000	–
		Ocean No.163 Project	–	163,600
		Ocean Purity	–	159,300
	Guangzhou	Hibiscus Villa	10,600	–
		Ocean Prospect	45,800	–
	Foshan	Natural Mansion	40,200	18,800
		Landscape	–	4,200
	Xiamen	Ocean Prospect	118,500	–
	Maoming	Ocean Landscape	–	17,500
	Jiangmen	Cloud Mansion	17,300	9,900
		Natural Mansion	–	10,100
	Zhongshan	Ocean Palace	–	42,700
	Zhanjiang	Ocean City	22,000	36,000
Central Region	Wuhan	Oriental World View	31,700	–
		Yangtze Opus	68,900	–
	Zhengzhou	Fontaine Polaris	–	55,100
		Rulinchenzhang	–	159,000
		The Collection	182,000	–
	Hefei	Hefei Logistics Project, Phase IV	66,000	–
	Changsha	Sky Masion	179,800	74,000
	Nanchang	Cloud View	–	20,400
Ganzhou	Sky Masion	153,100	–	
Western Region	Chengdu	Ocean Ecological Land	51,000	61,200
	Xi'an	Fontaine Island	–	66,100
		Ocean Mansion	74,400	56,700
	Guiyang	Sino-Ocean Aristocratic Family	62,200	–
		Sky Masion	–	96,200
	Urumqi	Sky Masion	148,000	–
Baoshan	Qinghuahai Park	85,400	64,600	
Total			3,762,400	2,440,100

Landbank

As at 31 December 2025, the landbank of the Group (including its joint ventures and associates) decreased to approximately 27,051,000 sq.m. (31 December 2024: 31,072,000 sq.m.) and landbank with attributable interest decreased to approximately 14,160,000 sq.m. (31 December 2024: 16,464,000 sq.m.) accordingly. In terms of saleable GFA, the average land cost per sq.m. for our landbank as at 31 December 2025 was approximately RMB6,100 (31 December 2024: RMB6,200 per sq.m.).

The landbank details of the Group and its joint ventures and associates as at 31 December 2025 are set out as follows:

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
Beijing Region	Beijing	Captain House	Fengtai District, Beijing	131	100	3	51.00%
		Central Peak	Changping District, Beijing	256	193	176	50.00%
		Gold Mansion	Daxing District, Beijing	118	99	79	25.00%
		Grand Harmony Emerald Residence	Daxing District, Beijing	224	165	88	40.00%
		Hilltime	Mentougou District, Beijing	430	344	430	10.00%
		Jasper Epoch	Daxing District, Beijing	92	78	8	100.00%
		Jialihua Project, Shunyi District	Shunyi District, Beijing	277	206	277	100.00%
		Liangxiang Project	Fangshan District, Beijing	126	102	38	11.10%
		Ocean LA VIE	Chaoyang District, Beijing	318	305	40	85.72%
		Ocean Metropolis	Mentougou District, Beijing	330	276	47	58.00%
		Ocean Poetic Dwelling	Shijingshan District, Beijing	249	187	56	31.00%
		Ocean Wulieepoch	Shijingshan District, Beijing	595	458	102	21.00%
		Our New World	Fangshan District, Beijing	109	91	13	100.00%
		Plot 6002, Mentougou New Town	Mentougou District, Beijing	125	97	75	21.00%
		Royal River Villa	Chaoyang District, Beijing	132	118	12	20.00%
		Sino-Ocean Apple Garden No.6	Shijingshan District, Beijing	69	50	42	51.00%
		Vision Place	Chaoyang District, Beijing	27	21	27	28.57%
		World View	Chaoyang District, Beijing	71	52	71	25.00%
		Xanadu & Ocean Epoch	Chaoyang District, Beijing	230	193	27	50.00%
		Xanadu & Ocean Palace	Daxing District, Beijing	300	207	96	50.00%
		Xiji Plot E, Tongzhou District	Tongzhou District, Beijing	139	136	139	50.00%
		Xinchi Tower	Daxing District, Beijing	67	41	67	70.00%
		Yongjingtaoyuan Project	Chaoyang District, Beijing	692	554	692	52.15%
				5,107	4,073	2,605	
Shijiazhuang	Shijiazhuang	Ande Memorial Park	Jingxing County, Shijiazhuang	110	110	109	88.89%
		Gaocheng Logistics Project	Gaocheng District, Shijiazhuang	54	–	54	64.30%
		Harmony Palace	Zhengding New District, Shijiazhuang	152	140	29	38.35%
				316	250	192	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Taiyuan	Glory Mansion	Xinghualing District, Taiyuan	288	198	288	52.15%
		Jiefang Road Aegean Place	Xinghualing District, Taiyuan	125	–	125	52.15%
		Ocean Crown	Xiaodian District, Taiyuan	53	38	53	100.00%
		Ocean Seasons	Wanbailin District, Taiyuan	308	254	45	100.00%
		Sky Masion	Yingze District, Taiyuan	394	286	116	36.21%
		Sky of Palace	Wanbailin District, Taiyuan	897	529	897	26.60%
		Villa Epoch	Yangqu County, Taiyuan	54	34	18	44.00%
		Wangjiafeng Aegean Place	Yingze District, Taiyuan	109	–	109	36.21%
				2,228	1,339	1,651	
	Qinhuangdao	Seatopia	Funing District, Qinhuangdao	1,438	1,243	1,058	100.00%
	Langfang	Capital Palace	Anci District, Langfang	404	292	18	52.15%
		Ocean Brilliant City	Guangyang District, Langfang	1,897	954	1,138	43.20%
		Plot I, Guangyang Logistics Project	Guangyang District, Langfang	41	–	41	64.30%
		Yanjiao Sanhe Internet Data Center	Yanjiao County, Langfang	73	–	73	29.16%
				2,415	1,246	1,270	
	Zhangjiakou	Centrality Mansion	Qiaodong District, Zhangjiakou	203	163	3	60.00%
	Jinzhong	Sky Masion	Yuci District, Jinzhong	2,067	1,537	748	30.85%
				13,774	9,851	7,527	
Bohai Rim Region	Tianjin	Capital Palace	Jizhou District, Tianjin	346	213	193	52.15%
		Happy Light Year	Wuqing District, Tianjin	207	176	29	49.98%
		Jixian Aegean Place	Jizhou District, Tianjin	87	–	87	52.15%
		Neo-metropolis	Beichen District, Tianjin	2,579	2,013	1,346	51.00%
		Ocean Fantastic Time	Dongli District, Tianjin	151	115	7	100.00%
		Ocean Orient	Binhai New Area, Tianjin	164	126	64	100.00%
		Sky Masion	Binhai New Area, Tianjin	388	231	5	52.15%
		Sky Masion Bay	Binhai New Area, Tianjin	253	182	15	52.15%
		UPED	Binhai New Area, Tianjin	653	445	410	51.00%
		Xanadu	Binhai New Area, Tianjin	185	135	185	30.00%
				5,013	3,636	2,341	
	Qingdao	Ocean Glory	Shibei District, Qingdao	102	76	1	10.75%
		Sino-Ocean Harmony	Shibei District, Qingdao	377	270	5	43.00%
		Sino-Ocean Landscape	Jimo District, Qingdao	113	86	16	100.00%
				592	432	22	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Jinan	Fantastic Time	Tianqiao District, Jinan	535	435	535	100.00%
		Minghu Mansion	Tianqiao District, Jinan	555	461	328	100.00%
		Ocean Crown	Huaiyin District, Jinan	103	87	95	70.00%
		Ocean Epoch	Lixia District, Jinan	390	371	145	50.00%
		Ocean Mansion	Huaiyin District, Jinan	228	190	18	79.60%
		Ocean Orient	Licheng District, Jinan	544	422	100	42.00%
		Ocean Precious Land	Licheng District, Jinan	226	172	1	38.95%
		Sino-Ocean Metropolis	Tianqiao District, Jinan	379	255	45	70.00%
		Sky Masion	Shanghe County, Jinan	583	520	298	30.66%
					3,543	2,913	1,565
	Dalian	Diamond Bay	Ganjingzi District, Dalian	1,497	1,345	545	100.00%
		Joy of Mountain and Sea	Ganjingzi District, Dalian	189	150	1	51.00%
		Ocean Orient	Jinpu New Area, Dalian	116	113	116	70.00%
		Ocean Tower River Bay	Lvshunkou District, Dalian	234	200	194	100.00%
			2,036	1,808	856		
	Shenyang	Ocean Elite River Prospect	Shenbei New District, Shenyang	400	313	246	60.00%
		Ocean Noble Mansion	Tiexi District, Shenyang	47	32	3	100.00%
			447	345	249		
	Changchun	Dream Jilin	Shuangyang District, Changchun	326	255	216	52.15%
	Anshan	International Plaza	Tiedong District, Anshan	350	294	39	52.15%
			12,307	9,683	5,288		
Eastern Region	Shanghai	Baoshan Sky Masion	Baoshan District, Shanghai	213	115	53	52.15%
		Lingang Aegean Place	Pudong New Area, Shanghai	66	-	66	52.15%
		Moon Mirage	Chongming District, Shanghai	922	588	481	41.03%
		Ocean Fortune Center	Pudong New Area, Shanghai	59	45	16	100.00%
			1,260	748	616		
	Suzhou	Mansion Yue	Wujiang District, Suzhou	150	147	47	70.00%
		Rocker Park	Huqiu District, Suzhou	240	198	2	30.00%
		Royal Seasons	Taicang City, Suzhou	105	77	28	34.00%
		Scenert East	Zhangjiagang City, Suzhou	108	77	68	100.00%
		Shengze Sky Masion	Wujiang District, Suzhou	262	211	10	45.60%
		Shihu Project	Wuzhong District, Suzhou	49	-	49	100.00%
			914	710	204		
	Wuxi	Life in Park	Xinwu District, Wuxi	196	157	52	15.00%
		One Residence	Xinwu District, Wuxi	211	154	25	21.66%
			407	311	77		

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Changzhou	Aegean Place	Wujin District, Changzhou	197	–	197	52.15%
		International Plaza	Wujin District, Changzhou	508	374	48	52.15%
				705	374	245	
	Wenzhou	Aegean Place	Longwan District, Wenzhou	82	–	82	100.00%
		Four Seasons Mansion	Longwan District, Wenzhou	85	60	10	100.00%
		Harbor Heart	Ouhai District, Wenzhou	87	66	10	100.00%
		Peninsula No.9	Ouhai District, Wenzhou	276	174	138	41.36%
				530	300	240	
	Yangzhou	Home Furniture Mall	Hanjiang District, Yangzhou	81	–	81	52.15%
		Sky Masion	Hanjiang District, Yangzhou	467	348	467	52.15%
				548	348	548	
	Jinhua	Mountain Courtyard	Wucheng District, Jinhua	171	124	123	26.60%
	Zhenjiang	Central Mansion	Danyang City, Zhenjiang	607	502	311	50.00%
	Suqian	Shuyang Sky Masion	Shuyang County, Suqian	545	407	33	100.00%
		Sky Masion	Sucheng District, Suqian	484	411	182	14.08%
				1,029	818	215	
	Huzhou	Anji Internet Data Center	Anji County, Huzhou	135	–	135	64.30%
				6,306	4,235	2,714	
Southern Region	Shenzhen	Ocean Express	Longgang District, Shenzhen	556	437	75	100.00%
		Ocean Filter	Longgang District, Shenzhen	92	64	29	100.00%
		Ocean No.163 Project	Nanshan District, Shenzhen	141	106	141	48.00%
		Ocean Purity	Longgang District, Shenzhen	152	108	152	39.20%
		Ocean Seafront Towers	Nanshan District, Shenzhen	115	52	59	80.00%
		Shanxia Project	Longgang District, Shenzhen	323	303	323	81.00%
				1,379	1,070	779	

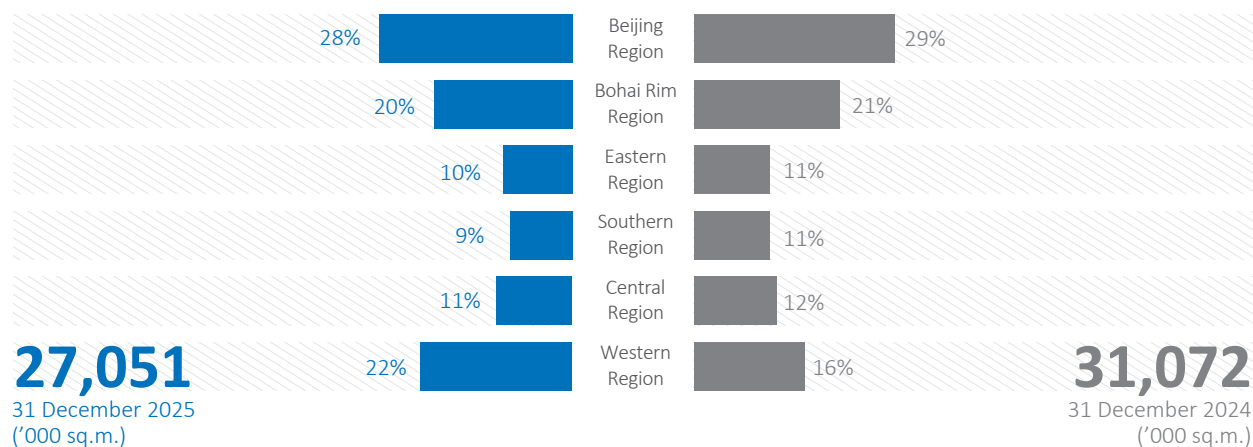
Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Guangzhou	East Bay	Zengcheng District, Guangzhou	141	96	8	40.00%
		Hibiscus Villa	Huadu District, Guangzhou	179	87	2	51.00%
		Natural Mansion	Zengcheng District, Guangzhou	76	48	8	100.00%
		Ocean Prospect	Zengcheng District, Guangzhou	133	96	10	100.00%
				529	327	28	
	Fuzhou	Ocean Tianfu	Cangshan District, Fuzhou	128	97	33	100.00%
	Foshan	Delight River	Sanshui District, Foshan	207	192	46	100.00%
		Landscape	Shunde District, Foshan	80	63	39	49.00%
		Natural Mansion	Nanhai District, Foshan	140	107	71	50.00%
				427	362	156	
	Xiamen	Ocean Prospect	Tong'an District, Xiamen	199	144	41	51.00%
	Maoming	Sino-Ocean Landscape	Maonan District, Maoming	299	249	148	100.00%
	Jiangmen	Cloud Mansion	Pengjiang District, Jiangmen	176	133	28	51.00%
		Top Mansion	Pengjiang District, Jiangmen	131	101	32	100.00%
				307	234	60	
	Zhongshan	Blossoms Valley	Shenwan Town, Zhongshan	1,172	1,037	807	75.00%
		Ocean Palace	Southern District, Zhongshan	181	134	107	100.00%
				1,353	1,171	914	
	Zhanjiang	Ocean City	Xiashan District, Zhanjiang	612	493	162	67.50%
	Sanya	Ocean Hill	Jiyang District, Sanya	177	111	74	100.00%
	Hong Kong	Mt. La Vie	Islands District, Hong Kong	3	3	3	100.00%
				5,413	4,261	2,398	
Central Region	Wuhan	Aegean Place	Xinzhou District, Wuhan	62	–	62	52.15%
		Dongxihu Xingou Logistics Project	Dongxihu District, Wuhan	112	–	112	64.30%
		Huazhong Big Data Industrial Park	Jiangxia District, Wuhan	89	–	89	14.87%
		Oriental World View	Hanyang District, Wuhan	1,917	1,430	99	70.00%
		Oriental Worldview II	Hanyang District, Wuhan	322	229	322	7.75%
		Yangtze Opus	Jiang'an District, Wuhan	178	80	97	70.00%
				2,680	1,739	781	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Zhengzhou	Fontaine Polaris	Zhongmu County, Zhengzhou	176	141	176	24.50%
		Glory Mansion	Xinzheng City, Zhengzhou	135	103	56	28.68%
		Grand Apartment	Jinshui District, Zhengzhou	172	133	172	38.88%
		Ocean Landscape Courtyard	Yingyang District, Zhengzhou	204	150	14	55.00%
		Ocean Melody	Zhongmu County, Zhengzhou	43	38	8	69.30%
		Ocean Prospect	Xinzheng City, Zhengzhou	169	158	34	100.00%
		Rong Fu	Xinzheng City, Zhengzhou	156	101	118	23.64%
		Rulinchenzhang	Guanchenghuizu District, Zhengzhou	299	198	299	100.00%
		The Collection	Erqi District, Zhengzhou	182	141	182	49.00%
				1,536	1,163	1,059	
	Hefei	Ideal Bourn	Feidong County, Hefei	104	83	104	100.00%
		Ocean Landscape	Feidong County, Hefei	200	180	31	70.00%
				304	263	135	
	Changsha	Aegean Place	Yuhua District, Changsha	69	–	69	41.72%
		Sky Masion	Yuhua District, Changsha	878	616	448	41.72%
		Special Mansion	Wangcheng District, Changsha	482	384	482	24.50%
				1,429	1,000	999	
	Nanchang	Cloud View	Jingkai District, Nanchang	81	61	6	51.00%
		Ocean Palace	Wanli District, Nanchang	173	122	11	51.00%
		Sky Masion	Wanli District, Nanchang	175	163	31	52.15%
				429	346	48	
	Ganzhou	Sky Masion	Nankang District, Ganzhou	888	705	82	53.59%
				7,266	5,216	3,104	
Western Region	Chengdu	Ocean Ecological Land	Xindu District, Chengdu	199	127	61	100.00%
		Ocean Luxury City	Qingyang District, Chengdu	122	106	11	24.50%
		Qingbaijiang Internet Data Center, Zone A	Qingbaijiang District, Chengdu	193	–	193	38.88%
		Wenjiang Internet Data Center	Wenjiang District, Chengdu	54	–	54	29.16%
				568	233	319	
	Chongqing	Fenghua Melody	Shapingba District, Chongqing	102	71	20	24.50%
		Fontaine Island	Nan'an District, Chongqing	178	132	3	24.50%
		Life In Art Dist	Jiulongpo District, Chongqing	52	37	18	34.00%
		Sino-Ocean Garden	Banan District, Chongqing	592	480	34	56.10%
				924	720	75	

Regions	Cities	Projects	Districts	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to the Group (%)
	Xi'an	Aegean Place	Xincheng District, Xi'an	104	–	104	26.60%
		Emperor Chic	Weiyang District, Xi'an	321	316	215	24.50%
		Fontaine Island	Chanba Ecological District, Xi'an	147	111	147	24.50%
		Ocean Mansion	Weiyang District, Xi'an	558	416	373	42.33%
		Sino-Ocean Royal Landscape	Chanba Ecological District, Xi'an	292	208	31	80.00%
		Sky Masion	Xincheng District, Xi'an	462	312	462	26.60%
				1,884	1,363	1,332	
	Kunming	In Galaxy (formerly known as Chenggong Project)	Chenggong District, Kunming	222	218	84	71.66%
		In Galaxy (formerly known as Chenggong Project, Phase II)	Chenggong District, Kunming	99	88	99	71.66%
				321	306	183	
	Guiyang	Sino-Ocean Aristocratic Family	Shuanglong New District, Guiyang	165	135	90	100.00%
		Sino-Ocean Prospect	Yunyan District, Guiyang	100	75	11	100.00%
		Sky Masion	Guanshanhu District, Guiyang	297	120	297	26.60%
		Sky Masion, Retail	Guanshanhu District, Guiyang	36	–	36	26.60%
				598	330	434	
	Urumqi	Royal Mansion	Saybag District, Urumqi	402	293	171	28.97%
	Lanzhou	Sky Masion	Yuzhong County, Lanzhou	397	301	264	31.29%
	Liuzhou	Aegean Place	Yufeng District, Liuzhou	85	–	85	76.55%
		Glory Mansion	Yufeng District, Liuzhou	357	251	106	76.55%
				442	251	191	
	Luzhou	Sky Masion	Jiangyang District, Luzhou	279	207	279	52.15%
	Xining	Aegean Place	Haihu New District, Xining	121	–	121	76.55%
		Sky Masion	Chengzhong District, Xining	1,278	1,018	512	41.72%
		Sky Palace	Chengxi District, Xining	311	254	117	76.55%
				1,710	1,272	750	
	Xishuangbanna	Rainforest Resorts	Jinghong City, Xishuangbanna	515	429	153	26.07%
	Baoshan	Qinghuahai Park ¹	Longyang District, Baoshan	2,704	1,751	1,803	26.07%
				10,744	7,456	5,954	
Other Region	Jakarta	Auraya	Greater Jakarta, Indonesia	66	57	66	28.00%
				66	57	66	
Total				55,876	40,759	27,051	

Note 1: The landbank project was newly included during 2025.

The landbank by geographical locations as at 31 December 2025 and 2024 are analyzed below:



The landbank by stages of development as at 31 December 2025 are set out as follows:

	Approximate total GFA (‘000 sq.m.)	Approximate total saleable GFA (‘000 sq.m.)	Remaining landbank (‘000 sq.m.)
Completed properties held for sales	38,102	28,109	9,277
Properties under development	10,369	7,466	10,369
Properties held for future development	7,405	5,184	7,405
Total	55,876	40,759	27,051

Property investment

In 2025, revenue from property investment decreased by approximately 9% to RMB292 million (2024: RMB321 million). As at 31 December 2025, the Group and its joint ventures and associates held more than 23 operating investment properties. Our investment properties are mainly A-grade office premises, shopping malls, commercial complexes and logistics projects at good locations. Citylane in Wuhan and Ocean We-life Plaza in Suqian officially opened in April and September 2025 respectively and has become popular local check-in spots; in addition, several commercial office projects in Beijing are scheduled to come to market in 2026. The total leasable area amounted to approximately 3,483,000 sq.m. as at 31 December 2025, with office developments about 22%, logistics projects about 46% and others including retail space, car parks and others 32%. We would continue to implement the asset-light mode for the Group's investment properties and accelerate the cash collection.

The investment properties of the Group and its joint ventures and associates as at 31 December 2025 are set out as follows:

Projects	Districts	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Logistics projects (sq.m.)	Others (sq.m.)	Occupancy rate (%)	Interest attributable to the Group (%)
E-wing Center (Beijing)	Haidian District, Beijing	12,000	12,000	–	–	–	93%	100%
Grand Canal Place (Beijing)	Tongzhou District, Beijing	111,000	60,000	51,000	–	–	48%	65%
Ocean Incom (Beijing)	Shunyi District, Beijing	49,000	32,000	2,000	–	15,000	53%	100%
Ocean International Center (Beijing)	Chaoyang District, Beijing	103,000	76,000	9,000	–	18,000	78%	100%
Ocean International Center (Tianjin)	Hedong District, Tianjin	53,000	53,000	–	–	–	69%	100%
Shuyang Ocean We-life Plaza (Suqian)	Shuyang County, Suqian	39,000	–	39,000	–	–	100%	100%
Citylane (Wuhan)	Hanyang District, Wuhan	19,000	–	19,000	–	–	100%	70%
Ocean We-life Plaza (Ganzhou)	Nankang District, Ganzhou	49,000	–	49,000	–	–	95%	54%
Other projects		22,000	5,000	–	–	17,000		
Subtotal		457,000	238,000	169,000	–	50,000		
Other								
INDIGO (Beijing)	Chaoyang District, Beijing	181,000	52,000	48,000	–	81,000	96%	50%
Ocean International Center, Phase II (Beijing)	Chaoyang District, Beijing	70,000	46,000	13,000	–	11,000	91%	12%
Ocean Plaza (Beijing)	Xicheng District, Beijing	30,000	26,000	–	–	4,000	80%	72%
Ocean Office Park (Beijing)	Chaoyang District, Beijing	93,000	81,000	12,000	–	–	81%	29%
Eco-city Ocean We-life Plaza (Tianjin)	Binhai New Area, Tianjin	42,000	–	42,000	–	–	95%	52%
Grand Canal Place (Tianjin)	Hedong District, Tianjin	97,000	–	97,000	–	–	94%	34%
Ocean We-life (Tianjin)	Binhai New District, Tianjin	28,000	–	28,000	–	–	90%	70%
Ocean We-life Plaza (Tianjin)	Hedong District, Tianjin	42,000	–	42,000	–	–	98%	64%
Ocean We-life Plaza (Jinan)	Shanghe County, Jinan	34,000	–	34,000	–	–	74%	31%
H88 Yuehong Plaza (Shanghai)	Xuhui District, Shanghai	56,000	56,000	–	–	–	62%	61%
Haixing Plaza (Shanghai)	Huangpu District, Shanghai	14,000	10,000	–	–	4,000	59%	30%
Grand Canal Place (Hangzhou)	Gongshu District, Hangzhou	132,000	–	81,000	–	51,000	95%	60%
Ocean We-life Plaza (Suzhou)	Wujiang District, Suzhou	49,000	–	49,000	–	–	93%	26%
Ocean We-life Plaza (Suqian)	Sucheng District, Suqian	54,000	–	54,000	–	–	54%	14%
Grand Canal Place (Fuzhou)	Cangshan District, Fuzhou	95,000	–	95,000	–	–	97%	31%
Other projects		2,009,000	257,000	135,000	1,592,000	25,000		
Subtotal		3,026,000	528,000	730,000	1,592,000	176,000		
Total		3,483,000	766,000	899,000	1,592,000	226,000		

Commercial properties in progress

The Group has built a sound foundation for office complex operation and management since the development of investment property development and operation. The Group has cultivated strengths in commercial and logistics project positioning, planning and design, development and construction, attracting investment and project operation. To date, the Group has several commercial property projects in progress across China, including grade A offices, high-end shopping centers, five-star hotels and high quality logistics projects. The Group has high-end commercial property and office resources pending for development and operation by stages. It will boost a strong portfolio of cross regional and diversified products.

Property management and related services

Our key subsidiary, Sino-Ocean Service, is a comprehensive service provider for customers and cover the entire property management value chain. Sino-Ocean Service always adhere to the service philosophy of “Being understanding and innovative”. Sino-Ocean Service aims to provide premium property management services that make available conveniences in daily life and foster a more valuable living environment and experience for property owners and residents.

For the year ended 31 December 2025, the Group’s revenue from property management and related services recorded RMB2,641 million, a decrease of approximately 3% from RMB2,710 million in 2024, maintaining high operation capacity and the synergy with the principal business.

As of 31 December 2025, Sino-Ocean Service’s total contracted GFA of property management services reached 114.0 million sq.m.¹, covering 88 cities¹ across 28 provinces, autonomous regions and municipalities¹ in China, total GFA under management reached 89.4 million sq.m.¹ and 516 properties¹ were under our management. Our property management services cover a wide range of property types, including residential communities, commercial properties (such as shopping malls and office buildings) and public and other properties (such as hospitals, schools, government buildings and public service facilities).

Asset-light agent construction

Our group has accumulated extensive experience in the agent construction business and has a dedicated service platform, Sino-Ocean Management. Our projects span across the country, offering comprehensive and full-chain services in the real estate sector, including consulting, product positioning, construction management, marketing and quality delivery services. These services cover various businesses such as residential, commercial, office, hotel, industrial parks, and senior living. Acting as a ‘project doctor,’ we combine precise diagnosis with value discovery to revitalize projects and ensure their high-quality delivery. Some of our projects have become landmarks in their respective cities and have received national accolades like the China Construction Engineering Luban Prize and the China Civil Engineering Zhan Tianyou Award. In 2025, Sino-Ocean Management ranked TOP10 in newly added scale among Chinese real estate companies for agent construction².

Note 1: Including for those provided to the Group and its affiliates

Note 2: According to 2025 China Real Estate Agent Construction Companies Newly Added Scale Ranking (China Index Academy)

OTHER INFORMATION

Key risk factors and uncertainties

The following lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below.

Risks pertaining to the property market and operation

The Group's businesses and prospects are largely dependent on the performance of the property market in mainland China. The property market in mainland China is affected by a number of factors, including changes in social, political, economic and legal environment, as well as changes in the government's financial, economic, monetary, industrial and environmental conservation policies. The Group is also susceptible to changes in economic conditions, consumer confidence, consumption spending, and changes in consumption preferences.

The Group's operations are subject to a number of risk factors distinctive to property development, property investment, and property-related businesses. Default on the part of our buyers, tenants and strategic business partners, inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of operations.

In light of the uncertainties of the economic environment and the changes in the industry, we have adopted a series of measures to stabilize operation and resolve the debt risks. At the same time, the Group continues to monitor the above factors for their impact on our investments and financial performance of the Group in future and works together with those stakeholders to formulate actions to deliver sustainable development of economic, social and environmental values.

Risk of exposure to interest rate fluctuations

Certain of the Group's borrowings are with floating interest rates. The weighted average interest rate of the Group for 2025 was 7.23%, which increased by 187 basis points as compared with that for 2024. The Group has closely monitored interest rate movements and assessed its impact to the Group's financial performance and operations during the year of 2025.

Risk of exposure to exchange rate fluctuations

As at 31 December 2025, approximately 20% of the Group's total borrowings were denominated in USD and HKD. As a result, the Group had a net currency exposure to fluctuation in foreign exchange rates. As non-RMB currency borrowings are subject to fluctuations of exchange rates, the Group is careful in having borrowings in non-RMB currencies. The Group has never engaged in the dealing of any financial derivative instruments for speculative purpose. Our operation has not been materially affected by the exchange rate fluctuations. The Group will continue to closely monitor the fluctuations of exchange rates and consider appropriate measures to reduce the exchange rate risk.

EMPLOYEES AND HUMAN RESOURCES

As at 31 December 2025, the Group had 12,041 employees (31 December 2024: 12,586 employees). The decrease in the number of employees was mainly due to the continuous optimization of manpower in the property development related businesses taking into account of the industry and company situation. The Group's staff cost in 2025 was decreased by approximately 4% to RMB2,229 million (2024: RMB2,326 million). The decrease in staff cost was the net effect of the reduction of staff cost in the property development segment and the increase of one-off cost related to the optimization of manpower during the year.

The Group's remuneration system has been determined by reference to, including but not limited to, the corporate business performance, the efficiency and accomplishments of the staff and the remuneration level of the same industry in the market. The Company offers share options to motivate competitive staff at appropriate times. In 2025, we adhere to the performance-oriented payment concept and incentive scheme, focusing on channeling limited resources towards front-line teams and core performance personnel for ensuring the housing delivery, risk mitigation and revenue growth. Additionally, to facilitate continuous employee development, the Group provided a variety of learning and training programmes, empowering frontline teams and enhancing team spirits through workshops, 4PM class and etc. These efforts helped transform external pressures into internal adaptability and problem-solving capabilities, facilitating the achievement of operational goals and business transformation, while attracting, motivating, and retaining talented staff, who in return can ultimately bring in higher return to our investors.

ADDITIONAL INFORMATION ON DISCLAIMER OF OPINION EXPRESSED BY AUDITOR ON THE 2025 CONSOLIDATED FINANCIAL STATEMENTS

Subsequent to the disclaimer of opinion on the consolidated financial statements of the Group for the year ended 31 December 2024 as disclosed in the Independent Auditor's Report in the 2024 annual report of the Company, BDO did not express an opinion (the "Disclaimer of Opinion") on the consolidated financial statements for the year ended 31 December 2025 (the "2025 Consolidated Financial Statements"). Details of the Disclaimer of Opinion are described in the paragraphs headed "BASIS FOR DISCLAIMER OF OPINION — Multiple Uncertainties Relating to Going Concern" in the Independent Auditor's Report in this annual report.

With respect to certain plans and measures regarding the going concern assumption as mentioned in note 2 to the consolidated financial statements for the year ended 31 December 2024, the management of the Group has closely monitored the implementation progress, which included but not limited to the completion of the offshore debt restructuring and the significant progress made in the onshore debt restructuring. The management of the Group is of the view that the relevant plans and measures are currently being implemented as planned; meanwhile, it has also given careful consideration to the Disclaimer of Opinion and the basis thereof and has had continuous discussions with BDO during the preparation of the 2025 Consolidated Financial Statements.

The management of the Group understands that the Disclaimer of Opinion relates solely to the validity of going concern assumption, on which the 2025 Consolidated Financial Statements have been prepared and which depends upon the successful implementation of certain plans and measures, which are in turn subject to multiple uncertainties.

The management of the Group has carefully considered the Group's cash flow forecast for the next 18 months from 31 December 2025 and has given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, has proactively formulated certain plans and measures to ensure the Group will have sufficient cash resources to continue as a going concern and pay its debts when they fall due. Certain plans and measures have been taken or will be taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but not limited to, those set out in note 2.1 to the 2025 Consolidated Financial Statements in this annual report (the "Relevant Plans and Measures"). Further information on the holistic debt management for offshore debts and the extension of onshore open market debts are also set out in the below paragraphs headed "COMPLETION OF HOLISTIC DEBT MANAGEMENT FOR RELEVANT OFFSHORE DEBTS" and "RELEVANT INFORMATION ON ONSHORE OPEN MARKET DEBTS". For details on the onshore debt restructuring implementation timetable, please refer to the announcements of Sino-Ocean Holding published on the Shanghai Stock Exchange.

Assuming the success of the Relevant Plans and Measures, the management of the Group considers that the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least 12 months from 31 December 2025. Accordingly, the management of the Group is of the opinion that it is appropriate to prepare the 2025 Consolidated Financial Statements on a going concern basis.

The Audit Committee had discussed with the Board and the management of the Group regarding the going concern issue. With the orderly implementation of the Relevant Plans and Measures, the Audit Committee agreed with the position taken by the Group's management and the Board regarding the accounting treatment adopted by the Company.

The Audit Committee also discussed and understood the concerns of BDO that uncertainties exist as to whether the management of the Group will be able to achieve the Relevant Plans and Measures. There is no disagreement by the Board, the Group's management nor the Audit Committee with the position taken by BDO regarding the going concern issue.

COMPLETION OF HOLISTIC DEBT MANAGEMENT FOR RELEVANT OFFSHORE DEBTS

References are made to the announcements of the Company (collectively, the “Offshore Debts Announcements”) dated 18 July 2024, 3 February 2025, 6 February 2025, 19 February 2025 and 27 March 2025 in relation to, among others, the holistic debt management of the relevant offshore debts of the Group (“Offshore Debts Restructuring”).

As set out in the Offshore Debts Announcements, on 27 March 2025, each of the conditions to the Offshore Debts Restructuring had been satisfied and the effective date of the Offshore Debts Restructuring occurred on the same date (the “Restructuring Effective Date”). The Offshore Debts Restructuring involves the discharge and release of all claims of the in-scope creditors under the in-scope debts amounting to approximately USD6,315 million upon the distribution of the consideration to the in-scope creditors on the Restructuring Effective Date consisting of (a) new debts in an aggregate principal amount of approximately USD2,200 million, which consists of new loan and new notes, and (b) mandatory convertible bonds and/or the new perpetual securities in a combined aggregate principal amount of approximately USD4,115 million.

The successful implementation of the Offshore Debts Restructuring reduced the Group’s leverage by approximately USD4 billion, which significantly improved its asset-liability structure and greatly alleviated its offshore liquidity pressures.

For further details of the Offshore Debts Restructuring, please refer to the Offshore Debts Announcements.

RELEVANT INFORMATION ON ONSHORE OPEN MARKET DEBTS

References are made to the announcements of the Company published on the Stock Exchange and the announcements of Sino-Ocean Holding published on the Shanghai Stock Exchange, both dated 9 May 2025, 30 May 2025, 12 June 2025, 19 June 2025, 10 July 2025, 18 July 2025, 28 July 2025, 1 August 2025, 14 August 2025, 26 November 2025 and 4 February 2026, in relation to the onshore open market debts of the Group (collectively, the “Onshore Open Market Debts Announcements”).

As set out in the Onshore Open Market Debts Announcements, to advance sustainable operations going forward, in light of Sino-Ocean Holding’s current situation, the Group planned to provide an overall restructuring plan to holders of certain existing onshore corporate bonds and interbank directed debt financing instruments (collectively, the “Target Bonds”). This plan would adjust the repayment arrangements for the principal and interest of the Target Bonds and offer multiple settlement options, including cash repurchase, equity economic income right, and debt settlement with assets. Sino-Ocean Holding would advance the restructuring of the Target Bonds by convening bondholders’ meeting(s). The final restructuring plan shall be subject to the resolutions set forth in the bondholders’ meeting notice(s). In order to implement the subsequent repayment arrangements of relevant bonds, ensure fair information disclosure and protect the interests of bond investors, the trading of Sino-Ocean Holding’s seven subsisting corporate bonds (collectively, the “Corporate Bonds”) had been suspended with effect from the commencement of trading hours of the Shanghai Stock Exchange on 15 August 2025.

During the trading suspension period, bondholders’ meetings for the Corporate Bonds had been convened, at which the resolutions concerning the restructuring of the relevant bonds were approved, and the Corporate Bonds have resumed trading since the commencement of trading hours of the Shanghai Stock Exchange on 27 November 2025. Pursuant to the announcements regarding the results of the relevant bondholders’ meetings, the cash repurchase option, the equity economic income right option, and the debt settlement with assets option (debt settlement with proceeds from residential projects and debt settlement with proceeds from commercial projects) would be subsequently initiated, in sequence, by the relevant parties. Specific arrangements shall be subject to subsequent announcements to be issued by Sino-Ocean Holding.

Please refer to the Onshore Open Market Debts Announcements for details.

IMPORTANT EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2025

Save as disclosed in the above paragraphs headed “RELEVANT INFORMATION ON ONSHORE OPEN MARKET DEBTS” and note 51 to the audited consolidated financial statements in this annual report, as at the Latest Practicable Date, there was no important event affecting the Group after the financial year ended 31 December 2025.

INVESTOR RELATIONS

The Group has always regarded the accuracy, transparency, and consistency of information disclosure as the cornerstone of corporate governance. Adhering to the relevant Listing Rules, we maintain efficient two-way communication with the financial community, investors, and other stakeholders through diversified channels. We are committed to deepening the market's understanding and recognition of the Group's strategic direction, business model, and long-term value, while integrating external feedbacks into internal management optimization. This drives continuous improvement in governance standards, ultimately maximizing Shareholders' equity and the Group's value.

In 2025, amid macroeconomic fluctuations and the ongoing profound adjustments in the industry, the Group insisted to proactively address challenges. On the operation front, we upheld dedicated service and high-quality delivery, while accelerating our asset-light transformation. Notably, the newly contracted GFA for agent construction services breaking into the Top 10 in the industry. In risk resolution, the Group completed offshore and onshore holistic debt restructurings in March and November 2025, respectively, which had significantly improved our capital structure through diversified approaches, laying a solid foundation for normalized operations.

Throughout the stabilization process, the Group ensured efficient, accurate, and comprehensive information disclosure. We promptly and transparently communicated key operational updates, major progress, and financial reports to the market via announcements in the Stock Exchange, the official website, and other channels. Through meetings, calls, and emails, we maintained effective communication with the capital market, enhancing understanding of the Group's strategy and operations while bolstering market confidence.

The Group places great emphasis on shareholder opinions, considering the protection of shareholder rights and deepened two-way communication as core to governance. In May 2025, the Group held its Annual General Meeting, after which management allocated dedicated time for face-to-face interactions with individual shareholders to address their concerns substantively.

We will continue with our efforts to improve communication mechanisms with the capital market and maintain long-term and effective communication with more investors, with the goal of promoting investors' approval, confidence and loyalty, as well as protecting their interests. We are grateful to all stakeholders for their remarkable support. If you have any questions or comments with regards to our work, please contact us at ir@sinooceangroup.com. We promise to provide answers to the extent permitted by applicable laws, regulations and the Listing Rules.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

The biographies of Directors and senior management as of the Latest Practicable Date are as follows:

Executive Directors

Mr. LI Ming

Mr. LI Ming, aged 62, is the Chairman of the Board, an Executive Director, chairman of the Nomination Committee, chairman of the Strategic and Investment Committee and the Chief Executive Officer of the Company. Mr. LI joined the Company as a general manager in July 1997 and became the Chief Executive Officer in August 2006 and has been serving as the Chairman of the Board since March 2010. Mr. LI was a member of the 13th National Committee of the Chinese People's Political Consultative Conference, a member of each of the 10th and 11th Beijing Municipal Committees of the Chinese People's Political Consultative Conference, deputy to the 13th, 14th and 15th People's Congress of Chaoyang District of Beijing, a member of the 6th Election Committee in Hong Kong Special Administrative Region. Mr. LI is the honorary vice president of the China Real Estate Association, a Chartered Builder of The Chartered Institute of Building, United Kingdom and also a senior engineer. He was an advisory expert of the Ministry of Housing and Urban-Rural Development at real estate market regulation. He is also a director of certain subsidiaries and associates of the Company. Mr. LI has been appointed as the chairman of the board, a non-executive director and chairman of the nomination committee of Gemini Investments (Holdings) Limited, an associate of the Company listed on the Stock Exchange, with effect from 23 March 2026. Mr. LI has extensive experience in corporate governance, property development and investment and management of listed companies. Mr. LI graduated from Jilin University of Technology (now known as "Jilin University") and obtained a bachelor's degree of Engineering in 1985, and graduated from China Europe International Business School and obtained a master's degree in Business Administration in 1998.

Mr. WANG Honghui

Mr. WANG Honghui, aged 46, is an Executive Director, a member of the Strategic and Investment Committee and an Executive President of the Company. He is also a director of certain subsidiaries, joint ventures and associates of the Company. Mr. WANG joined the Company in July 2005 and had served as the investment head for the Beijing region, general manager of the secretarial administration department, general manager of the investment department, general manager of the CEO management centre, general manager of capital operation department, assistant to the CEO and vice president of the Company. Mr. WANG has extensive experience in real estate investment, capital operation and company management. Mr. WANG graduated from Renmin University of China and obtained a bachelor's degree in Real Estate Operation and Management in 2002 and graduated from the Chinese Academy of Social Sciences and obtained a master's degree in Regional Economics in 2004. Mr. WANG is the vice president of the China Real Estate Association, the vice president of China Real Estate Chamber of Commerce, a senior economist, specialises in real estate economy, and a registered real estate appraiser in China.

Executive Directors

Mr. CUI Hongjie

Mr. CUI Hongjie, aged 53, is an Executive Director, a member of the Strategic and Investment Committee and an Executive President of the Company. Mr. CUI joined the Company in August 1996 and had served as general manager of costing and engineering department, general manager of technology and cost department, assistant to the CEO and vice president of the Company. Mr. CUI is the joint chairman, a non-executive director and the chairman of the nomination committee and a member of the audit committee of Sino-Ocean Service Holding Limited, a subsidiary of the Company listed on the Stock Exchange. He is also a director of certain subsidiaries of the Company. Mr. CUI has extensive experience in operation and development of real estate, product creation and management. Mr. CUI graduated from Beijing University of Technology and obtained a bachelor's degree in Engineering in 1996, graduated from Beijing University of Technology and obtained a master's degree in Engineering in 2001, and graduated from China Europe International Business School and obtained a master's degree in Business Administration in 2022. Mr. CUI is a member of the Royal Institution of Chartered Surveyors, a national registered first-class constructor and a senior engineer.

Ms. CHAI Juan

Ms. CHAI Juan, aged 55, is an Executive Director, a member of the Remuneration Committee and an Executive President of the Company. Ms. CHAI joined the Board in June 2023. Ms. CHAI has previously served as the senior manager, assistant to the general manager and deputy general manager in individual insurance division, education and training division and electronic commerce division of China Life Insurance Company limited (中國人壽保險股份有限公司) ("China Life Insurance"), the secretary of the committee for discipline inspection and deputy general manager of China Life Insurance's Anhui branch, the secretary of the Committee for Discipline Inspection of the Shenzhen Audit Center of China Life Insurance. Ms. CHAI graduated from Central University of Finance and Economics and obtained a master's degree in Business Administration in 2007. Ms. CHAI is a senior economist of China Life Insurance (Group) Company (中國人壽保險(集團)公司). Ms. CHAI is nominated by China Life Insurance, a substantial shareholder of the Company.

Non-executive Directors

Mr. ZHANG Zhongdang

Mr. ZHANG Zhongdang, aged 53, is a Non-executive Director, a member of the Strategic and Investment Committee of the Company. Mr. ZHANG joined the Board in June 2023. Mr. ZHANG is also a consultant of the Company to provide engineering management consultancy and miscellaneous advice to certain subsidiaries of the Company. Mr. ZHANG had previously served as the senior manager and the manager of the research and development center of China Life Insurance. Mr. ZHANG graduated from Hebei University of Technology and obtained a bachelor's degree in Engineering in 2004. Mr. ZHANG is nominated by China Life Insurance, a substantial shareholder of the Company.

Mr. YU Zhiqiang

Mr. YU Zhiqiang, aged 49, is a Non-executive Director, a member of the Audit Committee of the Company. Mr. YU joined the Board in June 2023. Mr. YU is also a consultant of the Company to provide financial management consultancy and miscellaneous advice to certain subsidiaries of the Company. Mr. YU had previously served as the deputy general manager of China Life Insurance's branch in Jilin City, the general manager of the financial management center of China Life Insurance's branch in Jilin Province, the senior manager of shared services center (financial segment) of China Life Insurance. Mr. YU is a senior accountant. Mr. YU graduated from Dongbei University of Finance and Economics and obtained a bachelor's degree in Management in 2000. Mr. YU is nominated by China Life Insurance, a substantial shareholder of the Company.

Ms. SUN Jianxin

Ms. SUN Jianxin, aged 49, is a Non-executive Director and the member of the Audit Committee of the Company. Ms. SUN joined the Board in February 2025. Ms. SUN is currently the deputy general manager of the financial and accounting department of Dajia Insurance Group Co., Ltd.* (大家保險集團有限責任公司) ("Dajia Insurance Group"). Ms. SUN had previously served as a senior manager at the Beijing branch of Deloitte Touche Tohmatsu Certified Public Accountants LLP (Special General Partnership). Ms. SUN graduated from Paris 1 Panthéon-Sorbonne University in France and obtained a degree in Master of Business Administration in 2018. Ms. SUN is a certified public accountant of The Chinese Institute of Certified Public Accountants and has extensive experience in finance and auditing. Ms. SUN is nominated by Dajia Life Insurance Co., Ltd.* (大家人壽保險股份有限公司) ("Dajia Life Insurance"), a substantial shareholder of the Company.

Ms. WANG Manling

Ms. WANG Manling, aged 49, is a Non-executive Director and the member of each of the Nomination Committee and the Strategic and Investment Committee of the Company. Ms. WANG joined the Board in February 2025. Ms. WANG is currently the deputy general manager of the investment management department of Dajia Insurance Group. Ms. WANG had previously served as a senior account manager of the portfolio management department of China Life Asset Management Company Limited (中國人壽資產管理有限公司), and as the deputy general manager of the research department of China Life Pension Company Limited (中國人壽養老保險股份有限公司). Ms. WANG graduated from Dalian University of Technology and obtained a doctor's degree in Engineering in 2006. Ms. WANG has extensive experience in insurance asset management. Ms. WANG is nominated by Dajia Life Insurance, a substantial shareholder of the Company.

Independent Non-executive Directors

Mr. HAN Xiaojing

Mr. HAN Xiaojing, aged 71, is an Independent Non-executive Director, the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. Mr. HAN joined the Board in June 2007. Mr. HAN is the founding partner of the Commerce & Finance Law Offices. He has over 30 years' experience in the practice of corporate and securities laws in China, especially in the restructuring of large scale state-owned enterprises and private companies and offshore listing of Chinese companies. Mr. HAN is currently an independent non-executive director of each of Far East Horizon Limited, Vital Innovations Holdings Limited and Angelalign Technology Inc., all being companies listed on the Stock Exchange. Mr. HAN was an independent director of Ping An Bank Co., Ltd. ("Ping An"), a company listed on The Shenzhen Stock Exchange and has ceased to be the supervisor of Ping An since 8 January 2026. Mr. HAN graduated from China University of Political Science and Law and obtained a master's degree in Laws in 1985.

Mr. LYU Hongbin

Mr. LYU Hongbin, aged 51, is an Independent Non-executive Director and a member of each of the Audit Committee and the Remuneration Committee of the Company. Mr. LYU joined the Board in March 2023. Mr. LYU is currently the chairman of Beijing Tiancheng Ruiming Corporate Management Company Limited* (北京天成睿明企業管理有限公司) and the chairman of Huaying (Beijing) Energy Co., Ltd.* (華盈(北京)能源有限公司). Mr. LYU was a director of China Beijing Equity Exchange and Greatwall Life Insurance Co., Ltd.* (長城人壽保險股份有限公司), the deputy secretary of the Party Committee, the director and the general manager of Financial Street Holdings Co., Ltd. ("Financial Street Holdings"), a company listed on The Shenzhen Stock Exchange, from January 2017 to December 2021. Mr. LYU was also an executive director of Financial Street Guangzhou Real Estate Company Limited* (金融街廣州置業有限公司), the chairman of Financial Street Huizhou Real Estate Company Limited* (金融街惠州置業有限公司), the deputy general manager of Financial Street Holdings, the executive director of Financial Street (Shanghai) Investment Company Limited* (金融街(上海)投資有限公司), the executive director, the general manager and the deputy general manager of Financial Street (Tianjin) Real Estate Company Limited* (金融街(天津)置業有限公司), and the project general manager of Tianjin World Financial Center* (天津環球金融中心). Mr. LYU graduated from Hohai University with a double bachelor's degree major in Hydrogeology and Engineering Geology from College of Civil Engineering and Management Engineering from College of Management. He also graduated from Tsinghua University and obtained a degree in Executive Master of Business Administration (EMBA) in 2019. Mr. LYU is a senior engineer.

Mr. LIU Jingwei

Mr. LIU Jingwei, aged 58, is an Independent Non-executive Director, the chairman of the Audit Committee and a member of the Strategic and Investment Committee of the Company. Mr. LIU joined the Board in June 2023. Mr. LIU is currently a partner of ShineWing Certified Public Accountants (Special General Partnership), the chairman of its executive committee of consulting. Mr. LIU has been re-designed from a non-executive director to an executive director of Shoucheng Holdings Limited, a company listed on the Stock Exchange, with effect from 18 June 2025. Mr. LIU has been appointed as an independent non-executive director of Beijing Energy International Holding Co., Ltd., a company listed on the Stock Exchange, on 11 July 2025. Mr. LIU is also an independent director of Beijing Yanjing Brewery Co., Ltd.* (北京燕京啤酒股份有限公司), a company listed on The Shenzhen Stock Exchange, an external director of China Beijing Tong Ren Tang Group Co., Ltd.* (中國北京同仁堂(集團)有限責任公司). Mr. LIU ceased to be an independent director of Hubei Huaqiang High-Tech Co., Ltd.* (湖北華強科技股份有限公司), a company listed on The Shanghai Stock Exchange with effect from 24 April 2025. Mr. LIU was an independent non-executive director of China Nonferrous Mining Corporation Limited, a company listed on the Stock Exchange, an independent director of Beijing StarNeto Technology Co., Ltd.* (北京星網宇達科技股份有限公司), all being companies listed on The Shenzhen Stock Exchange. Mr. LIU is a fellow member of The Chinese Institute of Certified Public Accountants specialized in auditing, mergers and acquisition restructuring, bankruptcy reorganization. Mr. LIU graduated from Shanghai Jiao Tong University and obtained a degree in Executive Master of Business Administration (EMBA) in 2016.

Independent Non-executive Directors

Mr. JIANG Qi

Mr. JIANG Qi, aged 52, is an Independent Non-executive Director and a member of each of the Nomination Committee and the Remuneration Committee of the Company. Mr. JIANG joined the Board in June 2023. Mr. JIANG is currently the chairman of the board of Beijing Hylands Law Firm and a director and managing partner at Beijing Hylands (Shanghai) Law Firm. Mr. JIANG has been appointed as an independent non-executive director of Chifeng Jilong Gold Mining Co., Ltd., a company listed on the Stock Exchange, on 31 October 2025. Mr. JIANG also serves public offices such as an expert advisor of China Beijing Equity Exchange, a compliance expert for the international operations of Shenzhen enterprises, a director of representative assembly of China Academy of Arbitration Law, and also an arbitrator for multiple arbitration institutions worldwide, including China International Economic and Trade Arbitration Commission, China Maritime Arbitration Commission, Shenzhen Court of International Arbitration, Shanghai Arbitration Commission. Mr. JIANG is currently an independent director of Bethel Automotive Safety Systems Co., Ltd.* (蕪湖伯特利汽車安全系統股份有限公司), a company listed on The Shanghai Stock Exchange. From January 2020 to April 2022, Mr. JIANG had served as an independent director of Shandong Hiking International Co., Ltd.* (山東新華錦威際股份有限公司), a company listed on The Shanghai Stock Exchange. Mr. JIANG was ranked among the top 100 of “The A-List Legal Elites” by “Commercial Law” in 2020, and was listed in “Chambers Global 2022” and “Chambers Greater China Region Guide” in 2022. Mr. JIANG graduated from University of International Business and Economics and obtained a doctorate’s degree in International Law in 2018.

Mr. CHEN Guogang

Mr. CHEN Guogang, aged 66, is an Independent Non-executive Director and a member of each of the Audit Committee and the Nomination Committee of the Company. Mr. CHEN joined the Board in August 2024. Mr. CHEN is currently an independent director of Allinpay Network Services Co., Ltd.* (通聯支付網絡服務股份有限公司). Mr. CHEN was the senior advisor of Canopath Company Limited, the independent non-executive director of China Dongxiang (Group) Co., Ltd., a company listed on the Stock Exchange, the chief executive officer of Shenzhen Qianjin Enterprise Management Consulting Co., Ltd.* (深圳前金企業管理諮詢有限公司) (formerly known as Shenzhen Qianhai Financial Assets Exchange Ltd.* (深圳前海金融資產交易所有限公司)), the vice president of China Minsheng Investment Corp., Ltd.* (中國民生投資股份有限公司), the vice president and the chief financial officer of New China Life Insurance Company Ltd., a company listed on The Shanghai Stock Exchange and the Stock Exchange, the chief financial officer, the general manager of the finance department and the deputy chief financial officer of Sinochem Group Co., Ltd.* (中國中化集團有限公司), and the vice president of China International United Petroleum & Chemicals Co., Ltd.* (中國國際石油化工聯合有限責任公司). Mr. CHEN is a senior accountant and a certified public accountant of The Chinese Institute of Certified Public Accountants. Mr. CHEN has extensive working experience in financial management, with unique insights and practices in the fields of international financing, capital operations and corporate risk control. Mr. CHEN graduated from Xiamen University and obtained a doctorate degree in Economics in 1988.

SENIOR MANAGEMENT

Mr. ZHAO Jianjun

Mr. ZHAO Jianjun, aged 48, is a member of the Strategic and Investment Committee and the Vice President of the Company. Mr. ZHAO joined the Company in July 2004 and has served as the financial director of Zhongshan company, deputy general manager of Shenzhen company, deputy general manager, executive deputy general manager and the general manager of Southern China development division. He has rich experience in development and management of real estate project, and comprehensive management of companies. Mr. ZHAO graduated from Beijing Industrial and Commercial University and obtained a master's degree in Management in 2004, and graduated from China Europe International Business School and obtained a degree in EMBA in 2019.

Mr. MA Tianyi

Mr. MA Tianyi, aged 47, is the Vice President of the Company, and also serves as the chairman of Commercial Company and Real Estate Company. Mr. MA joined the Company in July 2004, and has served as the deputy general manager and general manager of the office building business division, general manager of Sino-Ocean Logistics, and assistant to the CEO of the Company. He has extensive experience in commercial-office complexes, logistics properties, IDC data centers, and other real estate development and management. Mr. MA graduated from Tsinghua University, obtained a bachelor's degree in Construction Structural Engineering in 2001 and a master's degree in Construction Structural Engineering in 2004. In 2022, he graduated from China Europe International Business School with a Master of Business Administration (MBA) degree.

Ms. JIANG Nan

Ms. JIANG Nan, aged 48, is the Chief Accountant of the Company. Ms. JIANG joined the Company in February 2009 and has served as the assistant to general manager of finance department, general manager of the accounting management department, deputy finance director, and deputy chief accountant of the Company. Ms. JIANG has extensive experience in, among others, financial management of listed companies, auditing, and investment and financing. Ms. JIANG graduated from Tianjin University of Finance and Economics, majoring in International Trade and obtained a bachelor's degree in Economics in 1999, and graduated from China Europe International Business School and obtained a degree in Executive Master of Business Administration (EMBA) in 2023. Ms. JIANG is a member of The Chinese Institute of Certified Public Accountants.

Mr. SHI Zhiyong

Mr. SHI Zhiyong, aged 52, is the Vice President of the Company, and also serves as the chairman of Western China Company. Mr. SHI joined the Company in December 1998 and has served as the deputy director of the general office of the Company, the assistant to general manager of Kaichen Plaza project, general manager of Huangshan company, general manager of Nanjing company, general manager of urban development division, the general manager of Western China development division and assistant to the CEO of the Company. He has rich experience in development, investment and management of real estate operation. Mr. SHI graduated from Peking University and obtained a master's degree in Laws in 2003, and graduated from Tsinghua University and obtained a degree in EMBA in 2014.

Ms. CHAN Ka Man

Ms. CHAN Ka Man, aged 51, is the Company Secretary. Ms. Chan is currently the financial controller of Sino-Ocean Land (Hong Kong) Limited, a wholly-owned subsidiary of the Company. She joined the Company in July 2008. Ms. CHAN is also the company secretary of Sino-Ocean Service. Ms. Chan has over 20 years of experience in accounting and finance, with extensive expertise in areas including financial operations, compliance, and business advisory. Ms. Chan graduated from Bluffton University with a bachelor's degree in Accounting and Business Administration in 1996, and graduated from The University of Hong Kong with a master of Business Administration in 2016. Ms. Chan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants.

COMPANY SECRETARY

Ms. CHAN Ka Man

Ms. CHAN Ka Man, aged 51, is the Company Secretary. For her biographical details, please refer to the above paragraph headed "SENIOR MANAGEMENT" in this section.

REPORT OF THE DIRECTORS

The Board is pleased to present this report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The core businesses of the Group include development of residential property, investment property development and operation, property services and whole-industrial chain construction services, with its scope of businesses also covering senior living service, internet data center, logistics real estate and real estate fund, etc., forming a unique advantage in the field of asset-light agent construction. The Group is one of the leading property developers with developments in key economic regions in the PRC.

A list of principal subsidiaries of the Company is set out in note 13 to the consolidated financial statements of this annual report. The analysis of the Group's revenue and operating results in its major operating activities is set out in the section headed "Management Discussion & Analysis" in this annual report and note 6 to the consolidated financial statements of this annual report.

RESULTS AND APPROPRIATIONS

Results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income on pages 84 and 85 of this annual report respectively.

The Board did not recommend the payment of final dividend for the year ended 31 December 2025 (2024: Nil).

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 24 June 2026 to Monday, 29 June 2026 (both dates inclusive), during which period no transfer of Shares will be registered. In order to ascertain the right to attend and vote at the forthcoming AGM to be held on Monday, 29 June 2026, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on Tuesday, 23 June 2026.

DIVIDEND POLICY

The Company has adopted a dividend policy which sets out the basic principles and factors for considerations by the Board for the distribution of dividends and shall comply with the Articles and all applicable laws and regulations. The Company strives to maintain a stable dividend payout ratio in order to enhance the Company's long-term investors' confidence in the Company's stock and strengthen the momentum of the Company's future share price. The Company intends to declare dividends twice for the results of a financial year in an aggregate amount of not less than 20% of the annual consolidated profit attributable to the owners of the Company.

On the premise that a stable dividend payout ratio shall be maintained, the Company is required to balance the Group's profit, capital plan, operational development requirements and other relevant factors such as financial position of the Group, the capital requirements of the Company, the financing agreements of the Group and the prevailing economic climate to determine the distribution of dividends to the Shareholders. The Company also determines the final dividend payout ratio with reference to the industry's dividend payout level and stock price performance, as well as the expectations of the capital market and Shareholders on the Company.

RESERVES

Movements in the reserves of the Group and the Company during the year under review are set out in the consolidated statement of changes in equity on pages 88 and 89 and notes 27 and 49 to the consolidated financial statements of this annual report.

DISTRIBUTABLE RESERVES

As at 31 December 2025, the Company had no reserve available for distribution to Shareholders.

SHARE CAPITAL

Movements in the share capital of the Company during the year under review and as at 31 December 2025 are set out in note 25 to the consolidated financial statements of this annual report. During the year ended 31 December 2025, an aggregate of 4,203,741,285 Shares were issued upon the conversion of the Issued MCBs, details of which are set out in the section headed “MANDATORY CONVERTIBLE BONDS” of this report.

During the year ended (and as at) 31 December 2025 and as at the date of this report, the Company did not hold any treasury shares.

FIXED ASSETS

Movements in the Group’s fixed assets are set out in note 7 to the consolidated financial statements of this annual report.

BORROWINGS

Details of borrowings are set out in note 30 to the consolidated financial statements of this annual report. Details of the Group’s capitalized interest expenses and other borrowing costs during the year under review are set out in note 40 to the consolidated financial statements of this annual report.

DONATIONS

For the year ended 31 December 2025, the Group’s donations to charity and for other purposes amounted to approximately RMB711,300 (2024: RMB712,100).

BUSINESS REVIEW

A review of the business of the Group during the year and a discussion on the Group’s future business development are set out in the paragraphs headed “PERFORMANCE REVIEW AND STRATEGY” and “2026 COMPANY STRATEGIES” under the section headed “Chairman’s Statement” in this annual report, respectively. The description of principal risks and uncertainties that the Group may be facing are set out in the paragraphs headed “MARKET REVIEW AND OUTLOOK” under the section headed “Chairman’s Statement”, note 4 to the consolidated financial statements and the paragraphs headed “OTHER INFORMATION” under the section headed “Management Discussion & Analysis” in this annual report. Particulars of important events affecting the Company that have occurred since the end of the year are set out in the paragraph headed “IMPORTANT EVENTS AFTER THE FINANCIAL YEAR ENDED 31 DECEMBER 2025” under the section headed “Management Discussion & Analysis” in this annual report. An analysis of the Group’s performance during the year using financial key performance indicators is set out in the section headed “Financial & Operation Highlights” and in the section headed “Management Discussion & Analysis”, respectively, in this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Sino-Ocean Group has been proactively responding to domestic and foreign advocacy while undertaking its environmental responsibilities and placing a strong emphasis on environmental performance. We formulated the “Sino-Ocean Group Policy on Climate Change”, “Sino-Ocean Group Energy Policy”, “Sino-Ocean Group Policy on Environmental Protection” and “Sino-Ocean Group Policy on Green Procurement”, and issued the “Declaration of Sino-Ocean Group on Climate Change” to regulate management requirements related to the environment. Based on its commitment on the long-term goal of “Achieving carbon neutrality by 2050”, Sino-Ocean Group formulated a systematic carbon neutrality strategy and pathway planning in 2022, and launched Sino-Ocean “2050 Net Zero” project, dedicating to become an advocate and pioneer in building healthy, green, climate-friendly and sustainable cities and communities.

The Group has a long history of implementing standards for green and healthy buildings. On the business front, we conduct feasibility assessment and environmental impact assessment or registration for new projects in stringent adherence to environmental assessment procedures in accordance with relevant regulations of local governments, and make development arrangements and investment decisions accordingly, and consider environmental factors in the entire life cycle of the building. Sino-Ocean Group has continued to take the lead among industry players in constructing green and healthy buildings, and taken into account the value of health and low-carbon by its self-developed “Sino-Ocean Healthy Building System” as a continuing effort to build a greener and healthier living environment. Simultaneously, Sino-Ocean Group has put into practice the adoption of WELL healthy building standards to build more green and healthy buildings across the nation.

STAKEHOLDER RELATIONS

Based on its review on past efforts in the fulfilment of responsibilities and judgment on the current international and domestic situations, Sino-Ocean Group stays committed to the communication and collaboration with the seven major groups of stakeholders, namely investors, government, employees, customers, environment, business partners and communities, striving to achieve sustainable development in economic, social and environmental values with these stakeholders together. The Sino-Ocean Group Sustainability Policy and related management systems clearly define the ways in which stakeholders participate in the Group’s sustainability initiatives.

The Board believes that the support of Shareholders and investors in the Group is essential. The accuracy, transparency, and consistency of information disclosures are crucial for corporate governance to the Group. The Group strictly complies with the relevant rules of the Stock Exchange and maintains efficient, two-way communication with the financial community, investors, and other stakeholders through diversified channels. The Group always adhere to ensuring the timeliness, accuracy, and completeness of information disclosure. We ensure that the market is kept up-to-date and transparent by publishing key operating information, major developments and financial reports through the announcements on the Stock Exchange’s website, the Company’s official website and various communication channels. The Group maintains efficient communication with the capital markets through meetings, conference calls, and emails. After each general meeting, the management reserved time for direct dialogues with individual Shareholders, ensuring that their concerns are addressed in a timely and meaningful manner. For further information, please refer to the section headed “Investor Relations” in this annual report.

The basic obligation of corporate responsibility is to respond to the national policies. Over the years, Sino-Ocean Group has not only actively echoed and conscientiously implemented the national policies, while showing a persistent concern and support for people’s livelihood. We have never ceased to bring the strengths of our professional skills into full play. While developing projects for our market segments, we adhere to our commitment and social responsibility, and improve people’s living standards, convey the concept of healthy living, continuously striving to provide more families with a better living space.

The sustainable development of Sino-Ocean Group is dependent upon the diligent work under shared values and mutual progress of all employees.

Sino-Ocean Group treasures its customers as one of the most important groups of stakeholders, adheres to the “serving with ingenuity” principle to work for dedicated projects and produce quality products through artistry, and is committed to promoting healthy living, quality lifestyles, amicable neighborhoods and a civil community atmosphere in Sino-Ocean communities.

On the environmental front, please refer to the paragraphs headed “ENVIRONMENTAL POLICIES AND PERFORMANCE” above and the contents of the “Sustainable Development Report 2025 of Sino-Ocean Group”.

Committed to mutual growth and benefit with all its business partners, the Group drives them to develop in a sustainable manner while undertaking social responsibility at the same time. The business partners of Sino-Ocean Group has across the nation. The Group gives priority to local suppliers based on the locations of relevant projects, and engages in regular communication and exchanges with business partners. Strategic procurement suppliers are assessed and classified (based on the results of the assessments) on an annual basis to ensure timely understanding of partners’ business, development and environmental performance. The Group also formulated and continuously updates the “Sino-Ocean Group Code of Conduct for Suppliers” and carried out supplier ESG assessments for six consecutive years, ensuring the suppliers of Sino-Ocean upheld and put into practice the Group’s views on accountability. In the meantime, Sino-Ocean Group has also shared the philanthropic values of “Micro-philanthropic, inclusiveness and sustainability” with all its partners. Under the proposition of “shared benefits”, more and more partners have joined Sino-Ocean as “partners with shared benefits” to create a better world together.

Sino-Ocean Group’s responsibility on the social and civic fronts is performed primarily through Sino-Ocean Charity Foundation set up and funded by Sino-Ocean Group, which serves as the hub for a network of charitable resources with special emphasis on education and environmental protection, and support for community health improvement. Its professional charity platform has effectively integrated the resources of Sino-Ocean Group and provided the most professional and effective channel for the charitable donations and joint charity ventures of the Group and its partners.

For the environmental policies and performance of the Group as well as the full content related to stakeholder relations, please refer to the “Sustainable Development Report 2025 of Sino-Ocean Group”, which will be published on the websites of the Company and the Stock Exchange at the same time as the publication of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

The real estate industry in China is the core industry which PRC laws, regulations and policies pay much attention to. There are laws and regulations of different levels restricting various aspects of the real estate industry, such as the transfer of land use rights, the establishment of property development enterprises, the development and construction of real estate projects, environmental protection and foreign exchange control. The Group recognises the importance of the compliance with the laws and regulations in commercial activities, and the failure to comply with the above could result in serious risk and consequences. The Group has reasonably allocated legal, corporate governance, financial and human resources, in particular, the setting up of the compliance and risk management team, to provide assurance for the Group to comply with applicable laws and regulations. Meanwhile, the Group maintains good relationships with Government regulators through effective communication. The Group abides by the applicable laws and regulations, standards and codes on the environment and green construction in material respects, such as the “Work Safety Law of the People’s Republic of China”, the “Environmental Protection Law of the People’s Republic of China”, the “Construction Law of the People’s Republic of China”, the “Law on Environmental Impact Assessment of the People’s Republic of China”, the “Regulations on Nature Reserves of the People’s Republic of China”, etc. During the year under review, to the best of our knowledge, there were no material breaches of or non-compliance with applicable laws and regulations in mainland China and Hong Kong that had a significant impact on the business and operations of the Group.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices. Corporate governance practices adopted by the Company are set out in the section headed “Corporate Governance Report” of this annual report.

REMUNERATION POLICY AND RETIREMENT BENEFITS OF THE GROUP

The Group’s remuneration system has been determined with reference to (including but not limited to) the Company’s operating results, the efficiency and accomplishments of its employees, and the remuneration level of its market peers, in order to provide employees with remuneration packages which are in line with the market standards, and also to safeguard the human resources for the Company’s sustainable development. The Company has approved the 2018 Option Scheme, details of which are set out in the paragraphs headed “SHARE OPTION SCHEME OF THE COMPANY” in this report.

The employees of the Company’s subsidiaries established in the PRC participate in various retirement benefit plans organized by the relevant municipal and provincial government in the PRC. These subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefit scheme. The Group has joined the MPF Scheme for all employees in Hong Kong. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

Details of the Group’s retirement benefit plans are set out in note 39 to the consolidated financial statements of this annual report.

BASIS OF DETERMINING REMUNERATION TO DIRECTORS

The Group’s remuneration policy is also applicable to the Directors. Apart from benchmarking against the market, the Company looks at individual experience, qualification, duties and responsibilities involved in the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Directors, including the share option scheme of the Company, similar to those offered to other employees of the Group. No Director is involved in deciding his/her own remuneration.

FIVE-YEAR FINANCIAL SUMMARY

A five-year financial summary of the Group is set out on page 217 of this annual report.

SHARE OPTION SCHEME OF THE COMPANY

The 2018 Option Scheme (details of which were set out in the circular of the Company dated 16 July 2018) is valid and effective for a period of 10 years until 5 August 2028, unless it is terminated early in accordance with its provisions. As at the date of this report, the remaining term of the 2018 Option Scheme was approximately 2.3 years.

The scope of the participants applicable to the 2018 Option Scheme shall be determined by the Board. In general, the participants of the 2018 Option Scheme are the formal employees (i.e. who have signed valid employment contracts with the Group for one year or more) of the Group. The Board may decide to grant share options to other persons who, in the opinion of the Board, are critical to the development of the Company. The purposes of the 2018 Option Scheme are to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its Shares for the benefit of our Shareholders, to enhance the competitiveness of the Company’s remuneration structure, to attract and retain talents required to achieve the Company’s long-term strategic targets, and to compensate Directors and employees of the Group for their contribution based on their individual performance and the performance of the Company.

The total number of Shares in respect of which share options may be granted under the 2018 Option Scheme is not permitted to exceed 761,528,565 Shares, representing approximately 6.43% of the total number of issued Shares as at the date of this report (i.e. 11,836,699,134 Shares). The number of share options available for grant (and the number of Shares issuable under the share options available for grant) under the 2018 Option Scheme was 17,400,000 at the beginning and the end of the financial year ended 31 December 2025, representing approximately 0.15% of the total number of the issued Shares as at the date of this report (i.e. 11,836,699,134 Shares). As at 31 December 2025, there are no outstanding share options granted under the 2018 Option Scheme. Without prior approval from the Shareholders, the number of Shares in respect of which share options were granted and may be granted to any individual in any 12-month period is not permitted to exceed 1% of the number of Shares in issue. For any grant of options to a substantial Shareholder or an INED, or any of their respective associates, the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person within any 12-month period shall not exceed 0.1% of the number of issued Shares in aggregate and be with an aggregate value (based on the closing price of the Shares on the date of grant) in excess of HKD5 million.

The share options granted under the 2018 Option Scheme are exercisable within five years period in which 50% of share options become exercisable after 12 months from the grant date and all share options become exercisable after 24 months from the grant date. A consideration of HKD1.00 is payable by each grantee accepting the grant of share options within 21 business days from the date of the notice of the grant of share options issued by the Company. Options are exercisable at a price that is determined by the Board, which will not be less than the higher of the closing price of the Shares on the respective date of grant, and the average closing price of the Shares for the five business days immediately preceding the respective date of grant.

Particulars of share options outstanding under the 2018 Option Scheme at the beginning and at the end of the financial year ended 31 December 2025 and share options granted, exercised, cancelled or lapsed under the 2018 Option Scheme during such year were as follows:

Category of participant	Date of share options granted	Exercise period	Exercise price of share options (HKD)	No. of share options	No. of share options	No. of share options
				outstanding as at 1 January 2025	lapsed during the year	outstanding as at 31 December 2025
Director						
Mr. HAN Xiaojing	25 Mar 2020	25 Mar 2021 — 24 Mar 2025	2.106	600,000	(600,000)	—

Notes:

- (i) The share options granted under the 2018 Option Scheme are exercisable during a period of five years commencing on the date of grant, where 50% of share options will become exercisable after 12 months from the date of grant and all share options will become exercisable after 24 months from the date of grant.
- (ii) During the year ended 31 December 2025, no share option was granted, exercised or cancelled with respect to the 2018 Option Scheme.
- (iii) During the year ended 31 December 2025, no share option was held by the five highest paid individuals of the Group.
- (iv) During the year ended 31 December 2025, no share option was held by the other employees of the Group (excluding the Directors and the five highest paid individuals of the Group).

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities (including sale of treasury shares, if any) of the Company during the year under review.

MANDATORY CONVERTIBLE BONDS

At the extraordinary general meeting of the Company held on 18 November 2024, the shareholders of the Company granted a specific mandate to the directors of the Company to allot and issue certain conversion shares to be allotted and issued upon conversion of certain zero-coupon, two-year mandatory convertible bonds (the "MCBs") to be issued by the Company. Details of the MCBs are set out in the circular of the Company dated 1 November 2024.

On 27 March 2025, the Company issued Class A zero-coupon mandatory convertible bonds due 2027 ("Class A MCB"), Class B zero-coupon mandatory convertible bonds due 2027 ("Class B MCB"), Class C zero-coupon mandatory convertible bonds due 2027 ("Class C MCB") and Class D zero-coupon mandatory convertible bonds due 2027 ("Class D MCB", collectively with Class A MCB, Class B MCB and Class C MCB, the "Holistic Restructuring MCB") in the aggregate principal amount of USD2,927,460,067 to the relevant creditors as part of the consideration for the holistic debt management of the relevant offshore debts of the Group (the "Offshore Debts Restructuring"). No cash proceeds were received by the Group from the issue of the Holistic Restructuring MCB. Further details of the Offshore Debts Restructuring and the Holistic Restructuring MCB (including the terms of the Holistic Restructuring MCB) are set out in the announcements and circular of the Company from 18 July 2024 to 27 March 2025.

On 18 December 2025, the Company issued zero-coupon mandatory convertible bonds due 2027 in the principal amount of USD21,187,476 (the "Bilateral MCB", together with the Holistic Restructuring MCB, the "Issued MCBs") as part of the consideration for the restructuring of certain loan facilities of the Group (the "Bilateral Restructuring"). No cash proceeds were received by the Group from the issue of the Bilateral MCB. Further details of the Bilateral Restructuring and the Bilateral MCB (including the terms of the Bilateral MCB) are set out in the announcement of the Company dated 22 December 2025.

The initial minimum conversion prices of HKD1.55 per Share for Class A MCB, HKD5.74 per Share for Class B MCB, HKD17.26 per Share for Class C MCB and HKD11.36 per Share for Class D MCB represented a premium of approximately 631%, 2,608%, 8,042% and 5,258% respectively to the closing price of HKD0.212 per Share as quoted on the Stock Exchange on 27 March 2025, being the date of issue of the Holistic Restructuring MCB. The initial conversion price of HKD1.55 per Share for the Bilateral MCB represented a premium of approximately 1,376% to the closing price of HKD0.105 per Share as quoted on the Stock Exchange on 18 December 2025, being the date of issue of the Bilateral MCB.

Assuming there is full conversion of the Issued MCBs in initial aggregate principal amount of USD2,948,647,543 at the aforementioned relevant conversion prices, in each case based on the agreed exchange rate of USD1 = HKD7.82, such Issued MCBs will be converted into a maximum aggregate of 6,641,934,253 Shares.

During the period from 27 March 2025 to 31 December 2025, based on the conversion prices of HKD1.55 per Share for Class A MCB, HKD5.74 per Share for Class B MCB, HKD17.26 per Share for Class C MCB and HKD11.36 per Share for Class D MCB, and the agreed exchange rate of USD1 = HKD7.82 in each case, a total of 4,203,741,285 Shares were issued and allotted to the Holistic Restructuring MCB converting holders (i.e. in-scope creditors of the Offshore Debts Restructuring) as a result of conversion of the Holistic Restructuring MCB in the aggregate principal amount of USD1,635,002,349.

During the period from 18 December 2025 to 31 December 2025, no conversion of the Bilateral MCB had occurred and hence no Shares were issued and allotted by the Company in respect of the Bilateral MCB.

Dilutive Impact of the Conversion of the Issued MCBs

As at 31 December 2025, USD1,292,457,718 in aggregate principal amount of the Holistic Restructuring MCB and USD21,187,476 in principal amount of the Bilateral MCB remained outstanding. Assuming there is full conversion of the Issued MCBs, based on the initial minimum conversion prices of HKD1.55 per Share for Class A MCB, HKD5.74 per Share for Class B MCB, HKD17.26 per Share for Class C MCB and HKD11.36 per Share for Class D MCB, and the conversion price of HKD1.55 per Share for the Bilateral MCB, and the agreed exchange rate of USD1 = HKD7.82 in each case, the Issued MCBs can be converted into a maximum aggregate of 2,438,192,769 Shares, which represent approximately 20.63% of the total number of Shares in issue (excluding treasury shares) as at 31 December 2025 (i.e. 11,819,836,942 Shares) and approximately 17.10% of the total number of Shares in issue (excluding treasury shares) as enlarged by the issue and allotment of such conversion shares (assuming no other change in the issued share capital of the Company) (i.e. 14,258,029,711 Shares).

Set out below is the dilutive impact on respective shareholdings of the substantial shareholders (within the meaning of the Listing Rules) of the Company if there had been full conversion of the Issued MCBs as at 31 December 2025:

	As at 31 December 2025		Upon full conversion of the outstanding Issued MCBs as at 31 December 2025	
	Number of Shares held	Approximate percentage of shareholding	Number of Shares held	Approximate percentage of shareholding
China Life Insurance (i)	2,253,459,151	19.07%	2,253,459,151	15.80%
China Life Group (i)	2,253,459,151	19.07%	2,253,459,151	15.80%
Dajia Life Insurance (ii)	2,252,646,115	19.06%	2,252,646,115	15.80%
Dajia Insurance Group (ii)	2,252,646,115	19.06%	2,252,646,115	15.80%

Notes:

- (i) The 2,253,459,151 Shares were registered in the name of, and beneficially owned by, China Life Insurance. China Life Group was interested in 68.37% and was a controlling shareholder of China Life Insurance.
- (ii) The 2,252,646,115 Shares were registered in the name of, and beneficially owned by, Dajia Life Insurance. Dajia Insurance Group was interested in 99.98% and was a controlling shareholder of Dajia Life Insurance.

As calculated based on the profit attributable to owners of the Company of approximately RMB6,756 million and the distributions related to perpetual securities of approximately RMB67 million for the year ended 31 December 2025, basic earnings per Share amounted to RMB0.660, and the dilutive impact on earnings per Share shall be RMB0.130 on the assumption of full conversion of the Issued MCBs.

The Issued MCBs will be mandatorily convertible into Shares upon maturity and will not be redeemed by cash. It would be equally financially advantageous for the holders of the Issued MCBs to convert or redeem the Issued MCBs based on the implied internal rate of return thereof, when the Company's share price approximates to the respective conversion price in the future.

DIRECTORS

The table below sets out the members of the Board during the year under review and up to the date of this report:

Name of Directors	Position
Mr. LI Ming	Chairman and Executive Director
Mr. WANG Honghui	Executive Director
Mr. CUI Hongjie	Executive Director
Ms. CHAI Juan	Executive Director
Mr. ZHANG Zhongdang	Non-executive Director
Mr. YU Zhiqiang	Non-executive Director
Ms. SUN Jianxin	Non-executive Director (appointed on 3 February 2025)
Ms. WANG Manling	Non-executive Director (appointed on 3 February 2025)
Mr. HAN Xiaojing	Independent Non-executive Director
Mr. LYU Hongbin	Independent Non-executive Director
Mr. LIU Jingwei	Independent Non-executive Director
Mr. JIANG Qi	Independent Non-executive Director
Mr. CHEN Guogang	Independent Non-executive Director
Mr. ZHAO Peng	Non-executive Director (resigned on 3 February 2025)
Mr. SUN Jinfeng	Non-executive Director (resigned on 3 February 2025)

Brief biographical details of the Directors as at the Latest Practicable Date are set out in the section headed “Biographies of Directors and Senior Management” in this annual report.

DIRECTORS OF SUBSIDIARIES

A list of directors of subsidiaries of the Company during the year under review and up to the date of this report is kept at the Company’s registered office and available for inspection by Shareholders during office hours.

DIRECTORS' SERVICE CONTRACTS

The term of service as a Director is subject to retirement by rotation and re-election in accordance with the provisions of the Articles. An Executive Director, each of the Non-executive Directors and Independent Non-executive Directors has entered into a letter of appointment with the Company for a term of one year subject to re-election in the forthcoming AGM.

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

PERMITTED INDEMNITY

The Articles provides that, subject to the provisions of the Companies Ordinance, each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors and officers of the Group. The relevant provisions in the Articles and the directors and officers liability insurance were in force during the financial year ended 31 December 2025 and as at the date of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "CONNECTED TRANSACTIONS" in this report, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any Director or any entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year under review.

DIRECTORS' RIGHTS TO PURCHASE SHARES OR DEBENTURES

Save for the share options granted pursuant to the 2018 Option Scheme, at no time during the year under review was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18, were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

EQUITY-LINKED AGREEMENTS

Save as disclosed in the sections headed "SHARE OPTION SCHEME OF THE COMPANY" and "MANDATORY CONVERTIBLE BONDS" of this report, no equity-linked agreements were entered into by the Group during the year or subsisted at the end of the year.

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

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

Long position in the Shares and the underlying Shares

Name of Directors	Capacity/ nature of interest	As at 31 December 2025	
		No. of Shares held	Approximate percentage in the Company's total issued share capital (Note iii)
Mr. LI Ming	Founder of discretionary trust	127,951,178 (Note i)	1.083%
	Beneficiary of trust	14,914,200 (Note ii)	0.126%
	Beneficial owner	65,445,000	0.554%
Mr. WANG Honghui	Beneficial owner	273,295	0.002%
Mr. CUI Hongjie	Beneficial owner	369,571	0.003%
Ms. CHAI Juan	–	–	–
Mr. ZHANG Zhongdang	–	–	–
Mr. YU Zhiqiang	–	–	–
Ms. SUN Jianxin	–	–	–
Ms. WANG Manling	–	–	–
Mr. HAN Xiaojing	Beneficial owner	460,000	0.004%
Mr. LYU Hongbin	–	–	–
Mr. LIU Jingwei	–	–	–
Mr. JIANG Qi	–	–	–
Mr. CHEN Guogang	–	–	–

Notes:

- (i) The 127,951,178 Shares are held by a discretionary trust of which Mr. LI Ming is the founder.
- (ii) The 14,914,200 Shares are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.
- (iii) Calculated based on the Company's total number of issued Shares of 11,819,836,942 Shares as at 31 December 2025.

Long position in the shares of the associated corporation

Name of Director	Name of associated corporation	Capacity/ nature of interest	As at 31 December 2025	
			No. of ordinary shares of associated corporation held	Approximate percentage of total issued share capital of associated corporation (Note)
Mr. WANG Honghui	Gemini Investments (Holdings) Limited	Beneficial owner	132,000	0.021%

Note: Calculated based on Gemini Investments (Holdings) Limited's total number of issued ordinary shares of 635,570,000 shares as at 31 December 2025.

Save as disclosed above, none of the Directors nor the chief executives of the Company had any interest or short positions in any of the shares, underlying shares or debentures of the Company or any of its associated corporations (with the meaning of Part XV of the SFO) as at 31 December 2025 as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2025, other persons' interests and short positions in Shares and underlying Shares (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/ nature of interest	Long/short position	As at 31 December 2025	
			No. of Shares held	Approximate percentage in the Company's total issued share capital (Note v)
China Life Group (Note i)	Interest of controlled corporation	Long	2,253,459,151	19.07%
Dajia Insurance Group (Note ii)	Interest of controlled corporation	Long	2,252,646,115	19.06%
HSBC Holdings plc (Note iii)	Interest of controlled corporation	Long	723,417,174	6.12%
	Custodian (other than an exempt custodian interest)	Long	83,047	0.0007%
Walkers Fiduciary Limited (Note iv)	Interest of controlled corporation	Long	627,564,732	5.31%

Notes:

- (i) The 2,253,459,151 Shares were registered in the name of, and beneficially owned by, China Life Insurance. China Life Group was interested in 68.37% of China Life Insurance. China Life Group was deemed to be interested in these Shares by virtue of the SFO.
- (ii) The 2,252,646,115 Shares were registered in the name of, and beneficially owned by, Dajia Life Insurance. Dajia Insurance Group was interested in 99.98% of Dajia Life Insurance. Dajia Insurance Group was deemed to be interested in these Shares by virtue of the SFO.
- (iii) According to the Form 2 — Corporate Substantial Shareholder Notice for the relevant event on 16 May 2025 submitted by HSBC Holdings plc, out of an aggregate of 723,500,221 Shares held, 704,960,431 Shares are derivative interests, among which 704,960,365 Shares are listed derivatives (convertible instruments) and 66 Shares are unlisted derivatives (cash settled). For further details, please refer to the Form 2 — Corporate Substantial Shareholder Notice for each of the relevant events on 27 March 2025, 15 April 2025, 24 April 2025 and 16 May 2025 submitted by HSBC Holdings plc.
- (iv) According to the Form 2 — Corporate Substantial Shareholder Notice for the relevant event on 27 March 2025 submitted by each of Walkers Fiduciary Limited (“Walkers”) and Atlantic SPV Limited (“Atlantic SPV”), Atlantic SPV beneficially held certain Issued MCBs. Upon full conversion of such certain Issued MCBs assuming the minimum conversion price of HKD1.55 per Share, 627,564,732 Shares will be allotted and issued to Atlantic SPV. Walkers legally owned 100% of the shares in Atlantic SPV, but Walkers held the beneficial interest in Atlantic SPV on trust ultimately for and on behalf of the Cayman Islands Charities. Walkers was deemed to be interested in these Shares by virtue of the SFO. All of the 627,564,732 Shares held are derivative interests, comprising only listed derivatives (convertible instruments). For further details, please refer to the Form 2 — Corporate Substantial Shareholder Notice for the relevant event on 27 March 2025 submitted by each of Walkers and Atlantic SPV.
- (v) Calculated based on the Company’s total number of issued Shares of 11,819,836,942 Shares as at 31 December 2025.

Save as disclosed above, the Company had not been notified by any person or corporation who had interests or short positions in the Shares or underlying Shares as at 31 December 2025 as recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

During the year ended 31 December 2025, none of the Directors had interest in any business which competed or was likely to compete, either directly or indirectly, with the businesses of the Group that were required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

MANAGEMENT CONTRACTS

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

MAJOR SUPPLIERS AND CUSTOMERS

The Group’s principal business is property development. During the year under review, purchases from the Group’s five largest suppliers (excluding land supply) accounted for less than 30% of the total purchases for the year.

The Group’s major products are commodity housings, and its major customers bases are general individual home buyers, involving a relatively large number of customers. During the year under review, sales to the Group’s five largest customers accounted for less than 30% of the revenue for the year.

As far as the Directors are aware, neither the Directors, their close associates, nor the Shareholders (which to the knowledge of the Directors own more than 5% of the number of issued Shares) had any interest in the five largest customers and suppliers of the Group.

CONNECTED TRANSACTIONS

During the year under review, the Group had conducted the following connected transactions that were not fully exempt under Chapter 14A of the Listing Rules, details of which are disclosed below in compliance with the requirements of Chapter 14A of the Listing Rules.

1. Service Procurement Agreement

On 24 October 2025, Senior Living L'Amore (Beijing) Health and Elderly Care Services Co., Ltd.* (北京椿萱茂康養服務有限公司) ("Senior Living L'Amore", a wholly-owned subsidiary of the Company, as service provider) entered into a senior living services procurement agreement (養老服務採購協議) (the "Service Procurement Agreement") with China Life Insurance Company Limited Beijing Branch* (中國人壽保險股份有限公司北京市分公司) ("China Life Insurance Beijing Branch", as purchaser), pursuant to which China Life Insurance Beijing Branch will purchase from Senior Living L'Amore, and Senior Living L'Amore will provide senior care service benefits to designated customers of China Life Insurance Beijing Branch (being eligible insurance product policyholders of China Life Insurance Beijing Branch or its designated persons).

The Service Procurement Agreement was effective for the period commencing on the date of its execution (i.e. 24 October 2025) and ended on 31 December 2025.

The total contract sum under the Service Procurement Agreement was expected to be no more than RMB5,500,000. The actual transaction amount shall be settled based on the actual amount incurred. Senior Living L'Amore charged China Life Insurance Beijing Branch a fee for each Letter of Rights for Residency in Senior Living Communities* (養老社區入住權益函) (the "Letter of Rights") in accordance with the following standards: the fee for the Letter of Rights for Residency in Senior Living Communities (Beijing Version for Retirement Communities)* (《養老社區入住權益函》(長者社區北京版)) was RMB3,750 per letter. To be entitled to such Letter of Rights, the total insurance premium paid must be RMB1.5 million or above, and it grants residency rights in Senior Living L'Amore retirement communities in the Beijing region; the fee for the Letter of Rights for Residency in Senior Living Communities (National Version)* (《養老社區入住權益函》(全國版)) was RMB5,000 per letter. To be entitled to such Letter of Rights, the total insurance premium paid must be RMB2 million or above, and it grants residency rights in Senior Living L'Amore retirement communities and care buildings across the country.

The above fees were determined with reference to multiple factors following arm's length negotiations, including but not limited to: (i) the prices for similar services provided by other suppliers; (ii) all costs, taxes, and profit required to complete the work under the Service Procurement Agreement; and (iii) the reasons and benefits for the transactions contemplated under the Service Procurement Agreement as set out in the below paragraphs.

Payment shall be made within twenty business days upon China Life Insurance Beijing Branch's receipt of a valid and legally compliant value-added tax general invoice issued by Senior Living L'Amore.

During the term of the Service Procurement Agreement, the actual transaction amount under the Service Procurement Agreement was RMB4,861,386.13.

China Life Insurance is a substantial shareholder of the Company. Building on the capital relationship between the Company and China Life Insurance, the parties has been cooperating and creating synergies in different areas of business. By entering into the Service Procurement Agreement and conducting the transactions contemplated thereunder, Senior Living L'Amore would provide business empowerment to China Life Insurance Beijing Branch, including hosting insurance clients for visits, issuing the letter of rights for priority residency in Senior Living Communities, and providing exclusive benefits post-residency etc., while Senior Living L'Amore would be charging fees for such Letter of Rights. This collaboration would, on one hand, continue to empower China Life Insurance's primary insurance sales and deepen the "insurance + senior care" cooperation model, and on the other hand, enhance the brand presence of Senior Living L'Amore in the senior care industry and increase client sources for its senior care facilities.

As at the date of the Service Procurement Agreement, China Life Insurance was a substantial shareholder of the Company and therefore, China Life Insurance Beijing Branch was a connected person of the Company. Accordingly, the transactions contemplated under the Service Procurement Agreement constituted connected transaction of the Company under Chapter 14A of the Listing Rules, and were subject to the reporting and announcement requirements, but were exempt from the circulars (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. CHAI Juan, Mr. ZHANG Zhongdang and Mr. YU Zhiqiang, all being Directors nominated by China Life Insurance at the relevant time, had abstained from voting on the relevant Board resolutions approving the Service Procurement Agreement and the transactions contemplated thereunder.

Details of the above transaction have been disclosed in the announcement of the Company dated 26 October 2025 in compliance with the Listing Rules.

2. Issue of new notes to connected person in connection with the holistic offshore debt restructuring

On 27 March 2025 (the "Restructuring Effective Date"), the holistic debt management (the "Offshore Debts Restructuring") of the relevant offshore in-scope debts of the Group (the "Existing Debt Instruments", comprising, among others, the six series of English law-governed guaranteed notes and one series of English law-governed perpetual subordinated guaranteed capital securities (collectively the "Existing Notes", in each case issued by the relevant subsidiaries of the Company and guaranteed by the Company) took effect. The Offshore Debts Restructuring involves the discharge and release of all claims of the in-scope creditors under the Existing Debt Instruments amounting to approximately USD6,315 million upon the distribution of the restructuring consideration to the in-scope creditors on the Restructuring Effective Date consisting of (a) new debts in an aggregate principal amount of approximately USD2,200 million, which consists of new USD denominated term loan facility of the Company in the principal amount of approximately USD649 million and new USD denominated notes of the Company in the principal amount of approximately USD1,551 million (the "New Notes"); and (b) new zero-coupon, two-year mandatory convertible bonds of the Company (the "Holistic Restructuring MCB") and/or new interest bearing, perpetual securities of the Company in a combined aggregate principal amount of approximately USD4,115 million.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the latest practicable date prior to the printing of the circular of the Company in relation to possible transactions in connection with the Offshore Debts Restructuring dated 1 November 2024 for the purpose of ascertaining certain information contained in the said circular (i.e. 29 October 2024), China Life Franklin Asset Management Co., Limited, an affiliate of China Life Insurance (together with its associates, the "China Life Entity(ies)"), held the Existing Notes in principal amount of not more than USD740 million on behalf of China Life Insurance and its affiliates. Therefore, the same as other holders of the Existing Notes, subject to the election and allocation mechanism in relation to the entitlement of in-scope creditors to the restructuring consideration (the "Election and Allocation Mechanism"), the relevant Existing Notes held by China Life Entity(ies) would be exchanged into New Notes and subject to the China Life Entity(ies) electing to receive the Holistic Restructuring MCB and subject to the Election and Allocation Mechanism, China Life Entity(ies) might be issued certain Holistic Restructuring MCB in the Offshore Debts Restructuring.

China Life Insurance was a substantial shareholder of the Company at the relevant time, and was therefore a connected person of the Company under Chapter 14A of the Listing Rules. As the New Notes would be secured by the assets of the Group, the exemption under Rule 14A.90 of the Listing Rules was not applicable. Furthermore, the Holistic Restructuring MCB would be convertible into the new shares of the Company to be allotted and issued upon conversion of the Holistic Restructuring MCB. Therefore, each of the possible issue of the New Notes to China Life Entity(ies) (the "Possible China Life New Notes Issue") and the possible issue of the Holistic Restructuring MCB to China Life Entity(ies) (the "Possible China Life MCB Issue") in the Offshore Debts Restructuring constituted a connected transaction for the Company under Chapter 14A of the Listing Rules, and was subject to the reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. CHAI Juan, Mr. ZHANG Zhongdang and Mr. YU Zhiqiang, all being Directors nominated by China Life Insurance at the relevant time, had abstained from voting on the relevant Board resolutions in relation to the Possible China Life New Notes Issue, the Possible China Life MCB Issue and the transactions as contemplated thereunder. In view of the material interests in the Possible China Life New Notes Issue, the Possible China Life MCB Issue and the transactions as contemplated thereunder of the China Life Entity(ies), China Life Insurance was required under the Listing Rules to abstain and had abstained from voting on the proposed ordinary resolutions in relation to the Possible China Life New Notes Issue and the Possible China Life MCB Issue at the extraordinary general meeting of the Company held on 18 November 2024.

The Possible China Life New Notes Issue and the Possible China Life MCB Issue were approved at the extraordinary general meeting of the Company held on 18 November 2024. On the Restructuring Effective Date, in accordance with the results of the Election and Allocation Mechanism, the relevant Existing Notes held by China Life Entity(ies) were exchanged into New Notes whilst no Holistic Restructuring MCB was issued to China Life Entity(ies).

Details of the Possible China Life New Notes Issue and the Possible China Life MCB Issue have been disclosed in the announcement of the Company dated 29 October 2024 and the circular of the Company dated 1 November 2024 in compliance with the Listing Rules. Details of the occurrence of the Restructuring Effective Date have been disclosed in the announcement of the Company dated 27 March 2025.

RELATED PARTY TRANSACTIONS

A summary of significant related party transactions entered into by the Group during the year under review is set out in note 48 to the consolidated financial statements of this annual report. Save as disclosed above in the section headed “CONNECTED TRANSACTIONS”, none of the related party transactions referred to in the aforementioned note falls within the definition of connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules and is subject to reporting requirement during the year under review.

The Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules with respect to the non-exempt connected transactions entered into by the Group during the year under review.

DISCLOSURE PURSUANT TO RULE 13.22 OF THE LISTING RULES

As at 31 December 2025, the aggregate amount of financial assistance to affiliated companies by the Group exceeded 8% under the assets ratio as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the affiliated companies as at 31 December 2025 is presented as follows:

	RMB (million)
Non-current assets	36,305
Current assets	70,353
Current liabilities	(63,594)
Non-current liabilities	(42,243)
Net assets	821

The Group’s attributable interest in the affiliated companies as at 31 December 2025 amounted to approximately RMB354 million.

The proforma combined statement of financial position of the affiliated companies has been prepared by combining their statements of financial position, after making adjustments to conform with the Group's significant accounting policies as at 31 December 2025.

CHANGES IN DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in the information of the Directors during the period from 29 August 2025 (being the date of the interim report of the Company for the six months ended 30 June 2025) to the date of this report required to be disclosed are set out below:

- Mr. HAN Xiaojing has ceased to be the supervisor of Ping An Bank Co., Ltd. since 8 January 2026.
- Mr. LI Ming was appointed as the chairman of the board, a non-executive director and chairman of the nomination committee of Gemini Investments (Holdings) Limited, an associate of the Company listed on the Stock Exchange, with effect from 23 March 2026.
- Mr. CHEN Guogang has ceased to be the senior advisor of Canopath Company Limited since February 2026.

SUFFICIENT PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at 31 December 2025 and the Latest Practicable Date, the Company has maintained a sufficient public float of more than 25% of the issued Shares as required under the Listing Rules.

AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by BDO, Certified Public Accountants, who will retire and, being eligible, offer itself for re-appointment, at the forthcoming AGM.

By order of the Board

LI Ming

Chairman

Hong Kong, 27 March 2026

CORPORATE GOVERNANCE REPORT

The Board is pleased to present the Corporate Governance Report of the Company.

COMMITMENT TO CORPORATE GOVERNANCE

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company. It is of utmost importance to conduct business with accountability, transparency and fairness. The Group's interests as well as those of its Shareholders will be maximized in the long run by adhering to these principles. The management of the Group also actively observes the latest corporate governance developments in Hong Kong and overseas.

Compliance with the corporate governance code

In the opinion of the Board, the Company had applied the principles of the CG Code to its corporate governance structure and practices as described in this report and complied with all the applicable code provisions of the CG Code throughout the year ended 31 December 2025, except for the deviations as disclosed below.

The roles of the Chairman and the CEO are served by Mr. LI Ming and have not been segregated as required under code provision C.2.1 of the CG Code. The Company considers that the combination of the roles of the Chairman and the CEO involves a realignment of power and authority under the existing corporate structure and facilitates the ordinary business activities of the Company. Although the responsibilities of the Chairman and the CEO are vested in one person, all major decisions are made in consultation with the Board and the senior management of the Company. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates efficiency in the ordinary business activities of the Company. The Board will review the current structure from time to time and will make any necessary arrangement as appropriate.

Code provision C.5.7 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. During the year under review, the Board approved a connected transaction (the "Transaction") by way of passing written resolutions in lieu of a physical board meeting, in respect of which a substantial Shareholder and certain Directors who were nominated by such substantial Shareholder were regarded as having material interests. It is considered that the adoption of written resolutions in lieu of the physical board meeting allowed the Board to make decision in relation to the Transaction in a more efficient manner. Prior to the execution of the written resolutions, Board papers regarding details and information, reasons for and benefits, as well as fairness of the Transaction were provided to all Directors in advance for their review and consideration, and all Directors had declared their interests in the matters (if any) in accordance with the Articles and applicable laws. The Directors who had material interests in the Transaction abstained from passing the written resolutions.

Code provision C.6.2 of the CG Code stipulates that a board meeting should be held to discuss the appointment of the company secretary and the matter should be dealt with by a physical board meeting rather than a written resolution. The appointment of the Company Secretary was made in December 2025, and the appointment was approved by way of passing written resolutions in lieu of a physical board meeting in accordance with the Articles. Prior to the execution of the written resolutions, Board papers regarding the appointment of the Company Secretary were provided to all Directors in advance for their review and consideration. It is considered that the approval process by way of the adoption of the written resolutions is an efficient and appropriate way for the appointment of the Company Secretary.

THE BOARD

Responsibilities

The Board, led by the Chairman, is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and the performance of management so as to protect and maximize the interests of the Company and its Shareholders as a whole. Matters relating to the daily operations of the Group are delegated to the management. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment of Director(s), remuneration policy and other major operational and financial matters.

The Board is also collectively responsible for performing corporate governance duties including to develop and review the Company's policies and practices on corporate governance, review and monitor the training and continuous professional development of Directors and senior management, review and monitor the Company's policies and practices on compliance with legal and regulatory requirements as well as develop, review and monitor the Code of Conduct applicable to Directors and the relevant employees of the Group, and review the Company's compliance with the CG Code which is amended from time to time, and its disclosure in the corporate governance reports.

During the year under review, the Board has considered and approved, including but not limited to the annual budget, management results and performance update against annual budget, together with business reports from the management, interim results for the six months ended 30 June 2025, the annual results for the year ended 31 December 2024, connected transaction, proposed restructuring plan of onshore corporate bonds of Sino-Ocean Holding, adoption of revised terms of reference of each of the Audit Committee and Nomination Committee and the workforce diversity policy, the change of Company Secretary and other critical business operations, the Company's ESG strategy and implementation plan, the publication of interim and annual reports (including Corporate Governance Report) and the Company's sustainable development report.

The valuable recommendations contributed by each Board Committee are highly respected by the Board and the Board takes proactive actions to put the recommendations in place.

Board composition

As at the date of this report, the Board comprised thirteen Directors, including four EDs, Mr. LI Ming (Chairman), Mr. WANG Honghui, Mr. CUI Hongjie and Ms. CHAI Juan; four NEDs, Mr. ZHANG Zhongdang, Mr. YU Zhiqiang, Ms. SUN Jianxin and Ms. WANG Manling; and five INEDs, Mr. HAN Xiaojing, Mr. LYU Hongbin, Mr. LIU Jingwei, Mr. JIANG Qi and Mr. CHEN Guogang. An updated list of the Directors and their role and function is published on the websites of the Company and the Stock Exchange. Composition of the Board is also disclosed, and the INEDs are identified, in all corporate communications to the Shareholders.

The members of the Board are of a diversity with a variety of backgrounds, rich industry experience and appropriate professional qualifications. Please refer to the section headed "Biographies of Directors and Senior Management" of this annual report for the profiles of the Directors.

Save as disclosed in the section headed "Biographies of Directors and Senior Management", the Directors have no other financial, business, family or other material or relevant relationships with one another.

(i) Chairman and Chief Executive Officer

As disclosed in the section headed “Compliance with the corporate governance code” in this report, although the responsibilities of the Chairman and the CEO are vested in one person, Mr. LI Ming, all major decisions are made in consultation with the Board and the senior management of the Company. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates efficiency in the ordinary business activities of the Company. The Board will review the current structure from time to time and will make any necessary arrangement as appropriate.

(ii) Non-executive Directors and Independent Non-executive Directors

The functions of NEDs and INEDs should include participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct; taking the lead where potential conflicts of interests arise; serving on the audit, remuneration, nomination and strategic and investment committees as members, if invited; and scrutinising the Company’s performance in achieving agreed corporate goals and objectives, and monitoring performance reporting.

The NEDs (including INEDs) have made a positive contribution to the development of the Company’s strategy and policies through independent, constructive and informed comments. They give the Board and the Board Committees on which they serve the benefit of their skills, expertise, varied backgrounds and qualifications through regular attendance at and active participation in meetings.

Each of Mr. ZHANG Zhongdang, Mr. YU Zhiqiang, Ms. SUN Jianxin (appointed on 3 February 2025) and Ms. WANG Manling (appointed on 3 February 2025), Mr. ZHAO Peng (resigned on 3 February 2025) and Mr. SUN Jinfeng (resigned on 3 February 2025), all being NEDs, has agreed not to receive the Director’s fee of HKD460,000, HKD460,000, HKD418,411, HKD418,411, HKD42,849, HKD42,849, during the year under review.

Appointment and re-election of Directors

The Directors give sufficient time and attention to the affairs of the Company. All Directors are required to disclose to the Company at the time of their appointment, and in a timely manner for any change of, the number and nature of offices held in public companies or organisations and other significant commitments.

Pursuant to the letters of appointment, an ED, all NEDs and INEDs are appointed for an initial term of one year. However, such term is subject to his/her re-election at the AGM in accordance with the Articles.

Every Director, including NEDs and INEDs, is subject to retirement by rotation at least once every three years. One-third of the Directors must retire from office at each AGM and their re-election is subject to the approval of the Shareholders.

Pursuant to the Articles, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company, and shall be eligible for re-election.

Directors' Attendance at Meetings and Continuous Professional Development

During the year, the attendance of each Director at the Board, Board Committee (where applicable) meetings and the general meetings of the Company, and his/her training records are set out in the following table:

Directors	Number of meetings attended/eligible to attend						AGM (Note v)	Type of trainings (Note vi)
	Board	Audit Committee	Nomination Committee	Remuneration Committee	Strategic and Investment Committee			
Existing Directors								
Mr. LI Ming	5/5	–	1/1	–	1/1	1/1	1/1	A, C
Mr. WANG Honghui	5/5	–	–	–	1/1	1/1	1/1	A, C
Mr. CUI Hongjie	5/5	–	–	–	1/1	1/1	1/1	A, C
Ms. CHAI Juan	5/5	–	–	1/1	–	1/1	1/1	A, C
Mr. ZHANG Zhongdang	5/5	–	–	–	1/1	1/1	1/1	A, C
Mr. YU Zhiqiang	5/5	2/2	–	–	–	1/1	1/1	A, C
Ms. SUN Jianxin (Note i)	5/5	2/2	–	–	–	1/1	1/1	A, C
Ms. WANG Manling (Note ii)	5/5	–	1/1	–	1/1	1/1	1/1	A, C
Mr. HAN Xiaojing	5/5	–	1/1	1/1	–	1/1	1/1	A, C
Mr. LYU Hongbin	5/5	2/2	–	1/1	–	1/1	1/1	A, C
Mr. LIU Jingwei	4/5	2/2	–	–	1/1	1/1	1/1	A, C
Mr. JIANG Qi	5/5	–	1/1	1/1	–	1/1	1/1	A, C
Mr. CHEN Guogang	5/5	2/2	1/1	–	–	1/1	1/1	A, C
Former Directors								
Mr. ZHAO Peng (Note iii)	0/0	0/0	–	–	–	–	–	–
Mr. SUN Jinfeng (Note iv)	0/0	–	0/0	–	0/0	–	–	–

Notes:

- (i) Ms. SUN Jianxin was appointed as a Director and also appointed as a member of the Audit Committee on 3 February 2025.
- (ii) Ms. WANG Manling was appointed as a Director and also appointed as a member of each of the Nomination Committee and the Strategic and Investment Committee on 3 February 2025.
- (iii) Mr. ZHAO Peng resigned as a Director and also ceased to be a member of the Audit Committee on 3 February 2025.
- (iv) Mr. SUN Jinfeng resigned as a Director and also ceased to be a member of each of the Nomination Committee and the Strategic and Investment Committee on 3 February 2025.
- (v) AGM held on 23 May 2025.
- (vi) (A) attending seminars, conferences and/or forums; (B) giving speeches at seminar(s) or forum(s); and (C) reading professional journals and updates relating to the economy, general business, real estate or director's duties and responsibilities etc.

Meetings

The Board conducts meetings on a regular basis and at least four times a year. Additional meetings will be arranged if and when required. During the year under review, the Board convened four regular meetings. For the summary of the work during the year, please refer to the sub-section headed “Responsibilities” under the section headed “THE BOARD” of this report.

Notices of regular Board meetings were given to all Directors at least 14 days before the meetings according to the requirements of the Articles. For other Board meetings, reasonable notice is generally given. For regular Board Committee meetings, at least 7-day notice is generally given. For other Board Committee meetings, at least 3-day notice is generally given.

The agenda of Board meetings is set after consultation with the Chairman. All Directors are given an opportunity to include matters in the agenda. The agenda accompanying Board papers, which are prepared in a form and quality sufficient to enable the Board to make informed decisions, are given to all Directors in a timely manner. All Directors are properly briefed on issues arising from any Board meetings by the Chairman.

Minutes of Board meetings and meetings of Board Committees with details of the matters considered and decisions reached are kept by the Company Secretary and are open for inspection with a reasonable notice by any Director. All Directors and members of the Board Committees are urged to attend the Board meetings and Board Committee meetings in person. For the Directors and committee members who are unable to attend the meetings in person, participation through electronic means will be arranged.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary. Upon making request to the Board, all Directors may obtain independent professional advice at the Company’s expense for carrying out their functions.

During the year under review, all Directors attended the AGM held on 23 May 2025.

The Chairman promotes a culture of openness and actively encourages Directors with different views to voice their opinion and be fully engaged in the Board’s affairs so as to contribute to the Board’s functions. The Chairman meets with the INEDs at least annually without the presence of other Directors.

Training for Directors

For any newly appointed Director, he/she will be provided with an induction training so as to ensure that he/she has an appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations as a director under the Listing Rules and the relevant regulatory requirements.

In compliance with Rule 3.09D of the Listing Rules, each of Ms. SUN Jianxin and Ms. WANG Manling, who was appointed as NED on 3 February 2025, obtained the legal advice from a firm of solicitors on 21 January 2025 and she confirmed that she understood her obligations as a Director.

There are also arrangements in place for providing continuing briefing and professional development to Directors, whenever necessary, in order to ensure that they have a proper understanding of the Company's operations and business. To assist their continuous professional development, the Company Secretary recommends relevant seminars and courses for the Directors to attend. All Directors also understand the importance of continuous professional development, and they are committed to participating in suitable training to develop and refresh their knowledge and skills. During the year, the Company has provided the trainings to the Directors related to (1) continuing obligations of listed companies and directors, including (i) the roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness; (ii) directors' duties on dealing of shares; (iii) inside information, the compliance requirements in respect of notifiable and connected transactions under the Listing Rules; (iv) disclosure requirements on corporate governance and ESG matters; (v) risk management and internal controls; (vi) new regulatory updates on introduction to the uncertificated securities market, and (2) ESG compliance and value creation from regulation to market. All Directors participated in appropriate continuous professional development and provided the Company with their records of training they received for the year ended 31 December 2025. For further details, please refer to the sub-section headed "Directors' Attendance at Meetings and Continuous Professional Development" under the section headed "THE BOARD" of this report.

Directors' and relevant employees' securities transactions

The Company has adopted the Code of Conduct on terms no less exacting than those required standards set out in the Model Code. The Company has made specific enquiries with all the Directors and each of them has confirmed that he/she had complied with all required standards set out in the Model Code and the Code of Conduct throughout the year.

The Company has also set out a guideline regarding securities transactions by the relevant employees (the "Relevant Employees") who, because of their roles and functions in the Company or its subsidiaries, are likely to be in possession of inside information. All the Relevant Employees are reminded of the necessity for compliance with the guideline regularly.

Directors' and officers' liability insurance and indemnity

The Articles provides that every Director or officer of the Company is entitled to be indemnified out of the assets of the Company against any liability, loss or damages which he/she may sustain or incur in or about the execution of duties of his/her office or otherwise in relation thereto provided that such indemnity shall not extend to any matter in respect of fraud or dishonesty which may attach to any Director or officer.

The Company has arranged appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. During the year under review, no claim was made on the liability insurance for the Directors and the officers of the Company.

BOARD COMMITTEES

The Board has set up four Board Committees, namely, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic and Investment Committee, for overseeing particular aspects of the Company's affairs. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances at the Company's expense. All resolutions passed by the Board Committees will be reported to the Board.

For the attendance of each Director at the Board Committee (where applicable) meetings during the year, please refer to the sub-section headed "Directors' Attendance at Meetings and Continuous Professional Development" under the section headed "THE BOARD" of this report.

Audit Committee

The Audit Committee consists of three INEDs, namely Mr. LIU Jingwei, Mr. LYU Hongbin and Mr. CHEN Guogang, and two NEDs, namely Mr. YU Zhiqiang and Ms. SUN Jianxin. Mr. LIU Jingwei is the chairman of the Audit Committee. He has professional qualifications in accountancy. None of the members of the Audit Committee is a member of the former or existing auditors of the Company or has any financial interest in the firm.

The main duties of the Audit Committee are, including but not limited to, to monitor and supervise the financial reporting process, risk management and internal control systems, oversee the audit process and review the financial information of the Group. The Audit Committee is also responsible for considering the appointment, independence and remuneration of the auditor and any matters related to the removal and resignation of the auditor, reviewing and monitoring continuing connected transactions as well as performing other duties and responsibilities as may be assigned by the Board from time to time. The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The responsibilities and work performed by the Audit Committee during the year under review and up to the date of this report include the following:

(i) Financial reporting

The Audit Committee reviewed the interim and annual consolidated financial statements and reports and accounts, and discussed the financial highlights, explanations and analysis on operational and financial performance given by the management. The Audit Committee gave careful consideration to (among others) the accounting policies and practices adopted, significant accounting judgements applied, compliance with applicable regulatory requirements and accounting standards, as well as adequacy of reporting disclosures. It also reviewed the overall financial position of the Group as well as the adequacy of the provision for material liabilities and impairment of assets.

(ii) External auditor

The Audit Committee considered and approved the terms of engagement and the level of remuneration of the external auditor.

The Audit Committee also assessed the external auditor's independence and objectivity and the effectiveness of the audit process, including the audit plan, the audit approach, the nature and scope of the audit and reporting obligations, as well as the engagement for the provision of non-audit services, in accordance with applicable standards.

The Audit Committee has also met the external auditor in the absence of Executive Directors and senior management to discuss issues regarding audit.

(iii) Internal audit, risk management and internal control

The Audit Committee reviewed the annual audit plan, works and reports by the Group's risk management department on the internal control function and the rectification procedures taken in respect of any deficiencies. The Audit Committee also assessed the adequacy and effectiveness of the risk management (including ESG risks) and internal control systems. For details, please refer to the paragraphs headed "RISK MANAGEMENT AND INTERNAL CONTROL" below.

(iv) Others

The Audit Committee reviewed the Whistleblowing Policy and the Anti-fraud and Anti-bribery Policy and considered they remain sound and valid.

The Audit Committee also discussed with the management to ensure that the Company is having adequate resources, staff qualifications and experience, training programmes and budget for the Company's accounting, internal audit, financial reporting function as well as the function relating to the Company's ESG performance and reporting.

Remuneration Committee

The Remuneration Committee comprises four members, being an ED, Ms. CHAI Juan, and three INEDs, namely Mr. HAN Xiaojing, Mr. LYU Hongbin and Mr. JIANG Qi. Mr. HAN Xiaojing is the chairman of the Remuneration Committee.

The main duties of the Remuneration Committee are, including but not limited to, (i) to make recommendations and proposals to the Board for approval on the Company's policy and structure on the remuneration of all Directors and senior management of the Company and on the establishment of a formal and transparent procedure for formulating remuneration policy for the Company; (ii) to review and approve the remunerations of EDs and senior management of the Company which are determined with reference to a number of factors, including but not limited to, their experience, qualifications, duties and responsibilities undertaken in the Company, the results and performance of the Company by making reference to the Company's objectives as approved from time to time by the Board and the prevailing market conditions, in respect of which the Remuneration Committee may consult with the Chairman of the Board about their remuneration proposals for EDs; (iii) to determine, with delegated responsibility from the Board, the remuneration package and incentive payment of EDs and senior management of the Company, including benefits in kind, pension rights and compensation payments; and (iv) to make recommendations to the Board on the remuneration of NEDs. The written terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

During the year under review and up to the date of this report, the Remuneration Committee has reviewed and approved, among others, the report of the labour cost for the years ended 31 December 2024 and 2025, and the budget of the overall labour cost for the year ended 31 December 2025 and for the year ending 31 December 2026, the report of remuneration payment for EDs and senior management of the Company for the years ended 31 December 2024 and 2025, the proposal of remuneration packages for EDs and senior management of the Company for the year ended 31 December 2025 and for the year ending 31 December 2026, and make a recommendation to the Board for the Director's fee of the newly appointed NEDs, and reviewed and approved the service fee of re-appointed consultants of the Company. In addition, the Remuneration Committee reviewed the movements under the 2018 Option Scheme during the year under review.

Details of emoluments of Directors for the year under review are set out in note 50 to the consolidated financial statements. The emoluments paid to senior management during the year under review were within the following bands:

	Number of senior management
Above RMB1.5 million to RMB2 million	2
Above RMB2 million to RMB2.5 million	3

Nomination Committee

The Nomination Committee comprises five members, being an ED, Mr. LI Ming, a NED, Ms. WANG Manling, and three INEDs, namely Mr. HAN Xiaojing, Mr. JIANG Qi and Mr. CHEN Guogang. Mr. LI Ming is the chairman of the Nomination Committee.

The main duties of the Nomination Committee are, including but not limited to, to review the structure, size and composition of the Board, assess the independence of INEDs, identify, consider and nominate candidates for directorship, to approve the appointment of Directors and make recommendations to the Shareholders for the proposed re-election of Directors. If necessary, the Nomination Committee will also convene meetings and submit relevant reports to the Board. The written terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

During the year under review and up to the date of this report, the Nomination Committee has reviewed and approved, among others, the structure, size, composition and diversity of the Board and considered the Board consists of a diverse mix of members and provides a balance of skills and experience appropriate to the Group's business needs. It also reviewed the implementation and effectiveness of the mechanisms that ensure independent views and input are available to the Board and considered they remain sound and valid, assessed the independence of INEDs as well as considered all Directors are able to devote sufficient time and effect to perform their duties, despite some of them holding multiple directorships and/or other major appointments. Furthermore, it considered and recommended the appointment of the new Directors and changes in the senior management, changes of Company Secretary, and reviewed the biographical details (including qualification, capacity, diversity and experience) of the Retiring Directors in accordance with the Nomination Policy and the Board Diversity Policy and then make recommendations to the Shareholders for the proposed re-election of the Retiring Directors at the forthcoming AGM. It has also reviewed and recommended to the Board the adoption of the revised terms of reference of the Nomination Committee.

Summary of Nomination Policy

The purpose of the Nomination Policy is to set out the selection criteria and procedure for the selection, appointment and re-appointment of Directors. The Nomination Policy provides that, among others, for the nomination and appointment of INEDs, the Nomination Committee shall consider approaching recruitment agencies, obtaining referrals from business acquaintances and peer industry circles, the recruitment advertisement or the personal network in searching for appropriate INED candidates.

In assessing the suitability of a proposed candidate, the factors which would be used as reference by the Nomination Committee include but not limited to the reputation for integrity, the accomplishment and experience in the industry, the commitment in respect of available time and relevant interest, diversity in all aspects, including but not limited to gender, age (18 years or above), nationality, cultural and educational background, professional experience, skills, knowledge, industry or other experience, expertise and independence.

Member(s) of the Nomination Committee may convene a meeting of the Nomination Committee for consideration of nominated candidate(s) and the Board members are welcome to nominate suitable candidates to be a Director from time to time. The Nomination Committee may also put forward candidates who are not nominated by Board members. For filling a casual vacancy or appointing an additional Director, the Nomination Committee shall make recommendations for the Board's consideration and approval. For re-appointment of an existing Director, the Nomination Committee shall review the overall contributions and service of the retiring Director to the Company and determine whether the retiring Director continues to meet the nomination criteria as set out in the Nomination Policy and make recommendations to the Shareholders for the proposed re-election of the Director at the general meeting. A circular containing the names, brief biographies (including qualifications and relevant experience), independence, proposed remuneration and any other information as required pursuant to the applicable laws, rules and regulations of the proposed candidates nominated by the Board to stand for election or re-election at the general meeting will be sent to Shareholders. A candidate is allowed to withdraw his/her candidature at any time before the general meeting by serving a notice in writing to the Company Secretary. The Board shall have the final decision on all matters relating to its recommendation of candidates to stand for election or re-election at any general meeting. If a Shareholder wishes to nominate a person for election as Director in a general meeting, please refer to the "Procedures for Shareholders to propose a person for Election as a Director" made available under the Corporate Governance section of the Company's website.

The Nomination Committee considered that the Retiring Directors shall have the required character, integrity and professional knowledge and experience to continue fulfilling their roles and functions and contributing to the Company.

Independent views and input

The Company has established mechanisms to ensure a strong independent element on, and independent views and inputs are available to, the Board and the implementation and effectiveness of these mechanisms will be reviewed annually by the Nomination Committee. A summary of which is set out below:

(i) Composition of the Board and Board Committees

The Board endeavours to ensure the appointment of at least three INEDs and at least one-third of its members being INEDs (or such higher threshold as may be required by the Listing Rules from time to time). Apart from complying with the requirements prescribed by the Listing Rules as to the composition of certain Board Committees, INEDs will be appointed to other Board Committees as far as practicable to ensure independent views are available.

(ii) Independence assessment

The Nomination Committee must strictly adhere to the Nomination Policy and Board Diversity Policy as well as the independence assessment criteria as set out in the Listing Rules with regard to the nomination, appointment and re-election of INEDs, and is mandated to assess annually the independence of INEDs to ensure that they can continually exercise independent judgement.

(iii) Remuneration

In general, no equity-based remuneration (e.g. share options or grants) with performance-related elements will be granted to INEDs as this may lead to bias in their decision-making and compromise their objectivity and independence.

(iv) Conduct of Board proceedings and supply of and access to information

All Directors (including INEDs) shall be provided with regular updates giving a balanced and understandable assessment of the Group's performance, position and prospects and also supplied with adequate information to enable them to make informed decision. All Directors (including INEDs) are entitled to seek further information and documentation from the management on the matters to be discussed at Board and/or Board Committee meetings, and where necessary, independent advice from external professional advisers at the Company's expense. Directors shall not vote or be counted in the quorum on any board resolution approving any contract, arrangement or any other proposal concerning a matter that is significant to the Company's business in which such Director or any of his/her close associates has a material interest, save as otherwise permitted under the Listing Rules.

The Company has received annual confirmations from all INEDs, namely Mr. HAN Xiaojing, Mr. LYU Hongbin, Mr. LIU Jingwei, Mr. JIANG Qi and Mr. CHEN Guogang, in respect of their independence for the year ended 31 December 2025 pursuant to Rule 3.13 of the Listing Rules. The Nomination Committee reviewed and concluded that all the INEDs are independent parties in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgements. The Nomination Committee also reviewed and considered that the above-mentioned mechanisms and the governance structure are effective in ensuring that independent views and inputs are provided to the Board.

Summary of Board Diversity Policy






The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the Board Diversity Policy aims to build and maintain a Board with a diversity of Directors in terms of, including but not limited to, gender, age, nationality, cultural and education background, professional experience, skills, knowledge, industry or other experience, expertise, independence and length of service. These differences will be taken into account in determining the optimum composition of the Board. The Company will also take into account factors based on its business model and specific needs from time to time. The Nomination Committee will, if considered necessary, discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will review annually the composition of the Board under diversified perspectives according to the Board Diversity Policy, and monitor the implementation of this policy to ensure its effectiveness. The Board is characterized by significant diversity, whether in terms of gender, age, professional background and skills.

Board diversity

The Nomination Committee has reviewed the current Board composition and it consists of three female Directors and ten male Directors, with diverse professional background and industry experience, maintaining an appropriate balance of diversity perspectives. Therefore, it is believed that the gender diversity of the Board has been achieved during the year. It is not necessary to set any target or timeline for enhancing gender diversity on the Board. However, the Company is committed to improving gender diversity when identifying suitable candidates.

An analysis of the Board composition as at 31 December 2025 is set out as below:

 No. of Directors	1	2	3	4	5	6	7	8	9	10	11	12	13
 Gender	Female			Male									
 Category	EDs			NEDs				INEDs					
 Age Group	Below 50			50 or above and below 60						60 or above			
 Skill, knowledge and experience	<ul style="list-style-type: none"> • Expertise in property development, construction management and property management • Corporate strategies and risk management • Capital market, investment management and financial management • Insurance industry experience • Legal and compliance • Auditing • Listed company corporate governance 												

Workforce Diversity

The Group is well aware of the importance of nurturing talents and supporting the development of employees, and the Group is committed to achieving diversity in the workforce level. During the year, the Company adopted the workforce diversity policy, which outlines the Company's approach and commitment to promoting the inclusion and diversity in the workforce.

As at the date of this report, Nomination Committee reviewed the implementation and effectiveness of the workforce diversity policy since its adoption and believed that the diversity (including gender diversity) of workforce (including senior management) of the Group for the year ended 31 December 2025 was balanced and the gender diversity in the workforce level will be maintained.

As at 31 December 2025, gender ratio was approximately 3 (male): 2 (female) in workforce of the Group; approximately 3 (male): 2 (female) in senior management (other than Directors); approximately 4 (male): 1 (female) in middle management; and approximately 3 (male): 2 (female) in general staff and technical staff of the Group. Given the nature of business of the Group, we have not set any measurable objectives for gender ratio in senior management or workforce, thus we are focusing on identifying the right person for the right role after considering a number of factors including the educational background, professional experience, skills and knowledge of the candidate. The Company will also ensure that there is gender diversity when recruiting staff at mid to senior level in the future and the Company is committed to providing career development opportunities for female staff with a view to developing a pipeline of potential successors to the Board for maintaining gender diversity.

The Group has implemented a number of measures to promote gender diversity in the workplace, in particular to ensure that female staff are provided with fair job opportunities and treatment at work, and are fully cared for in terms of learning and group activities, so that they could develop their talents to the fullest through work. Further details on the diversity in the Group's workforce are set out in the "Sustainable Development Report 2025 of Sino-Ocean Group".

Strategic and Investment Committee

The Strategic and Investment Committee consists of three EDs namely Mr. LI Ming, Mr. WANG Honghui and Mr. CUI Hongjie, two NEDs namely Mr. ZHANG Zhongdang and Ms. WANG Manling, one INED namely Mr. LIU Jingwei, and one senior management of the Company namely Mr. ZHAO Jianjun. Mr. LI Ming is the chairman of the Strategic and Investment Committee. It will meet at the request of any member of the committee and the head of the strategic and investment department will also participate in discussions. The Strategic and Investment Committee is authorized, at the expense of the Company, to seek advice from external professionals or to arrange them to attend the meetings.

The main duties of the Strategic and Investment Committee are, including but not limited to, to research and make recommendation on the Company's development strategies, to review and approve investments within the authority delegated by the Board, to make recommendations to the Board on major investments which are beyond its authority, to make subsequent assessments of investments and to review and consider the overall investment direction and business development of the Company. The written terms of reference of the Strategic and Investment Committee are available on the websites of the Company and the Stock Exchange.

During the year under review, the Strategic and Investment Committee reviewed the report on the Company's annual investments in 2024, and discussed the investment strategies for the year of 2025.

CORPORATE CULTURE

The Board firmly believes that our excellent corporate culture serves as the vital cornerstone for the Group to achieve sustainable operations, deliver enduring value to Shareholders, and provide long-term returns to stakeholders. In 2025, the Group continued to promote the deep integration of corporate culture and business strategy. On the basis of systematically evaluating global economic trends, domestic macro policies, and profound industry transformations, the Group actively responded to national policy directions such as “Guaranteed Housing Delivery”, “Good Housing” development, and the establishment of a new model for real estate growth. Sustainability and corporate culture have been embedded into our top level design, aiming to create a closed loop of multi dimensional value for our Shareholders, customers, employees, and society.

The core value concepts of corporate culture: “Responsibility, Sharing, Health”

With a strategic vision of becoming the “Creator of Building Health and Social Value”, Sino-Ocean Group is committed to the core value concepts of its corporate culture of “Responsibility, Sharing, Health”. By continuously enriching their connotation and practical pathways, Sino-Ocean Group translates these cultural values from senior management down to all levels and operational units, transforming them into a code of conduct for all employees. This serves as a vital support for continuously energizing the organization and fostering endogenous motivation, driving the company’s sustainable operations, shaping its brand image and reputation, and achieving solid outcomes in relevant fields.

Demonstrating a resolute sense of responsibility, serving users with ingenuity and adhering to high-quality delivery.

Amid profound industry adjustments, the Group has remained committed to the principle of “delivering not just homes, but high-quality homes.” In 2025, the Group overcame numerous challenges and successfully achieved high-quality delivery of 24,000 residential units across 29 cities nationwide, with a dedicated focus on creating well-built homes and providing excellent service for customers. Supported by this consistent delivery performance, the Group’s overall delivery quality has ranked within the industry’s top 10 for three consecutive years, with specialised quality in fitted-out units and landscaping maintaining a top-five position in the sector.

Fostering solidarity, creating and sharing value, and empowering talent development.

Our employees are the most valuable assets of the Group. In 2025, through a multi-dimensional system of growth support and care, the Group focused on building resilient, high-performing, and caring teams. The Group continued to implement programs including Summer Cooling Initiatives (夏季送清凉), Winter Warmth Campaigns (冬季送温暖) and the 100-Day Sprint Special Project (百日衝鋒專項慰問) during the year. Several corporate culture and team-building activities were organised to promote the physical and mental well-being of our employees, effectively boosting team morale. Management maintained open dialogue and active engagement with employees at all levels, attentively listening to frontline feedback to enhance communication and drive tangible outcomes.

Building health, practicing sustainability and creating healthy products.

As a practitioner of “Building Health” in China, the Group remains committed to creating healthy living environments. As of December 2025, the “Sino-Ocean Healthy Building System” independently owned by the Group has been implemented in 51 cities across China, 162 projects with a total area of approximately 28.57 million sq.m., and continued to lead healthy building practice. Furthermore, the Group’s flagship project, Vision Place, served as the benchmark project that has attained a full suite of leading green building recognitions during its construction phase. It is not only the first super-high-rise office block in China awarded with “Net-Zero Carbon Excellence Certification”, but has also obtained pre-assessment as a “Three-Star Green Building”, pre-certification for LEED Platinum, and interim WELL certification.

For details, please refer to the “Corporate Culture” paragraphs in the “Company Profile” sub-section of the “About Us” section of the Company’s website.

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibility to present a balanced, clear and comprehensive assessment of the Company's performance, position and prospects. The management provides all Board members with monthly updates which give a balanced and understandable assessment of the Company's performance, position and prospects in sufficient details to enable the Board as a whole and each Director to discharge their duties. The Directors are responsible for the preparation of the financial statements for each financial period which gives a true and fair view of the Group's financial results for the relevant period. Such information has been disclosed in the management discussion and analysis and consolidated financial statements of the annual and interim reports, announcements and other financial disclosures as required under the Listing Rules, and reports to regulators.

The statement of the independent auditor of the Company about its reporting responsibilities and opinion on the financial statements of the Company for the year ended 31 December 2025 is set out in the Independent Auditor's Report on pages 81 to 83 of this annual report.

As a result of the matters described in the paragraphs headed "BASIS FOR DISCLAIMER OF OPINION — Multiple Uncertainties Relating to Going Concern" in the Independent Auditor's Report in this annual report, BDO did not express an opinion (the "Disclaimer of Opinion") on the consolidated financial statements of the Group for the year ended 31 December 2025 (the "2025 Financial Statements"). The Directors noted that such Disclaimer of Opinion is related to multiple uncertainties relating to going concern. In view of the circumstances which indicate that multiple material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern, the Directors have carefully considered the Group's cash flow forecast for the next eighteen months from 31 December 2025 (the "Cash Flow Forecast") and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively formulated certain plans and measures to ensure the Group will have sufficient financial resources to continue as a going concern and pay its debts when they fall due. Certain plans and measures have been taken or will be taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but not limited to, those set out in note 2.1 to the 2025 Financial Statements in this annual report (the "Relevant Plans and Measures"). The Directors consider that, assuming the success of all the Relevant Plans and Measures, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least twelve months from 31 December 2025. Accordingly, the Directors are of the opinion that it is appropriate to prepare the 2025 Financial Statements on a going concern basis. Please refer to note 2.1 to the 2025 Financial Statement in this annual report for details. Please also refer to the paragraphs headed "ADDITIONAL INFORMATION ON DISCLAIMER OF OPINION EXPRESSED BY AUDITOR ON THE 2025 FINANCIAL STATEMENTS" under the section headed "Management Discussion & Analysis" in this annual report for further details.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and reviewing their effectiveness. The risk management and internal control systems of the Group are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The risk management and internal control systems of the Group are also designed to help the Group in protecting its assets and information. The presence of risk management and internal controls empowers the Group to implement best business practices in challenging business environments. The Group's risk management and internal control systems cover a number of in-house procedures and policies comprising, among others, the relevant financial, operational and compliance controls, handling and dissemination of inside information and executing other risk management functions.

The Company has incorporated ESG risk (including but not limited to products and services, supply chain management, climate change risks etc.) into the Company's risk pool as its strategic risk consideration. The Audit Committee is responsible for the final review of annual risk issues, including but not limited to ESG risks. In terms of assessing and managing the climate change risks, the Company has referred to the Task Force on Climate-related Financial Disclosures ("TCFD") framework to identify the physical risk and transition risk regularly, evaluate their possible financial and operational risks and conduct analysis on the scoring results for the "probability" and "degree of impact" of risk occurrence and rank the risks accordingly since 2024. For the major climate risks, we propose feasible solutions and measures and identify related development opportunities.

In 2025, to further deepen climate change risk management and integrate climate risks and opportunities more deeply into business strategy planning, the Group systematically completed a dedicated study on the financial impacts of climate change. Based on the research findings, the Group continues to refine its risk assessment and management system. Following this study, the Group has further updated its 2030 short-term targets based on its established carbon neutrality strategy and roadmap, quantifying relevant metrics. It aims to become a net-zero real estate enterprise by 2050 – a decade ahead of China’s national goal of “carbon neutrality by 2060”. The Group will annually track emissions, disclose information appropriately in accordance with relevant laws and regulations, and promptly review and disclose progress against its pathway. For detailed information, please refer to the “Sustainable Development Report 2025 of Sino-Ocean Group”.

The Board requires the management to maintain sound and effective internal control. The Group has an internal audit function. Evaluation of the Group’s risk management and internal control and the internal audit are independently conducted by our risk management department. They report to the Audit Committee at least twice each year on, among others, any significant findings and effectiveness of the internal audit, risk management and internal control systems. The Board and the Audit Committee considered that the risk management and internal control systems are implemented effectively for the year ended 31 December 2025. Furthermore, the Board, through the Audit Committee, at least annually, has conducted the review of the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company’s accounting, internal audit, financial reporting function as well as those relating to the Group’s ESG performance and reporting, and the effectiveness of the Group’s risk management and internal control systems that cover all material controls for the year ended 31 December 2025, including financial, operational and compliance controls and risk management function, and considered all the above were adequate.

Risk management strategies have been established to help individual operating divisions manage risks facing the Group and support the Board in discharging its corporate governance responsibilities. Our risk management process emphasizes on a comprehensive analysis of important matters and goes through the identification, analysis, evaluation, mitigation, monitoring and reporting of relevant risks to create a safe, fair, healthy, efficient and environmental friendly environment for employees, tenants, customers and contractors while ensuring the safety and health of the public and minimizing the impacts on environment. Risk management is implemented throughout every aspect of operation and management of the Group. Through risk management process, we identify the potential risks and uncertainties which may affect the Group’s strategic goals and business plans, and manage risks within the scope of risk appetite in order to provide reasonable assurance for achieving the strategic goals and business plans of the Group. The descriptions of principal risks and uncertainties that the Group may be facing are set out in the paragraphs headed “MARKET REVIEW AND OUTLOOK” under the section headed “Chairman’s Statement”, note 4 to the 2025 Financial Statements and the paragraphs headed “OTHER INFORMATION” under the section headed “Management Discussion & Analysis” in this annual report.

Due to the changes in macro policy environment and industry environment, the Group’s risk management department has summarized and analyzed the principal risks faced by the Group, and formulated the corresponding measures. The principal risk areas include delivery risks, debt risks, operational risks, litigation risks, compliance risks, etc. The Group’s risk management department reported to the Audit Committee the implementation of key concerns, major risks and corresponding measures, and the subsequent work plans at the Audit Committee meetings held in March and August 2025, respectively. Response plans for the related risks were submitted to the Audit Committee and confirmed by the Board. The Group’s risk management department has presented to the Audit Committee the risk management and internal control report of the Group for 2025 in March 2026.

The Group complies with the requirements of the SFO and the Listing Rules with respect to the handling and dissemination of inside information. The Group will disclose inside information to the public as soon as reasonably practicable unless the information falls within any of the safe harbours provisions and satisfies the conditions under the SFO. Before the information is fully disclosed to the public, the Group will ensure that the information is kept strictly confidential. The Group has strictly prohibited unauthorized use of confidential or inside information and established and implemented procedures for responding to external enquiries about the Group’s affairs, so that only the designated persons are authorized to communicate with parties outside the Group.

Internal audit process

The risk management department plays a crucial role in monitoring the internal governance of the Group and functionally reports directly to the Audit Committee. The risk management department has unfettered access to all necessary information, people, records and outsourced operations across the Group aiming to provide an independent assurance service to the Board, the Audit Committee and management, focusing on reviewing the effectiveness of the governance, risk management and control processes that management has put into place.

A risk-based approach has been adopted by the risk management department. Annual audit plan is formalized based on the result of the risk assessment covering business risk evaluation. The risk assessment methodology assists us in prioritizing business risks and determining audit frequencies, which enables the internal audit review to be more efficient and focused on the business needs, ensuring that key concerns and significant risks are considered within the scope of the audit. The annual internal audit plan is reviewed and approved by the Audit Committee at the beginning of each financial year. All findings and rectification on internal control deficiencies are communicated with respective management and/or business units for process improvement, in order to ensure that satisfactory control is maintained. Major audit findings and control deficiencies are reported to the Audit Committee and all rectification plans will be properly followed up by management and/or business units to ensure that they are remediated as intended within a reasonable period; and the status is reported to the Audit Committee.

Sustainable development

The Board also recognizes that it should take leadership for and accountability in promoting a top-down culture to ensure that ESG is a part of the business decision-making process. The Company believes that our comprehensive sustainability governance structure and management systems ensure that the sustainable development is implemented smoothly.

The Board has authorized the Sustainable Development Committee to be responsible for overall supervision of ESG management of the Group. The Sustainable Development Committee is responsible for developing ESG strategy and regularly reviewing its implementation, identifying and evaluating ESG risk and developing response plans. The Board continues to pay attention to the sustainable development trend, strengthen the assessment of ESG material issues, discuss and determine the risks and opportunities of the Group in ESG aspects, and take the key issues as the annual key work of sustainable development.

For further details of sustainability development of the governance structure and management, and sustainable development of the Group, please refer to the “Sustainable Development Report 2025 of Sino-Ocean Group”.

Whistleblowing Policy

The Group aims at all times to act ethically and with integrity, and to implant this behavior in all its employees. Through the Whistleblowing Policy, all relevant persons (including Directors, employees and those who deal with the Group) are encouraged to report, in a confidential manner, any concerns about suspected malpractice, fraud, bribery or irregularities relating to the Group. Case(s) can be submitted by way of email (email address: fengxianjc@sinooceangroup.com), telephone or mail correspondence, addressed to the Company’s principal place of business in Beijing or our Hong Kong office for the attention of the Group’s risk management department. According to the existing Whistleblowing Policy, the Group’s risk management department is responsible for investigating and handling reported cases in accordance with relevant systems. The Group’s risk management department reports to the Audit Committee the overall situation and results regarding the reported cases twice a year during the reporting period. The Whistleblowing Policy is available on the website of the Company.

Anti-fraud and Anti-bribery Policy

Our Anti-fraud and Anti-bribery Policy provides that all Directors and employees are strictly prohibited from any forms of fraud, bribery, money-laundering and financing of terrorism in all business transactions. They should report any cases in accordance with the Whistleblowing Policy in a timely manner if they become aware or reasonably suspect that individuals or enterprises engaged in business transactions with the Group might be involved in fraud or bribery. The Anti-fraud and Anti-bribery Policy is available on the website of the Company. During the year, the Group’s risk management department and the risk management departments of the subsidiaries have provided anti-fraud and anti-bribery training to the staff.

INDEPENDENT AUDITOR

BDO was responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements for the year ended 31 December 2025.

During the year ended 31 December 2025, details of the total fees paid/payable in respect of the audit and non-audit services provided by the auditor to the Group are set out below:

Services rendered	Fees paid/payable RMB (million)
Audit services	12.65
Non-audit services related to review of interim financial information	4.06

COMPANY SECRETARY

The Company Secretary is responsible for ensuring that Board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance and other matters. Moreover, the Company Secretary is responsible for keeping all Directors updated on the Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company, organizing general meetings of the Company and facilitating the induction and professional development of the Directors. The Company Secretary reports to the Board through the Chairman whilst all Directors have access to the advice and services of the Company Secretary.

The Company Secretary possesses professional qualification and extensive experience in discharging her duties as the Company Secretary and she is an employee of the Company. During the year under review, the Company Secretary has taken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the year ended 31 December 2025.

SHAREHOLDERS' RIGHTS AND COMMUNICATION

As one of the measures to safeguard the interests and rights of the Shareholders, separate resolutions are proposed at Shareholders' meetings on every substantial matter, including the election of individual Directors, for Shareholders' consideration and voting. Furthermore, the Company regards the AGM and general meetings as important events and the Directors (including the Chairman of the Board and chairman of each Board Committee), senior management, external auditors and external advisers (where necessary) make efforts to attend the AGM or general meetings of the Company to address the Shareholders' queries. All resolutions proposed at Shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Company and the Stock Exchange on the same day of the relevant general meetings.

The notices of AGM and general meetings specifying the place, the date and the time of meeting and, in the case of special business, the general nature of such business, shall be sent to Shareholders at least 21 clear days and 14 clear days before the meeting, respectively in accordance with the Articles.

Shareholder(s) representing at least 5% of the total voting rights of all Shareholders can make a requisition to convene a general meeting pursuant to Section 566 of the Companies Ordinance. The requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company. Besides, Section 580 and Section 615 of the Companies Ordinance provide that (i) shareholder(s) of the company representing at least 2.5% of the total voting rights of all the shareholders of the company who have a relevant right to vote; or (ii) at least 50 shareholders who have a relevant right to vote can put forward proposals for consideration at a general meeting by sending requests in writing to the company. Shareholders shall send those proposals to be put forward for consideration at the Company's general meetings by post to the registered office of the Company for the attention of the Company Secretary.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the registered office of the Company for the attention of the Company Secretary.

Communication with Shareholders and investors

The Company ensures that appropriate steps are taken to maintain effective communication with the Shareholders and that their views are communicated to the Board as a whole. The Company is committed to carefully listening and evaluating the impact of operations to its stakeholders, including the Shareholders, the employees, the investors and the community, etc. The Shareholders Communication Policy aims at ensuring the Shareholders are provided with ready, equal and timely access to balanced and understandable information about the Company, in order to enable Shareholders to exercise their rights in an informed manner and to enhance communication between the Company and the Shareholders.

The Company adheres to high standards with respect to the information disclosure and fosters two-way communication between the Company and the Shareholders and potential investors mainly through the following channels:

(i) Corporate communication

In support of environmental protection and to increase efficiency in communication with the Shareholders, the Company encourages and recommends the Shareholders to access all future corporate communications of the Company (including but not limited to annual and interim reports, annual accounts, results announcements, circulars, proxy forms and notices of general meetings and associated explanatory documents) through the websites of the Company and the Stock Exchange. The corporate communications of the Company were published in a timely manner on the websites of the Company and the Stock Exchange. Corporate communications of the Company will be provided to the Shareholders in plain language and in both English and Chinese versions to facilitate the Shareholders' understanding.

(ii) Shareholders' enquiries and general meetings of the Company

Shareholders can raise any comments on the performance and future directions of the Group to the Directors at general meetings and are welcomed at all times to send their enquiries to and communicate with the Company Secretary and/or our Investor Relations Department by post to the Company's registered office or by email to ir@sinooceangroup.com.

(iii) Results investor briefing

In line with market conditions and usual business practice, the Group will assess the actual requirements to hold physical interim and annual results investor briefing and/or webcast. Invited investors can attend the relevant investor briefing upon presentation of their invitation. Executive Directors and/or senior management can answer questions at the meetings about the Group's operations and financial performance.

(iv) Capital market communications

Meetings with institutional investors and analyst briefings as well as marketing activities for investors and specialist industry forums will be available from time to time in order to facilitate communication between the Company and Shareholders and the investor community.

In 2025, the Group modified its communication strategies and methods with relevant stakeholders in a timely manner according to market conditions and changes in the Company's operation. On one hand, the Group continuously publishes the latest updates on its performance, business operations, and other aspects through announcements on the Stock Exchange's website, the Company's official website and various communication channels, ensuring timely disclosure of significant information to the market. On the other hand, the Group actively communicates with Shareholders and carefully listens to their opinions by holding annual general meeting. The Board reviewed the communication activities with the Shareholders conducted during the year and was satisfied with the implementation and effectiveness of the Shareholders Communication Policy. Further information about investor relations is set out in the section headed "Investor Relations" of this annual report.

INDEPENDENT AUDITOR'S REPORT



25th Floor Wing On Centre
111 Connaught Road Central
Hong Kong

Tel : +852 2218 8288
Fax: +852 2815 2239
www.bdo.com.hk

To the Members of Sino-Ocean Group Holding Limited
(incorporated in Hong Kong with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of Sino-Ocean Group Holding Limited (the “Company”) and its subsidiaries (together the “Group”) set out on pages 84 to 216, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effects on the consolidated financial statements as described in the “Basis for Disclaimer of Opinion” section of our report. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple Uncertainties Relating to Going Concern

As disclosed in Note 2.1 to the consolidated financial statements, the Group incurred a loss of approximately RMB43.27 billion for the year ended 31 December 2025 after excluding the gains on debt restructuring of RMB46.87 billion and, as of that date, the Group’s current liabilities were in excess of current assets by approximately RMB10.85 billion. As at 31 December 2025, the Group had total borrowings of approximately RMB50.85 billion, of which current borrowings amounted to approximately RMB24.81 billion, while the Group had cash and cash equivalents of approximately RMB1.55 billion only.

As at 31 December 2025, the Group had not repaid borrowings (comprising bank borrowings and other borrowings but excluding bonds) in principal amount of approximately RMB15.79 billion in aggregate according to their scheduled repayment dates. The Group had not repaid onshore bonds with total principal amount of approximately RMB3.39 billion in aggregate according to their scheduled repayment dates. As of the approval date of the consolidated financial statements, the Group is still in communication with the creditors on adjusting the repayment schedules of these debts.

In addition, the Group has been involved in various litigation cases for unpaid borrowings, outstanding construction and daily operations payables and other matters for which the Group has made provision.

In view of these circumstances, the directors of the Company (the “Directors”) have carefully considered the Group’s cash flow forecast for the next eighteen months from 31 December 2025, and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively come up with certain plans and measures to ensure the Group will have sufficient financial resources to continue as a going concern and pay its debts when they fall due. Certain plans and measures have been taken or will be taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but not limited to, the completion of offshore debt restructuring and significant progress made in the onshore debt restructuring by the Group during the year ended 31 December 2025 and those set out in the Note 2.1. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful implementation of these plans and measures including, but not limited to:

- Successful negotiation with existing lenders on the renewal of the Group’s certain borrowings and not to demand immediate repayment of bank and other borrowings until the Group has successfully completed the construction projects and generated sufficient cash flows therefrom; the Group’s ability to successfully obtain additional new financing as and when needed;
- The Group’s ability to reach an amicable solution on the litigations which have not yet reached a definite outcome; and
- The Group’s ability to maintain continuing and normal business relationship with major constructors and suppliers; to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables; to successfully implement its business strategy and cost control measures so as to improve the Group’s working capital and cash flow position.

These indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern, and therefore the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned in Note 2.1, it may not be able to continue to operate as a going concern basis, and adjustments would have to be made to write down the carrying amounts of the Group’s assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Directors' Responsibilities for the Consolidated Financial Statements

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

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

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the HKICPA and to issue an auditor's report. This report is made solely to you, as a body, in accordance with the Section 405 of the 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.

However, due to the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an audit opinion on these consolidated financial statements.

We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "Code"), as applicable to audits of financial statements of public interest entities. We have also fulfilled our other ethical responsibilities in accordance with the Code.

BDO Limited

Certified Public Accountants

Yau Shuk Yuen Amy

Practising Certificate no: P06095

Hong Kong, 27 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000 (Restated)
Revenue	6	14,837,433	23,640,619
Cost of sales	38	(25,420,491)	(24,038,814)
Gross loss		(10,583,058)	(398,195)
Interests and other income	36	601,560	699,676
Other losses — net	37	(5,187,499)	(4,651,287)
Fair value change on investment properties	12	(1,279,398)	(746,505)
Selling and marketing expense	38	(730,361)	(710,007)
Impairment losses under expected credit loss model	38	(18,938,387)	(7,698,585)
Administrative expense	38	(1,465,467)	(1,629,734)
Operating loss		(37,582,610)	(15,134,637)
Gains from debt restructuring		46,871,652	—
Finance costs	40	(3,657,491)	(3,687,788)
Share of results of joint ventures		(2,000,591)	(833,635)
Share of results of associates		(227,718)	164,647
Profit/(loss) before income tax		3,403,242	(19,491,413)
Income tax credit	41	195,331	504,425
Profit/(loss) for the year		3,598,573	(18,986,988)
Attributable to:			
Owners of the Company		6,756,387	(18,623,957)
Non-controlling interests		(3,157,814)	(363,031)
		3,598,573	(18,986,988)
Earnings/(loss) per share attributable to owners of the Company during the year (expressed in RMB)			
Basic earnings/(loss) per share	42	0.660	(2.445)
Diluted earnings/(loss) per share	42	0.503	(2.445)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Profit/(loss) for the year	3,598,573	(18,986,988)
Other comprehensive income/(loss), net of tax		
Items that will not be reclassified subsequently to profit or loss:		
Fair value change on financial assets at fair value through other comprehensive income, net of tax	16,561	(90,940)
Items that may be reclassified subsequently to profit or loss:		
Currency translation differences	152,088	(478,136)
Share of other comprehensive loss of investments accounted for using the equity method	(80,669)	(227,739)
Other comprehensive income/(loss) for the year	87,980	(796,815)
Total comprehensive income/(loss) for the year	3,686,553	(19,783,803)
Total comprehensive income/(loss) for the year attributable to:		
Owners of the Company	6,853,649	(19,483,226)
Non-controlling interests	(3,167,096)	(300,577)
Total comprehensive income/(loss) for the year	3,686,553	(19,783,803)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000 (Restated)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	7	2,080,433	3,324,732
Right-of-use assets	8	1,163,210	1,501,265
Land use rights	9	77,904	179,062
Intangible assets	10	198,207	309,670
Goodwill	11	541,559	1,233,053
Investment properties	12	13,119,513	13,204,011
Interests in joint ventures	14	11,163,095	13,315,357
Interests in associates	15	2,748,745	3,951,093
Financial assets at fair value through other comprehensive income	17	469,147	693,897
Financial assets at fair value through profit or loss	18	2,458,311	3,662,917
Trade and other receivables and prepayments	21	4,695,970	6,725,443
Deferred income tax assets	31	2,313,970	2,133,907
Total non-current assets		41,030,064	50,234,407
Current assets			
Properties under development	19	34,308,718	40,901,782
Inventories, at cost		972,787	1,152,367
Land development cost recoverable	20	554,178	1,295,282
Completed properties held for sale	22	19,019,881	25,098,776
Financial assets at fair value through profit or loss	18	11,366	53,277
Trade and other receivables and prepayments	21	48,998,181	57,775,129
Contract assets		56,965	65,674
Restricted bank deposits	23	4,470,272	2,922,791
Cash and cash equivalents	24	1,552,758	1,905,661
Total current assets		109,945,106	131,170,739

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000 (Restated)
Current liabilities			
Borrowings	30	24,814,907	65,935,047
Lease liabilities	8	127,268	140,186
Trade and other payables	32	52,196,683	50,875,469
Contract liabilities	34	18,204,883	14,263,642
Income tax payable		12,601,376	12,115,304
Derivative financial instruments	35	238,000	–
Provisions	33	12,609,818	5,028,329
Total current liabilities		120,792,935	148,357,977
Net current liabilities		(10,847,829)	(17,187,238)
Total assets less current liabilities		30,182,235	33,047,169
Non-current liabilities			
Borrowings	30	26,036,724	32,437,489
Lease liabilities	8	1,286,896	1,626,530
Trade and other payables	32	165,814	47,762
Deferred income tax liabilities	31	793,842	1,397,545
Total non-current liabilities		28,283,276	35,509,326
Net assets/(liabilities)		1,898,959	(2,462,157)
EQUITY			
Equity attributable to owners of the Company			
Share capital	25	28,130,087	27,329,232
Perpetual securities	30(c)	1,038,891	–
Other reserves	27	(4,131,243)	(8,918,260)
Accumulated losses	26	(24,671,493)	(31,070,263)
		366,242	(12,659,291)
Non-controlling interests		1,532,717	10,197,134
Total equity		1,898,959	(2,462,157)

The consolidated financial statements on pages 84 to 216 were approved and authorised for issue by the board of directors and are signed on its behalf by:

LI Ming
Executive director

WANG Honghui
Executive director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2025

	Attributable to owners of the Company					Non-controlling interests		
	Share capital RMB'000	Perpetual securities RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Perpetual subordinate guaranteed capital securities RMB'000	Others RMB'000	Total equity RMB'000
At 1 January 2025 (Restated)	27,329,232	–	(8,918,260)	(31,070,263)	(12,659,291)	4,837,315	5,359,819	(2,462,157)
Profit/(loss) for the year	–	–	–	6,756,387	6,756,387	114,644	(3,272,458)	3,598,573
Fair value change on financial assets at fair value through other comprehensive income, net of tax	–	–	16,561	–	16,561	–	–	16,561
Currency translation differences	–	–	161,370	–	161,370	(9,282)	–	152,088
Share of other comprehensive loss of investments accounted for using the equity method	–	–	(80,669)	–	(80,669)	–	–	(80,669)
Total comprehensive income/(loss) for the year	–	–	97,262	6,756,387	6,853,649	105,362	(3,272,458)	3,686,553
Transaction with owners of the Company								
Distribution relating to non-controlling interests	–	–	–	–	–	–	(72,452)	(72,452)
Total contributions by and distributions to owners of the Company	–	–	–	–	–	–	(72,452)	(72,452)
Disposal of financial assets measured at fair value through other comprehensive income	–	–	357,617	(357,617)	–	–	–	–
Issue of shares upon conversion of mandatory convertible bonds	800,855	–	–	–	800,855	–	–	800,855
Perpetual securities issued upon offshore debt restructuring	–	1,038,891	–	–	1,038,891	–	–	1,038,891
Cancellation of perpetual subordinated guaranteed capital securities upon offshore debt restructuring	–	–	4,440,418	–	4,440,418	(4,942,677)	–	(502,259)
Disposal of subsidiaries	–	–	–	–	–	–	(544,743)	(544,743)
Acquisition of partial interests in subsidiaries	–	–	(108,280)	–	(108,280)	–	62,551	(45,729)
Total transactions with owners of the Company	800,855	1,038,891	4,689,755	(357,617)	6,171,884	(4,942,677)	(554,644)	674,563
At 31 December 2025	28,130,087	1,038,891	(4,131,243)	(24,671,493)	366,242	–	1,532,717	1,898,959

	Attributable to owners of the Company					Non-controlling interests		
	Share capital RMB'000	Perpetual securities RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000	Perpetual subordinate guaranteed capital securities RMB'000	Others RMB'000	Total equity RMB'000
At 1 January 2024 (Restated)	27,329,232	–	(7,854,369)	(12,446,306)	7,028,557	4,570,097	6,613,533	18,212,187
(Loss)/profit for the year	–	–	–	(18,623,957)	(18,623,957)	303,858	(666,889)	(18,986,988)
Fair value change on financial assets at fair value through other comprehensive income, net of tax	–	–	(90,940)	–	(90,940)	–	–	(90,940)
Currency translation differences	–	–	(540,590)	–	(540,590)	(36,640)	99,094	(478,136)
Share of other comprehensive loss of investments accounted for using the equity method	–	–	(227,739)	–	(227,739)	–	–	(227,739)
Total comprehensive (loss)/income for the year	–	–	(859,269)	(18,623,957)	(19,483,226)	267,218	(567,795)	(19,783,803)
Transaction with owners of the Company								
Distribution relating to non-controlling interests	–	–	–	–	–	–	(245,798)	(245,798)
Capital injection from non-controlling interests	–	–	–	–	–	–	665	665
Total contributions by and distributions to owners of the Company	–	–	–	–	–	–	(245,133)	(245,133)
A subsidiary becomes a joint venture	–	–	–	–	–	–	(546,804)	(546,804)
Acquisition and disposal of partial interests in subsidiaries	–	–	(204,622)	–	(204,622)	–	106,018	(98,604)
Total transactions with owners of the Company	–	–	(204,622)	–	(204,622)	–	(685,919)	(890,541)
At 31 December 2024 (Restated)	27,329,232	–	(8,918,260)	(31,070,263)	(12,659,291)	4,837,315	5,359,819	(2,462,157)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2025

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Cash generated from operations	44	3,157,358	1,081,057
Interest paid		(752,096)	(1,578,627)
Income tax paid		(89,059)	(535,549)
<i>Net cash generated from/(used in) operating activities</i>		2,316,203	(1,033,119)
Cash flows from investing activities			
Purchases of property, plant and equipment		(83,890)	(136,474)
Purchases of investment properties		(73,762)	(105,962)
Proceeds from sale of property, plant and equipment	44	4,112	18,813
Proceeds from sale of investment properties		49,761	35,702
Purchases of intangible assets and land use rights		(333)	(14,436)
Purchases of financial assets at fair value through profit or loss		(15,607)	–
Proceeds from disposal of financial assets at fair value through profit or loss		42,422	111,653
Proceeds from disposal of financial assets at fair value through other comprehensive income		239,405	–
Dividends received from financial instruments		51	2,335
Acquisition of subsidiaries, net of cash acquired		43,738	173,452
Disposal of interests in subsidiaries, net of cash disposed		(37,946)	(59,739)
Capital injection to joint ventures	14	(1,000)	(354,656)
Capital reduction of joint ventures	14	107,515	359,824
Proceeds from disposal of joint ventures		159,695	3,448,467
Capital injection to associates	15	(58,715)	(31,100)
Capital reduction of associates	15	430,019	–
Proceeds from disposal of interests in associates		308,895	–
Dividends received from joint ventures and associates	14, 15	784,241	227,092
Entrusted loans to third parties and related parties		(255,564)	(857,676)
Repayment of entrusted loans to third parties and related parties		80,090	456,957
The amounts advanced to related and third parties		(6,267,671)	(5,624,882)
The amounts repaid from related and third parties		6,215,078	5,799,027
Interest received		3,294	39,296
<i>Net cash generated from investing activities</i>		1,673,828	3,487,693

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from financing activities			
Proceeds from borrowings		187,138	1,418,170
Repayments of borrowings		(4,237,754)	(3,418,689)
Capital injection from non-controlling interests		–	665
Dividends paid to non-controlling interests		(72,452)	(245,798)
Transaction with non-controlling interests		(45,729)	(98,604)
Payments of lease liabilities		(173,740)	(198,036)
<i>Net cash used in financing activities</i>		(4,342,537)	(2,542,292)
Decrease in cash and cash equivalents		(352,506)	(87,718)
Cash and cash equivalents at the beginning of the year	24	1,905,661	1,988,738
Effect of exchange rate changes on cash and cash equivalents		(397)	4,641
Cash and cash equivalents at the end of the year	24	1,552,758	1,905,661

The notes on pages 92 to 216 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

1. GENERAL INFORMATION

Sino-Ocean Group Holding Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 12 March 2007. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together the “Group”) are principally engaged in investment holding, property development and property investment in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited. The consolidated financial statements have been approved for issue by the board of directors of the Company (the “Board”) on 27 March 2026.

2. BASIS OF PREPARATION AND PRIOR YEAR ADJUSTMENT OF THE FINANCIAL STATEMENT

2.1 Basis of measurement and going concern assumption

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards and requirements of the Hong Kong Companies Ordinance (Cap. 622). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies.

The Group incurred a loss of approximately RMB43.27 billion for the year ended 31 December 2025 after excluding the gains on debt restructuring of RMB46.87 billion and, as of that date, the Group’s current liabilities were in excess of current assets by approximately RMB10.85 billion. As disclosed in Note 30, the Group had total borrowings of approximately RMB50.85 billion as at 31 December 2025, of which the current borrowings amounted to approximately RMB24.81 billion, while the Group had cash and cash equivalents of approximately RMB1.55 billion only.

As at 31 December 2025, the Group had not repaid borrowings (comprising bank borrowings and other borrowings but excluding bonds) in principal amount of approximately RMB15.79 billion in aggregate according to their scheduled repayment dates. The Group had not repaid onshore bonds with total principal amount of approximately RMB3.39 billion in aggregate according to their scheduled repayment dates. As of the approval date of the consolidated financial statements, the Group is still in communication with the creditors on adjusting the repayment schedules of these debts.

2. BASIS OF PREPARATION AND PRIOR YEAR ADJUSTMENT OF THE FINANCIAL STATEMENT (Continued)

2.1 Basis of measurement and going concern assumption (Continued)

In addition, the Group has been involved in various litigation cases for unpaid borrowings, outstanding construction and daily operations payables and other matters for which the Group has made provision. Details are disclosed in Note 33.

During the year ended 31 December 2025, the real estate sector in the PRC remained volatile. The continued downturn in the property market, coupled with the weakening consumer sentiment in the PRC, gave rise to decline in property sales and intensified liquidity pressure on the PRC property developers, including the Group.

The Group experienced a contraction in internal funds and encountered significant challenges in financing its construction projects due to restricted access to external financing. The current macroeconomic conditions and the uncertain timeline for recovery in real estate sector have resulted in increased material uncertainties for the Group. These factors have made it increasingly difficult for the Group to generate operating cash inflows or refinance guaranteed notes, corporate bond and bank and other borrowings.

In view of these circumstances, the directors of the Company (the “Directors”) have carefully considered the Group’s cash flow forecast for the next eighteen months from 31 December 2025 and have given due consideration to the matters that give rise to material doubt as to its ability to continue as a going concern, and accordingly, have proactively come up with certain plans and measures to ensure the Group to have sufficient financial resources to continue as a going concern and pay its debts when they fall due. Certain plans and measures have been taken or will be taken to enable the Group to have sufficient financial resources to meet its financial commitments as and when they fall due which include, but not limited to, the following:

- During the year, the restructuring plan in relation to certain onshore bonds (“Onshore Bonds”) issued by Beijing Sino-Ocean Group Holding Limited (“Sino-Ocean Holding”), a wholly-owned subsidiary of the Group, have been considered and approved at the relevant meetings of bondholders, whereby the repayment arrangements in regard to the principal and interest of the Onshore Bonds were adjusted, the repayment period has been extended 5.5 to 10 years with the interest rates for both historical accrued and unpaid interest and future interest reduced to 1% per annum, and restructuring plan options including cash repurchase, equity economic income right, and debt settlement with assets are provided (“Onshore Debt Restructuring”). As a next step, Sino-Ocean Holding will coordinate with the bondholders to select and allocate options under the restructuring plan based on the amount of the Onshore Bonds they hold, in accordance with the relevant provisions of the bondholder meeting resolutions. Details of the Onshore Debt Restructuring are set out in Note 30(d);
- On 27 March 2025, the offshore debt restructuring of the Group became effective. Under the offshore debt restructuring, the offshore creditors fully discharged the offshore debt restructuring in-scope existing debts and certain bank borrowings of the Group amounting to approximately USD6.38 billion in aggregate in exchange for the issue of the new loans and new notes (the “New Debts”), the new mandatory convertible bonds and/or new perpetual securities. Details of the offshore debt restructuring are set out in Note 30(c);

2. BASIS OF PREPARATION AND PRIOR YEAR ADJUSTMENT OF THE FINANCIAL STATEMENT (Continued)

2.1 Basis of measurement and going concern assumption (Continued)

- The Group has been proactively seeking ways to resolve the outstanding litigations of the Group. The Group is positive that it can continue to reach an amicable solution on the litigations which have not yet reached a definite outcome;
- The Group is actively in discussions with the other existing lenders to renew the Group's certain borrowings and/or not to demand immediate repayment until the Group has successfully completed the property construction projects and generated sufficient cash flows therefrom. These discussions have been constructive and focused on possible actions in light of current circumstances but do require time to formulate or implement due to ongoing changes in market conditions;
- The Group will continue to seek to obtain additional new sources of financing through all possible channels such as assets disposal;
- The Group will continue to maintain active dialogue to secure a continuing and normal business relationship with major constructors and suppliers, including agreement on the payment arrangements with them and to complete the construction progress by them as scheduled;
- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. Subject to the market sentiment, the Group will actively adjust sales and pre-sale activities to better respond to changing markets to achieve the latest budgeted sales and pre-sales volumes and amounts; and
- The Group will continue to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will also continue to actively assess additional measures to further reduce discretionary spending.

The Directors consider that, assuming the success of the above-mentioned assumptions, plans and measures, the Group will have sufficient working capital to finance its operations and to meet its obligations as and when they fall due for at least twelve months from 31 December 2025. Accordingly, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. BASIS OF PREPARATION AND PRIOR YEAR ADJUSTMENT OF THE FINANCIAL STATEMENT (Continued)

2.1 Basis of measurement and going concern assumption (Continued)

However, the validity of the going concern assumption depends upon the successful outcome of the Group's plans and measures, including:

- Successful negotiation with existing lenders on the renewal of the Group's certain borrowings and not to demand immediate repayment of bank and other borrowings until the Group has successfully completed the construction projects and generated sufficient cash flows therefrom; the Group's ability to successfully obtain additional new financing as and when needed;
- The Group's ability to reach an amicable solution on the litigations which have not yet reached a definite outcome; and
- The Group's ability to maintain continuing and normal business relationship with major constructors and suppliers; to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables; to successfully implement its business strategy and cost control measures so as to improve the Group's working capital and cash flow position.

These indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern, and therefore the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

Should the Group fail to achieve the intended effects resulting from the above-mentioned plans and measures on a timely basis, it may not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

2. BASIS OF PREPARATION AND PRIOR YEAR ADJUSTMENT OF THE FINANCIAL STATEMENT (Continued)

2.2 Prior year adjustment

Background

In June 2019 and December 2019, a wholly-owned subsidiary of the Company, Beijing Sino-Ocean Group Holding Limited (北京遠洋控股集團有限公司) (“Such Company”), entered into the perpetual bond investment contracts with Shaanxi International Trust Co., Ltd. (陝西省國際信託股份有限公司) (“Shaanxi International Trust”) and Kunlun Trust Co.,Ltd. (昆侖信託有限責任公司) (“Kunlun Trust”), respectively, pursuant to which the Group issued perpetual bonds (the “Perpetual Bonds”) to raise a total of approximately RMB2.359 billion, which was recognized as non-controlling interests in the Group’s financial statements in accordance with the investment contracts. Subsequently, Such Company entered into several supplementary agreements with Shaanxi International Trust in October 2023 and December 2023; and with Kunlun Trust in April 2023 and June 2023. In July 2024 and May 2025, Such Company received notice letters from Shaanxi International Trust requesting the termination of the relevant perpetual bond investment contracts and demanding payment of outstanding amounts. In September 2024, Such Company received an arbitration application submitted by Kunlun Trust to the Beijing Arbitration Commission, requesting repayment of outstanding amounts. In March 2025, the Beijing Arbitration Commission ordered Such Company to pay Kunlun Trust the principal, interest and related expenses associated with the Perpetual Bonds.

The self-inspection of the Company and its impact on the financial statements of the Group

Based on the current actual circumstances described above, in conjunction with the relevant provisions of legal documents, the management believed that the Perpetual Bonds imposed on the Group an inevitable contractual obligation to repay principal and pay interest, and therefore no longer meets the criteria for recognition as an equity instrument. Consequently, the management reclassified the Perpetual Bonds totaling approximately RMB2.679 billion as of 31 December 2024 (including the issuance amount of approximately RMB2.359 billion and interest of RMB320 million) from non-controlling interests to borrowings. Accordingly, the opening balances of 2025 and the comparative financial statements have been adjusted. The following table discloses the adjustments made by the Company to the items in the consolidated statement of profit or loss for the year ended 31 December 2024, and the consolidated statement of financial positions as of 1 January 2024 and 31 December 2024, to correct certain identified errors for prior periods:

	Effect on year ended 31 December 2024 RMB’000
Increase in finance costs	(99,363)
Increase in loss before income tax	(99,363)
Increase in loss for the year	(99,363)
Increase in loss for the year attributable to non-controlling interests	(99,363)

2. BASIS OF PREPARATION AND PRIOR YEAR ADJUSTMENT OF THE FINANCIAL STATEMENT (Continued)

2.2 Prior year adjustment (Continued)

The self-inspection of the Company and its impact on the financial statements of the Group (Continued)

	Effect on 31 December 2024 RMB'000
Increase in current borrowings	2,359,000
Increase in trade and other payables	320,159
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Decrease in total equity	(2,679,159)
Decrease in equity attributable to non-controlling interests	(2,679,159)
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	Effect on 1 January 2024 RMB'000
Increase in current borrowings	2,359,000
Increase in trade and other payables	220,796
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Decrease in total equity	(2,579,796)
Decrease in equity attributable to non-controlling interests	(2,579,796)
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As mentioned above, this restatement will result in the Group's loss for the year ended 31 December 2024, further increasing to RMB18.987 billion. This will have no impact on basic loss per share or the diluted loss per share. The total equity as at the beginning of 2024 and the end of 2024 will be RMB18.212 billion and RMB -2.462 billion, respectively.

Save as above, the management confirms that the restatement will have no ongoing impact on the future consolidated financial statements of the Group.

3. SUMMARY OF ACCOUNTING POLICIES

The accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

3.1 Changes in accounting policy and disclosures

(a) **Amended standards adopted by the Group**

The Group has applied the following amendments for the first time for their annual reporting period commencing 1 January 2025:

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability
Amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37	Disclosures about Uncertainties in the Financial Statements

These amendments listed above did not have any impact on the amounts recognized in prior periods or disclosure are not expected to significantly affect the current or future periods.

(b) **New standards and interpretations not yet adopted by the Group**

There are a number of standards, amendments to standards, and interpretations which have been issued by the HKICPA that are effective in future accounting periods that the Group has decided not to adopt early.

The following amendments are effective for the period beginning on or after 1 January 2026:

- Classification and Measurement of Financial Instruments (Amendments to HKFRS 9 and HKFRS 7)
- Annual Improvements to HKFRS Accounting Standards — Volume 11 (Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7)
- Contracts Referencing Nature-dependent Electricity (Amendments to HKFRS 9 and HKFRS 7)

The following standards and amendments are effective for the period beginning on or after 1 January 2027:

- HKFRS 18 Presentation and Disclosure in Financial Statements
- HKFRS 19 Subsidiaries without Public Accountability: Disclosures
- Amendments to HK Int 5 Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.1 Changes in accounting policy and disclosures (Continued)

(b) New standards and interpretations not yet adopted by the Group (Continued)

The effective date of the following amendments is to be determined:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to HKFRS 10 and HKAS 28)

The Group is currently assessing the impact of these new or amended HKFRS Accounting Standards. Except for the below, these new or amended HKFRS Accounting Standards are preliminary assessed and are not expected to have any significant impact on the Group's financial statements.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRSs. HKFRS 18 and the consequential amendments to other HKFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group currently has no plans to adopt it in advance.

3.2 Subsidiaries

3.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries (Continued)

3.2.1 Consolidation (Continued)

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKFRS 9 either in profit or loss or as a change to other comprehensive income (OCI). Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the statement of profit or loss.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.2 Subsidiaries (Continued)

3.2.1 Consolidation (Continued)

(b) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

(c) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(d) Disposal of interests in subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

3.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.3 Joint arrangements

Under HKFRS 11 interests in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, amounts reported by joint ventures have been adjusted to ensure consistency with the policies adopted by the Group.

3.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Interests in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognised in the consolidated statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Where necessary, amounts reported by associates have been adjusted to ensure consistency with the policies adopted by the Group.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.4 Associates (Continued)

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statement of profit or loss.

When the Group begins to have significant influence but not control over another entity as a result of increasing its stake or having representation on the board, an existing investment becomes an associate for the first time, the investment in the associate is initially recognised at the cost of each purchase plus a share of investee's profits or losses which is recognised in the consolidated statement of profit or loss and other comprehensive income which is recognised in other comprehensive income, and acquisition-related costs are deemed as part of the cost of investment. Any existing gains or losses recognised in respect of the previously held investment are reversed to restate the investment to cost.

3.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Company that makes strategic decisions.

3.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group 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 RMB, which is the functional currency of the Company and its subsidiaries and the presentation currency of the Group.

The Group identifies the functional currency of each subsidiary for the purpose of defining that entity's foreign currency exposure. Different entities within the Group may have different functional currencies. Judgement is required in determining an entity's functional currency based on individual facts and circumstances.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are remeasured. 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 the consolidated statement of profit or loss. All the foreign exchange gains and losses are presented in the statement of profit or loss within "other losses — net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value change. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value change and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.6 Foreign currency translation (Continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each statement of profit or loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in statement of comprehensive income.

3.7 Properties

(a) Investment properties

Investment properties, principally comprising leasehold land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under leases are classified and accounted for as investment property when the rest of the definition of investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, assessed annually by a professional independent valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of profit or loss during the financial period in which they are incurred.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.7 Properties (Continued)

(a) Investment properties (Continued)

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value change reverses a previous impairment loss, the gain is recognised in the consolidated statement of profit or loss.

(b) Land use rights

Land in China mainland is state-owned and no individual land ownership right exists. The Group acquired the rights to certain land, and the premiums paid for such rights are recorded as land use rights. Land use rights are classified and accounted for in accordance to the intended use of respective properties as erected on the land.

For properties that are held for own use, corresponding land use rights are separately stated in the statement of financial position, and are stated at cost and amortized over the use terms of 40 to 70 years using the straight-line method.

For properties that are held for development and subsequent sale, corresponding land use rights are accounted for as part of the development costs, and are accounted for under Note 3.13.

3.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Buildings and leasehold improvements	5–50 years
Machinery	5–15 years
Vehicles	4–10 years
Office equipment	3–5 years
Electronic equipment	3–20 years

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.8 Property, plant and equipment (Continued)

Leasehold improvements' estimated useful life is shorter of remaining lease term or useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognized within "other losses — net", in the consolidated statement of profit or loss.

Construction-in-progress represents buildings, machinery under construction and is stated at cost. Cost includes the costs of construction of buildings, the cost of plant and machinery, installation, testing and other direct costs incurred during the development period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. The carrying amount of a construction-in-progress is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10). When the assets concerned get ready for their intended use, the costs are depreciated in accordance with the policy as stated above.

3.9 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generated units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately in the consolidated statement of profit or loss and is not subsequently reversed.

3.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset'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 (cash-generated units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.11 Financial assets

3.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI, or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

3.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

3.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.11 Financial assets (Continued)

3.11.3 Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value change on equity investments in OCI, there is no subsequent reclassification of fair value change to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss as applicable.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.11 Financial assets (Continued)

3.11.4 Impairment

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 5(h) for further details.

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

3.12 Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges)
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges), or
- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.12 Derivatives and hedging activities (Continued)

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

(i) **Cash flow hedges that qualify for hedge accounting**

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Where option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the change in fair value of the forward contract related to the spot component as the hedging instrument. Gains or losses relating to the effective portion of the change in the spot component of the forward contracts are recognised in the cash flow hedge reserve within equity. The change in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), both the deferred hedging gains and losses and the deferred time value of the option contracts or deferred forward points, if any, are included within the initial cost of the asset. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example through cost of sales).
- The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.12 Derivatives and hedging activities (Continued)

(ii) **Net investment hedges**

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated in reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other gains/(losses).

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

(iii) **Derivatives that do not qualify for hedge accounting**

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss and are included in other gains/(losses).

3.13 Inventories

(a) **Properties under development**

Properties under development are stated at the lower of cost and net realizable value. Net realizable value is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

Development costs of properties comprise land use rights, construction costs, borrowing costs and professional fees as incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held for sale.

Costs to fulfill a contract comprise the development cost and land use right cost directly related to an existing contract that will be used to satisfy performance obligations in the future. The costs to fulfill a contract are recorded in properties under development if they are expected to be recovered. The amount is amortised on a systematic basis, consistent with the pattern of revenue recognition of the contract to which the asset relates.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.13 Inventories (Continued)

(b) **Completed properties held for sale**

Completed properties held for sale are completed properties remaining unsold or undelivered at the statement of financial position date and are stated at the lower of cost and net realizable values. Cost comprises development costs attributable to the unsold or undelivered properties. Net realizable values is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less estimated selling expenses, or by management estimates based on prevailing marketing conditions.

(c) **Other inventories**

Other inventories mainly comprise raw materials for construction. Goods are valued at the lower of cost and net realizable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3.14 Trade receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.11 for further information about the Group's accounting policies.

3.15 Contract assets and contract liabilities

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customer.

The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining rights exceeds the measure of the remaining performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

3.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.17 Share capital

Ordinary shares are classified as equity. Incremental cost directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3.18 Capital securities and capital instrument

Capital securities and capital instrument with no contracted obligation to repay its principal nor to pay any distribution are classified as part of equity.

3.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.20 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

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 statement of financial position date.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.21 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.21.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries/territories where the Company and its subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.21.2 Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, joint ventures and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.21 Current and deferred income tax (Continued)

3.21.3 Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3.22 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the statement of financial position date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Bonus entitlements

Expected costs of bonus payments are recognised as liabilities when constructive obligations are present, as a result of services rendered by employees and reliable estimations of the obligations can be made.

(c) Retirement benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group also participates in a pension scheme under the rules and regulations of the Mandatory provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HKD1,500. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.23 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, including “share option scheme” and Restricted Share Award Scheme, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Group.

- **Share option scheme**

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (e.g. the entity’s share price)
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holdings shares for a specific period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

The cash subscribed for the shares issued when the options are exercised is credited to share capital, net of any directly attributable transaction costs.

- **Restricted Shares Award Scheme**

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the shares awarded at the grant date.

When Trustee purchases the Company’s shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as “Shares held for Restricted Share Award Scheme” in the consolidated statement of changes in equity and deducted from total equity. When the Trustee transfers the Company’s shares to grantees upon vesting, the related costs of the awarded shares are credited to “Shares held for Restricted Share Award Scheme”.

At the end of each reporting period, the Group revises its estimates of the number of these share-based awards that are expected to become vested. The impact of the revision to original estimates, if any, is recognised in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries or associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and the amount initially recognised loss, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers. Any increase in the liability relating to guarantees is reported in the statement of profit or loss.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.25 Revenue recognition

Revenue is measured at the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

(a) **Sales of properties and construction services**

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over time of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of reporting period as a percentage of total estimated costs for each contract.

For property development and sales contract for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For construction services, the Group's performance creates or enhances an asset or work in progress that the customer controls as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of the specific transaction assessed on the basis of the actual costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract.

(b) **Property management and agency fee income**

Property management and agency fee income is recognised in the accounting period in which the services are rendered.

(c) **Dividend income**

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

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.26 Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the statement of profit or loss as part of other income. Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

3.27 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

3. SUMMARY OF ACCOUNTING POLICIES (Continued)

3.27 Leases (Continued)

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

Lease income from operating leases where the Group is a lessor is recognized in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

4. FINANCIAL RISK MANAGEMENT

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Board of directors reviews and approves policies for managing each of these risks and they are summarized below.

(a) Market risk

(i) Foreign exchange risk

The Group is exposed to foreign exchange risk arising from future commercial transactions and recognised assets and liabilities which are not denominated in the Group's functional currency. Majority of the Group's foreign currency transactions and balances are denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

Conversion of RMB into foreign currency is subject to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

As at 31 December 2025, if RMB had weakened/strengthened by 5% against HKD and USD with all other variable held constant, post-tax loss or other comprehensive income for the year of the Group would have been approximately RMB243,376,000 higher/lower (2024: RMB1,265,369,000 higher/lower), mainly as the result of the foreign exchange losses/gains on translation of HKD/USD dominated borrowings, net of foreign exchange gains/losses on translation of HKD/USD dominated cash and cash equivalents.

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. During 2025 and 2024, the Group's borrowings at prevailing market interest rates were denominated in RMB, HKD and USD.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowing and other payables. The Group currently does not utilize any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2025, if interest rates have increased/decreased by 50 basis points with all other variables held constant, the Group's post-tax loss, after taking into account the impact of interest capitalization, would increase/decrease by approximately RMB16,126,000 (2024: RMB17,128,000 (Restated)).

(iii) Price risk

The Group's exposure to equity securities price risk arises from investments held by the Group and classified as financial assets at FVOCI and FVPL. The Group monitors the pricing change of these equity securities during each reporting period to manage the price risk.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge the obligation under the terms of financial instrument and cause a financial loss to the Group. The Group considered the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an on-going basis throughout each reporting period. To assess whether there's a significant increase in credit risk, the Group compares the risk of a default occurring on the asset at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Especially the following indicators are incorporated:

- internal credit rating
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the expected performance and behaviour of the debtor, including changes in the payment status of debtors and changes in the operating results of the debtor.

(i) Cash in banks

The Group expects that there is no significant credit risk associated with cash deposits at banks since they are substantially deposited with state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(ii) Trade receivables and contract assets

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets. To measure the expected credit losses (“ECL”), trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The expected credit loss also incorporates forward-looking information.

As at 31 December 2025, the loss allowance was determined as follows for trade receivables and contract assets:

	Within 6 months RMB'000	Between 6 months to 1 year RMB'000	Between 1 year to 2 years RMB'000	Between 2 years to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Expected loss rate	19.8%	21.1%	37.9%	58.5%	100.0%	42.3%
Gross carrying amount						
— trade receivables	1,492,778	815,852	1,615,939	767,627	811,289	5,503,485
— contract assets	56,965	—	—	—	—	56,965
Loss allowance						
— trade receivables and contract assets	307,537	172,166	612,502	448,769	811,289	2,352,263

As at 31 December 2024, the loss allowance was determined as follows for trade receivables and contract assets:

	Within 6 months RMB'000	Between 6 months to 1 year RMB'000	Between 1 year to 2 years RMB'000	Between 2 years to 3 years RMB'000	Over 3 years RMB'000	Total RMB'000
Expected loss rate	4.4%	17.1%	13.2%	32.1%	100.0%	18.0%
Gross carrying amount						
— trade receivables	2,415,321	1,303,311	775,069	566,693	374,923	5,435,317
— contract assets	65,674	—	—	—	—	65,674
Loss allowance						
— trade receivables and contract assets	109,456	222,997	102,122	182,109	374,923	991,607

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. The derecognition of ECL from disposal of subsidiaries was RMB39,900,000 (2024: RMB21,372,000) for trade receivables during the year ended 31 December 2025.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Other receivables

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Company definition of category	Basis for recognition of expected credit loss provision
Stage one	Customers have a low risk of default and a strong capacity to meet contractual cash flows.	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition.	Lifetime expected losses.
Stage three	Receivables for which there is a credit loss since initial recognition.	Lifetime expected losses.

The Group accounts for its credit risk by appropriately providing for expected losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data.

As at 31 December 2025, the loss allowance was determined as follows for other receivables:

	Entrusted loans to and amount due from third parties, joint ventures, associates and non-controlling interests RMB'000	Receivables from other third parties excluding prepayments RMB'000	Total RMB'000
Gross carrying amount of other receivables	58,711,769	6,718,490	65,430,259
Expected credit loss rate	41.06%	21.15%	39.02%
Loss allowance	24,109,695	1,421,103	25,530,798
Other receivables, net	34,602,074	5,297,387	39,899,461

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

(iii) Other receivables (Continued)

As at 31 December 2024, the loss allowance was determined as follows for other receivables:

	Entrusted loans to and amount due from third parties, joint ventures, associates and non-controlling interests RMB'000	Receivables from other third parties excluding prepayments RMB'000	Total RMB'000
Gross carrying amount of other receivables	61,297,335	8,589,705	69,887,040
Expected credit loss rate	32.44%	14.59%	30.25%
Loss allowance	19,884,454	1,253,493	21,137,947
Other receivables, net	41,412,881	7,336,212	48,749,093

Other receivables are written off when there is no reasonable expectation of recovery. For the year ended 31 December 2025, the total movements arising from disposal of subsidiaries and the written-off of ECL in respect of other receivables amounted to RMB723,332,000 (2024: RMB1,171,000).

(iv) Financial guarantee

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group can forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group also provides guarantees to certain related parties and third parties of the Group to obtain borrowings after assessing the credit history of these parties. The Group closely monitors the repayment progress of the relevant borrowings by these parties. In the opinion of the directors of the Company, the transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties. After considering industry historical loss rates for financial guarantee and adjusting for forward looking macroeconomic data, the Group calculate the corresponding expected credit loss rates. The provision for financial guarantee provided to related parties and third parties increased from RMB3,776,047,000 as at 31 December 2024 to approximately RMB12,256,635,000 as at 31 December 2025, please refer to Note 33.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by the finance department of the Group. The finance department of the Group monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting process takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2025					
Borrowings	26,862,471	6,412,629	7,040,112	40,865,979	81,181,191
Lease liabilities	203,040	165,971	508,455	1,038,411	1,915,877
Trade and other payables excluding statutory liabilities	47,664,000	–	165,814	–	47,829,814
Provisions for financial guarantee provided to related parties and third parties (Note 33)	12,256,635	–	–	–	12,256,635
	86,986,146	6,578,600	7,714,381	41,904,390	143,183,517
At 31 December 2024 (Restated)					
Borrowings	70,306,885	14,673,401	14,308,218	6,577,802	105,866,306
Lease liabilities	264,621	234,469	653,929	1,592,593	2,745,612
Trade and other payables excluding statutory liabilities	46,504,182	4,700	43,062	–	46,551,944
Provisions for financial guarantee provided to related parties and third parties (Note 33)	3,776,047	–	–	–	3,776,047
	120,851,735	14,912,570	15,005,209	8,170,395	158,939,909

4. FINANCIAL RISK MANAGEMENT (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee for loans procured by the purchasers of the Group's properties (Note 45(a)). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

4.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Total capital is calculated as "equity" as shown in the consolidated statement of financial position plus net debt.

The gearing ratios at 31 December 2025 and 2024 were as follows.

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Total borrowings (Note 30)	50,851,631	98,372,536
Less: cash and cash equivalents (Note 24)	(1,552,758)	(1,905,661)
Net debt	49,298,873	96,466,875
Total equity	1,898,959	(2,462,157)
Total capital	51,197,832	94,004,718
Gearing ratio	96%	103%

The decrease in gearing ratio in 2025 is primarily due to decrease in net debt which is mainly attributed to the decrease of total borrowings.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets or liabilities that are measured at fair value at 31 December 2025 and 2024. See Note 12 for disclosures of the investment properties that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
At 31 December 2025				
Assets				
Financial assets at fair value through profit or loss (Note 18)	11,366	90,641	2,367,670	2,469,677
Financial assets at fair value through other comprehensive income (Note 17)	32,792	–	436,355	469,147
	44,158	90,641	2,804,025	2,938,824
Liabilities				
Derivative financial instruments (Note 35)	–	–	238,000	238,000
At 31 December 2024				
Assets				
Financial assets at fair value through profit or loss (Note 18)	6,281	80,566	3,629,347	3,716,194
Financial assets at fair value through other comprehensive income (Note 17)	26,329	–	667,568	693,897
	32,610	80,566	4,296,915	4,410,091

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

During the period, there were no significant changes in the business or economic circumstances that may affect the fair value of the Group's financial assets and financial liabilities.

(a) **Financial instruments in Level 1**

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily the listed United States and HKSE equity investments classified as financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

(b) **Financial instruments in Level 2**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. Instruments included in Level 2 comprise primarily equity fund, the underlying portfolio invested by equity fund are all listed equity shares, the valuation of equity fund is determined based on the quoted market price of listed equity shares.

(c) **Financial instruments in Level 3**

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(c) Financial instruments in Level 3 (Continued)

The following table presents the changes in Level 3 instruments for the year ended 31 December 2025 and 2024.

	Financial assets at fair value through other comprehensive income and through profit or loss 2025 RMB'000	Derivative financial instruments 2025 RMB'000	Financial assets at fair value through other comprehensive income and through profit or loss 2024 RMB'000	Derivative financial instruments 2024 RMB'000
Financial assets in Level 3				
Opening balance	4,296,915	–	5,901,147	–
Addition	15,607	1,252,192	–	–
Increase due to acquisition of a subsidiary	390,853	–	–	–
Fair value change	(1,606,891)	(214,269)	(1,566,145)	–
Conversion to share capital	–	(800,855)	–	–
Disposal	(264,807)	–	(72,878)	–
Currency translation difference	(27,652)	932	34,791	–
Closing balance	2,804,025	238,000	4,296,915	–

(d) Information about Level 3 fair value measurements

The following tables summarise the quantitative information about the significant unobservable inputs used in Level 3 fair value measurement of equity fund investments and unlisted equity investments.

As at 31 December 2025 and 2024, the underlying portfolio invested by equity fund are all properties located in Mainland China, United States and Hong Kong, the valuation of equity fund investment is determined based on the valuation of properties.

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(d) Information about Level 3 fair value measurements (Continued)

Description	Valuation technique	Significant unobservable inputs	Range/value	Relationship of unobservable inputs to fair value
Unlisted fund investments which principally invests in residential and commercial real estate	Comparative method	Prevailing market transaction price	RMB28,000 to RMB51,000 per square meter	The higher transaction price, the higher fair value
	Income capitalization	Prevailing market rents	RMB92 to RMB537 per month per square meter	The higher rents, the higher fair value
		Capitalization rates	4.0% to 6.5%	The higher capitalization rate, the lower fair value
Unlisted fund investments which principally invests in logistics real estate, medical industry, and other industries	Comparative method	Evaluation/Sales ratio	0.7 to 6.2	The higher evaluation/sales ratio, the higher fair value
	Weighted average of comparative method and buy-back method	Evaluation/Sales ratio	4.7 to 10.2	The higher evaluation/sales ratios, the higher fair value
		Liquidity discount rate	16% to 25%	The higher liquidity discount rate, the lower fair value

As at 31 December 2025 and 2024, the significant unlisted equity investments mainly include perpetual and preferred equity instruments issued by associates of the Group.

Description	Valuation technique	Significant unobservable inputs	Range/value	Relationship of unobservable inputs to fair value
Unlisted equity investments	Income Approach	Discount rate	7.79% to 51.12%	The higher discount rate, the lower fair value
	Binominal pricing model	Risk-free interest rate	3.70%	The higher interest rate, the lower fair value
		Volatility	54.60%	The higher volatility level, the higher fair value
Black-Scholes Option Pricing Model	Black-Scholes Option Pricing Model	Risk-free interest rate	3.51% to 3.61%	The higher interest rate, the lower fair value
		Volatility	31.06% to 31.13%	The higher volatility level, the higher fair value

4. FINANCIAL RISK MANAGEMENT (Continued)

4.3 Fair value estimation (Continued)

(e) Valuation process

The finance department of the Group includes a team that performs the valuations of Level 3 financial instruments required for financial reporting purposes. The finance department of the Group reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

The components of the Level 3 instruments mainly include investments in private investment funds and unlisted companies. As these instruments are not traded in an active market, their fair values have been determined using various applicable valuation techniques, including discounted cash flows and comparable transactions approaches. Major assumptions used in the valuation include historical financial results, assumptions about future growth rates, estimate of discount rate and recent market transactions etc. The fair values of these instruments determined by the Group requires significant judgement, including the financial performance of the investee company, market value of comparable properties as well as discount rate, etc.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 12.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Income taxes and land appreciation tax (“LAT”)

The Group is primarily subject to various PRC taxes, as it is principally engaged in property development in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land use rights, borrowing costs, business taxes, property development and other related expenditures. These taxes are incurred upon transfer of property ownership.

Significant judgment is required in determining the extent of land appreciation and its related taxes. The Group recognised LAT based on management’s best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the consolidated statement of profit or loss in the periods in which such taxes are finalized with local tax authorities.

(c) Deferred income tax

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

(d) Estimations for total properties construction cost

The Group estimates properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be assessed periodically, as the constructions progress. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognised.

5. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Revenue recognition

Revenue from sales of properties is recognised over time when the Group's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date; otherwise, revenue is recognised at a point in time when the buyer obtains control of the completed property. The Group may not change or substitute the property unit or redirect the property unit for another use due to the contractual restrictions with the customer and thus the property unit does not have an alternative use to the Group. However, whether there is an enforceable right to payment depends on the terms of sales contract and the interpretation of the applicable laws that apply to the contract. Such determination requires significant judgments. Management uses judgments, based on the terms of its contracts, the relevant local laws, the local regulator's views and legal advice, when necessary, to classify sales contracts into those with right to payment and those without the right.

(f) Estimated impairment of non-financial assets

Non-financial assets are reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of their unit's fair value less cost of disposal and its value-in-use which requires the use of assumptions and estimates.

(g) Estimate impairment of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are reviewed by management for impairment, to ensure that the carrying amount would not be higher than net realisable value. The net realisable value is the higher of estimated selling price of the properties in the ordinary course of business, less estimated costs to complete the development of properties (applicable to properties under development) and selling expenses and carrying amount of the properties under development and completed properties held for sale. Management makes judgments on whether such events or changes in circumstances have occurred, and makes estimates mainly for selling price and cost to complete the development of the properties (applicable to properties under development) and cost to sell in determining the net realisable value.

(h) Impairment of financial assets

The loss allowances for financial assets at amortised cost are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the tables in Note 4.1(b).

(i) Going concern

The assessment of the going concern assumption involves making a judgement by the Board, at the end of the reporting period, about the future outcome of events or conditions, which are inherently uncertain. The Board considers that the Group have the capabilities to continue as going concerns and the major events and conditions, which may give rise to business risks, that individually or collectively may cast doubt upon the going concern assumption and related mitigating measures taken by management are set out in Note 2.1.

6. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the executive directors of the Company who make strategic decisions.

The executive directors of the Company consider the business from both a geographic and product perspective. From the product perspective, the management considers the performance of property development, property management and property investment. Property development businesses are further segregated geographically.

Other operations as carried out by the Group mainly are senior living services and asset-light agent construction, etc.. These are not included within the reportable operating segments, as they are not included in the reports provided to the executive directors of the Company. The results of these operations are included in the “All other segments” column.

The executive directors of the Company assess the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of other gains/losses from the operating segments. Finance costs and corporate finance income are not included in the result for each operating segment that is reviewed by the executive directors of the Company, as they are driven by activities of the central treasury function, which manages the cash position of the Group. The measure also excludes the effects of any share of profits/losses from interests in joint ventures and associates as well as fair value change from investment properties, corporate overheads and gains from debt restructuring. Other information provided to the executive directors of the Company, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude corporate cash and cash equivalents, interests in joint ventures and associates, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss and deferred income tax assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, deferred income tax liabilities and derivative financial instruments, all of which are managed on a central basis as well. These are part of the reconciliation to total statement of financial position assets and liabilities.

6. SEGMENT INFORMATION (Continued)

The segment information provided to the executive directors of the Company for the reportable segments for the years ended 31 December 2025 and 2024 is as follows:

	Property development						Property investment	Property management	All other segments	Total
	Beijing Region	Bohai Rim Region	Eastern Region	Southern Region	Central Region	Western Region				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025										
Total revenue	1,632,832	2,859,936	378,133	2,105,015	1,074,957	438,000	307,702	2,724,158	4,352,704	15,873,437
Inter-segment revenue	(960)	(1,067)	(1,257)	(14)	(5,954)	–	(15,284)	(82,700)	(928,768)	(1,036,004)
Revenue (from external customers)	1,631,872	2,858,869	376,876	2,105,001	1,069,003	438,000	292,418	2,641,458	3,423,936	14,837,433
Segment operating (loss)/profit	(912,113)	(1,332,635)	(3,145,853)	(3,803,239)	(3,161,897)	(774,058)	152,565	(1,562,214)	(16,470,955)	(31,010,399)
Depreciation and amortization (Note 38)	(18,349)	(169)	(127)	(889)	(254)	(41)	(57)	(44,325)	(294,466)	(358,677)
Year ended 31 December 2024										
Total revenue	1,681,408	3,720,102	5,098,645	2,945,443	2,304,919	1,536,642	327,033	2,840,029	5,449,825	25,904,046
Inter-segment revenue	(4,734)	(3,823)	(5,625)	(55)	–	–	(5,852)	(130,142)	(2,113,196)	(2,263,427)
Revenue (from external customers)	1,676,674	3,716,279	5,093,020	2,945,388	2,304,919	1,536,642	321,181	2,709,887	3,336,629	23,640,619
Segment operating (loss)/profit	(230,597)	(946,153)	(159,464)	(383,902)	(551,737)	(437,113)	149,237	(104,724)	(6,942,914)	(9,607,367)
Depreciation and amortization (Note 38)	(18,228)	(273)	(106)	(718)	(671)	(431)	(64)	(57,907)	(383,121)	(461,519)

6. SEGMENT INFORMATION (Continued)

	Property development						Property investment	Property management	All other segments	Total
	Beijing Region	Bohai Rim Region	Eastern Region	Southern Region	Central Region	Western Region				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2025										
Total segment assets	15,358,128	11,498,635	2,924,572	20,948,254	12,154,050	6,196,805	13,031,015	2,174,570	47,443,736	131,729,765
Additions to non-current assets (other than financial instruments and deferred income tax assets)	4,965	8	30	26,963	5	-	722,139	-	15,964	770,074
Total segment liabilities	7,261,434	10,118,447	4,719,812	20,465,719	5,749,425	3,807,651	1,564,714	1,191,864	42,313,672	97,192,738
As at 31 December 2024 (Restated)										
Total segment assets	17,610,657	15,111,517	10,060,120	19,054,276	13,487,318	7,225,222	13,176,745	3,752,185	58,054,798	157,532,838
Additions to non-current assets (other than financial instruments and deferred income tax assets)	1,149	4,104	-	11,883	-	17	106,049	67,214	14,304	204,720
Total segment liabilities	7,431,003	11,263,040	6,094,619	10,931,467	6,166,325	3,902,851	796,670	1,801,798	35,709,449	84,097,222

A reconciliation of segment operating loss to profit/(loss) before income tax is provided as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Segment operating loss	(31,010,399)	(9,607,367)
Corporate finance income	11	61
Corporate overheads	(105,325)	(129,539)
Gains from debt restructuring	46,871,652	-
Fair value change on investment properties (Note 12)	(1,279,398)	(746,505)
Other losses — net (Note 37)	(5,187,499)	(4,651,287)
Finance costs (Note 40)	(3,657,491)	(3,687,788)
Share of results of joint ventures	(2,000,591)	(833,635)
Share of results of associates	(227,718)	164,647
Profit/(loss) before income tax	3,403,242	(19,491,413)

6. SEGMENT INFORMATION (Continued)

Reportable and other segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Total segment assets	131,729,765	157,532,838
Corporate cash and cash equivalents	80,771	61,860
Interests in joint ventures (Note 14)	11,163,095	13,315,357
Interests in associates (Note 15)	2,748,745	3,951,093
Financial assets at fair value through other comprehensive income (Note 17)	469,147	693,897
Financial assets at fair value through profit or loss (Note 18)	2,469,677	3,716,194
Deferred income tax assets (Note 31)	2,313,970	2,133,907
Total assets per consolidated statement of financial position	150,975,170	181,405,146
Total segment liabilities	97,192,738	84,097,222
Current borrowings (Note 30)	24,814,907	65,935,047
Non-current borrowings (Note 30)	26,036,724	32,437,489
Deferred income tax liabilities (Note 31)	793,842	1,397,545
Derivative financial instruments (Note 35)	238,000	—
Total liabilities per consolidated statement of financial position	149,076,211	183,867,303

The Company was incorporated in Hong Kong, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2025 and 2024.

As at 31 December 2025, total non-current assets (other than financial instruments and deferred income tax assets) located in Mainland China amounted to approximately RMB31,092,145,000 (2024: RMB36,981,430,000), total non-current assets located in Hong Kong and in the United States amounted to approximately RMB521,000 (2024: RMB872,000) and approximately nil (2024: RMB35,941,000), respectively.

For the years ended 31 December 2025 and 2024, the Group does not have any single customer with the transaction value over 10% of the total external sales.

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
As at 31 December 2025							
Opening net book amount	1,749,291	80,324	5,069	29,596	374,735	1,085,717	3,324,732
Additions	36,014	62	3,702	5,212	5,567	33,333	83,890
Acquisition of subsidiaries	–	–	285	330	181	–	796
Provision for impairment	–	–	–	–	–	(304,691)	(304,691)
Disposals	–	(12)	(205)	(2,162)	(6,658)	–	(9,037)
Depreciation charge (Note 38)	(100,300)	(8,435)	(3,413)	(10,534)	(47,608)	–	(170,290)
Disposal of subsidiaries	(520,787)	(21)	(407)	(248)	(321,063)	(2,441)	(844,967)
Closing net book amount	1,164,218	71,918	5,031	22,194	5,154	811,918	2,080,433
At 31 December 2025							
Cost	1,358,284	112,485	47,535	159,431	150,865	811,918	2,640,518
Accumulated depreciation	(194,066)	(40,567)	(42,504)	(137,237)	(145,711)	–	(560,085)
Net book amount	1,164,218	71,918	5,031	22,194	5,154	811,918	2,080,433
As at 31 December 2024							
Opening net book amount	1,902,550	88,726	8,376	37,457	425,857	1,029,514	3,492,480
Additions	15,854	151	277	4,895	5,664	109,633	136,474
Acquisition of subsidiaries	–	–	468	11	–	–	479
Transfer	4,224	–	–	–	–	(4,224)	–
Transfer to properties under development (Note 19)	–	–	–	–	–	(48,810)	(48,810)
Transfer to investment properties (Note 12)	(67,214)	–	–	–	–	–	(67,214)
Disposals	(4,603)	(8)	(456)	(138)	(1,678)	(396)	(7,279)
Depreciation charge (Note 38)	(101,520)	(8,509)	(3,559)	(12,629)	(55,106)	–	(181,323)
A subsidiary becomes a joint venture	–	(36)	(37)	–	(2)	–	(75)
Closing net book amount	1,749,291	80,324	5,069	29,596	374,735	1,085,717	3,324,732
At 31 December 2024							
Cost	1,903,359	112,435	48,711	164,229	768,820	1,085,717	4,083,271
Accumulated depreciation	(154,068)	(32,111)	(43,642)	(134,633)	(394,085)	–	(758,539)
Net book amount	1,749,291	80,324	5,069	29,596	374,735	1,085,717	3,324,732

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expenses of approximately RMB100,572,000 (2024: RMB167,879,000) and approximately RMB69,718,000 (2024: RMB13,444,000) have been charged in cost of sales and in administrative expenses respectively.

Construction in progress as at 31 December 2025 and 31 December 2024 represents buildings and data centers under construction mainly in Suzhou, Dalian and Guangzhou with intended use for senior living or health care related services and operation of data centers.

As at 31 December 2025, property, plant and equipment of the Group with carrying amount of approximately RMB886,185,000 (2024: RMB1,022,975,000), which were classified as restricted assets due to reasons such as being pledged as collateral for the Group's borrowings.

8. LEASES

(a) Amounts recognised in the statement of financial position

The statement of financial position shows the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Right-of-use assets		
Leased buildings	1,160,302	1,497,892
Other	2,908	3,373
Total right-of-use assets per consolidated statement of financial position	1,163,210	1,501,265
Lease liabilities		
Current	127,268	140,186
Non-current	1,286,896	1,626,530
Total lease liabilities per consolidated statement of financial position	1,414,164	1,766,716

(b) Amounts recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets		
Leased buildings	(130,832)	(161,162)
Other	(2,002)	(1,794)
Total (Note 38)	(132,834)	(162,956)
Interest expense (Note 40)	(78,042)	(111,472)

8. LEASES (Continued)

(c) The Group's leasing activities and how these are accounted for

The Group mainly leases various offices and properties used for senior living service. Rental contracts are typically made for fixed periods of 9 months to 20 years.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

9. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments in the PRC which are held on leases of less than 50 years (including 50 years). The movements are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	179,062	212,009
Amortization charge (Note 38)	(1,560)	(12,310)
Disposal	–	(20,637)
Disposal of subsidiaries	(99,598)	–
At the end of the year	77,904	179,062

As at 31 December 2025, the land use rights of RMB54,423,000 (2024: RMB61,789,000) were pledged as collateral for the Group's borrowings.

10. INTANGIBLE ASSETS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	309,670	400,164
Additions	333	14,436
Acquisition of subsidiaries	1,100	–
Disposal of subsidiaries	(58,903)	–
Amortization charge (Note 38)	(53,993)	(104,930)
At the end of the year	198,207	309,670

11. GOODWILL

	As at 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	1,233,053	1,243,182
Impairment loss on goodwill (Note 37)	(691,494)	–
Derecognition of goodwill (Note 38)	–	(10,129)
At the end of the year	541,559	1,233,053

Goodwill was generated from business combination and allocated to a cash generating unit or a group of cash generating units, from the acquisition date, that is expected to benefit from the synergies of the combination. Derecognition of goodwill allocated to a cash generating unit or a group of cash generating units was recognised due to disposal of the relevant properties.

Goodwill is allocated to the Group's cash generating units identified which is not larger than an operating segment. A summary of the goodwill allocation is presented below:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Data center related business (i)	–	213,948
Property management (ii)	114,666	446,545
Property development (iii)	3,517	3,517
Senior living service (iv)	393,632	393,632
Other (v)	29,744	175,411
	541,559	1,233,053

- (i) Goodwill relating to data center related business arose from the acquisition of internet digital center service companies.
- (ii) Goodwill relating to property management arose from the acquisition of property management companies. Impairment of such goodwill is considered together with each cash generating unit or group of cash generating units that is expected to benefit from the synergies of the combination.
- (iii) Goodwill relating to property development arose from the acquisition of properties development companies. The impairment of such goodwill is considered together with the impairment of the properties under development and completed properties held for sales of the Group.
- (iv) Goodwill relating to senior living service arose from the acquisition of senior living service companies. Impairment of such goodwill is considered together with each cash generating unit or group of cash generating units that is expected to benefit from the synergies of the combination.
- (v) Such goodwill arose from the acquisition of companies engaged in other fields, including landscaping and other construction companies. Impairment of such goodwill is considered together with the impairment of other non-financial assets of the Group.

11. GOODWILL (Continued)

As of 31 December 2025 and 2024, management performed impairment assessment on goodwill. The recoverable amount of goodwill is determined based on value-in-use calculations. These calculations use cash flow projections based on management's financial budgets covering periods of no more than 5 years. The Group expects cash flows beyond such periods will be similar to that of the respective final forecast years on existing scale.

Key assumptions applied in the impairment test for the goodwill include the expected growth in revenue, terminal growth rate and pre-tax discount rate and so on. Management determined these key assumptions based on past performance and its expectation on market development. Management believes that any reasonably possible change in any of these key assumption on which recoverable amounts are based may not cause the carrying amounts of goodwill to exceed their recoverable amounts. As at 31 December 2025, the range of revenue growth rate, terminal growth rate and pre-tax discount rate used for the analysis of each of the CGUs are from -25% to 20%, 0% to 2% and 9% to 17%, respectively.

12. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
At fair value			
Year ended 31 December 2025			
At the beginning of the year	9,416,311	3,787,700	13,204,011
Additions	–	722,139	722,139
Disposal	(38,198)	–	(38,198)
Disposal of a subsidiary	(140,000)	–	(140,000)
Transfer	4,360,275	(4,360,275)	–
Transfer from completed properties held for sales	650,959	–	650,959
Fair value change recognised in profit or loss	(1,129,834)	(149,564)	(1,279,398)
At the end of the year	13,119,513	–	13,119,513
At fair value			
Year ended 31 December 2024			
At the beginning of the year	12,069,341	3,788,000	15,857,341
Additions	–	105,962	105,962
Disposal	(36,759)	–	(36,759)
A subsidiary becomes a joint venture	(2,044,000)	–	(2,044,000)
Transfer from property, plant and equipment (Note 7)	67,214	–	67,214
Currency translation differences	758	–	758
Fair value change recognised in profit or loss	(640,243)	(106,262)	(746,505)
At the end of the year	9,416,311	3,787,700	13,204,011

12. INVESTMENT PROPERTIES (Continued)

(a) Amounts recognised in profit or loss for investment properties

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Rental income	292,418	321,181
Direct operating expenses arising from investment properties that generate rental income	(55,287)	(78,584)
Direct operating expenses arising from investment properties that did not generate rental income	(36,923)	(44,273)
	200,208	198,324

(b) Valuation basis

Fair value measurements using significant unobservable inputs

	31 December 2025										
	Completed investment properties							United States RMB'000	Sub total RMB'000	Investment properties under development	
	Beijing RMB'000	Tianjin RMB'000	Shuyang RMB'000	Ganzhou RMB'000	Shenzhen RMB'000	Wuhan RMB'000	Beijing RMB'000			Total RMB'000	
Opening balance as at 1 January	7,988,771	529,000	308,476	534,046	20,077	-	35,941	9,416,311	3,787,700	13,204,011	
Additions	-	-	-	-	-	-	-	-	722,139	722,139	
Disposal	(2,257)	-	-	-	-	-	(35,941)	(38,198)	-	(38,198)	
Disposal of a subsidiary	(140,000)	-	-	-	-	-	-	(140,000)	-	(140,000)	
Transfer	4,360,275	-	-	-	-	-	-	4,360,275	(4,360,275)	-	
Transfer from completed properties held for sales	6,093	-	-	-	-	644,866	-	650,959	-	650,959	
Fair value change recognised in profit or loss	(1,091,606)	(36,000)	(5,304)	(59,413)	(4,863)	67,352	-	(1,129,834)	(149,564)	(1,279,398)	
Closing balance as at 31 December	11,121,276	493,000	303,172	474,633	15,214	712,218	-	13,119,513	-	13,119,513	

12. INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Fair value measurements using significant unobservable inputs

	31 December 2024								
	Completed investment properties						Investment properties under development		
	Beijing RMB'000	Tianjin RMB'000	Shuyang RMB'000	Ganzhou RMB'000	Shenzhen RMB'000	United States RMB'000	Sub total RMB'000	Beijing RMB'000	Total RMB'000
Opening balance as at 1 January	10,501,628	638,000	352,660	510,830	–	66,223	12,069,341	3,788,000	15,857,341
Additions	–	–	–	–	–	–	–	105,962	105,962
Disposal	(36,759)	–	–	–	–	–	(36,759)	–	(36,759)
A subsidiary becomes a joint venture	(2,044,000)	–	–	–	–	–	(2,044,000)	–	(2,044,000)
Transfer from property, plant and equipment	41,838	–	–	–	25,376	–	67,214	–	67,214
Currency translation differences	–	–	–	–	–	758	758	–	758
Fair value change recognised in profit or loss	(473,936)	(109,000)	(44,184)	23,216	(5,299)	(31,040)	(640,243)	(106,262)	(746,505)
Closing balance as at 31 December	7,988,771	529,000	308,476	534,046	20,077	35,941	9,416,311	3,787,700	13,204,011

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were mainly revalued by Cushman & Wakefield Limited and Zhongdinghua (Beijing) Assets Appraisal Co., Ltd the independent qualified valuers not related to the Group, who hold recognised relevant professional qualifications and have recent experiences in the location and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The finance department of the Group reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department of the Group:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent qualified valuers.

12. INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Valuation techniques

Fair values of certain completed properties located in parts of Beijing, Tianjin, Ganzhou and Shuyang are generally derived using the income capitalization method. These valuation methods are based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of completed properties located in Shenzhen, Wuhan and the United States are generally derived using the comparative method.

Fair values of certain investment properties under development located in parts of Beijing are generally derived using the hypothetical development method and cost method.

As at 31 December 2025, the investment properties under development located in Beijing were completed, and the valuation method was adjusted from the hypothetical development method and cost method to the income capitalization method, and there were no transfers between fair value hierarchy during the year.

Significant unobservable inputs used to determine fair value

- Completed investment properties

Description	Fair value at 31 December 2025 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		
			Prevailing market rents	Prevailing market transaction price	Capitalization rates (%)
Completed investment properties — Beijing	11,121,276	Income capitalization	RMB34 to RMB230 per month per square meter	Not applicable	4.5–7.3
Completed investment properties — Tianjin	493,000	Income capitalization	RMB54 to RMB91 per month per square meter	Not applicable	6.5
Completed investment properties — Shuyang	303,172	Income capitalization	RMB41 to RMB53 per month per square meter	Not applicable	6.4
Completed investment properties — Ganzhou	474,633	Income capitalization	RMB49 to RMB180 per month per square meter	Not applicable	6.0
Completed investment properties — Shenzhen	15,214	Comparative method	Not applicable	RMB9,764 per square meter	Not applicable
Completed investment properties — Wuhan	712,218	Comparative method	Not applicable	RMB36,705 per square meter	Not applicable

12. INVESTMENT PROPERTIES (Continued)

(b) Valuation basis (Continued)

Significant unobservable inputs used to determine fair value (Continued)

- Completed investment properties

Description	Fair value at 31 December 2024 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		
			Prevailing market rents	Prevailing market transaction price	Capitalization rates (%)
Completed investment properties — Beijing	7,988,771	Income capitalization	RMB18 to RMB239 per month per square meter	Not applicable	4.5-8.0
Completed investment properties — Tianjin	529,000	Income capitalization	RMB55 to RMB65 per month per square meter	Not applicable	6.5
Completed investment properties — Shuyang	308,476	Income capitalization	RMB37 to RMB57 per month per square meter	Not applicable	7.0
Completed investment properties — Ganzhou	534,046	Income capitalization	RMB39 to RMB78 per month per square meter	Not applicable	7.0
Completed investment properties — United States	35,941	Comparative method	Not applicable	USD50–113 per square feet	Not applicable
Completed investment properties — Shenzhen	20,077	Comparative method	Not applicable	RMB13,139 per square meter	Not applicable

- Investment properties under development

Description	Fair value at 31 December 2024 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs	
			Profit rate of Cost (%)	Development costs to completion
Investment properties under development — Beijing	3,787,700	Cost method	27.0	Not applicable
		Hypothetical development method	Not applicable	Approximately RMB582 per square meter

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Capitalization rates are estimated by valuers based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

(c) Restricted non-current assets

As at 31 December 2025 and 2024, investment properties of the Group with carrying amount of approximately RMB12,843,516,000 and RMB12,806,515,000, respectively, which were classified as restricted assets due to reasons such as collateral for the Group's borrowings.

13. SUBSIDIARIES

The following is a list of the subsidiaries as at 31 December 2025 which, in the opinion of the directors, materially affect the results or assets of the Group:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2025	2024	2025	2024
(1) Beijing Sino-Ocean Group Holding Limited 北京遠洋控股集團有限公司	PRC, Limited liability company	Investment holding in PRC	RMB7,064,870	100%	100%	-	-
(2) 遠洋國際建設有限公司	PRC, Limited liability company	Renovation service in PRC	RMB600,000	100%	100%	-	-
(3) 北京遠盛置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(4) Beijing Yuankun Real Estate Development Company, Limited 北京遠坤房地產開發有限公司	PRC, Limited liability company	Investment holding in PRC	RMB500,000	100%	100%	-	-
(5) 北京碧城創業投資管理有限公司	PRC, Limited liability company	Investment holding in PRC	RMB336,000	100%	100%	-	-
(6) Beijing Qianyuan Property Co., Ltd. 北京乾遠置業有限公司	PRC, Limited liability company	Investment holding in PRC	RMB300,000	100%	100%	-	-
(7) Beijing Wuhe Real Estate Development Company, Limited 北京五河房地產開發有限公司	PRC, Limited liability company	Land development in PRC	RMB100,000	75%	75%	25%	25%
(8) Beijing Jun De Land Development Company Limited 北京駿德置業有限公司	PRC, Limited liability company	Investment holding in PRC	RMB90,000	100%	100%	-	-
(9) Beijing Dong long Real Estate Development Co., Ltd. 北京東隆房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD12,370	85.72%	85.72%	14.28%	14.28%
(10) Beijing Jin He Wan Sheng Real Estate Development Company Limited 北京金和萬盛房地產開發有限公司	PRC, Limited liability company	Land development in PRC	RMB225,000	100%	100%	-	-
(11) Beijing Yuan Hao Land Development Company, Limited 北京遠豪置業有限公司	PRC, Limited liability company	Property development in PRC	RMB60,000	100%	100%	-	-
(12) Beijing Tianlin Real Estate Development Company, Limited 北京市天麟房地產開發有限公司	PRC, Limited liability company	Investment holding in PRC	RMB30,000	100%	100%	-	-
(13) 北京遠東新地置業有限公司	PRC, Limited liability company	Investment holding in PRC	RMB200,000	100%	100%	-	-

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2025	2024	2025	2024
(14) Beijing Yin Gang Real Estate Development Company Limited 北京銀港房地產開發有限公司	PRC, Limited liability company	Investment holding in PRC	RMB10,000	100%	100%	–	–
(15) Beijing Yuan-lian Real Estate Development Company, Limited 北京遠聯置地房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	–	–
(16) 天津宇華房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,010	100%	100%	–	–
(17) Tianjin Yuanying Real Estate Development Company, Limited 天津市遠贏置業有限公司	PRC, Limited liability company	Property development in PRC	RMB30,030	100%	100%	–	–
(18) 大連新悅置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD60,250	100%	100%	–	–
(19) 大連滙洋置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD15,142	100%	100%	–	–
(20) 大連廣宇置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD10,900	100%	100%	–	–
(21) 大連世甲置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD16,785	100%	100%	–	–
(22) Dalian Sunny-Ocean Property Limited 大連明遠置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD20,000	100%	100%	–	–
(23) Dalian Sky-upright Property Limited 大連正乾置業有限公司	PRC, Limited liability company	Property development in PRC	RMB106,931	100%	100%	–	–
(24) 大連源豐置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD50,700	100%	100%	–	–
(25) 遠洋環渤海(大連)置地有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD15,000	100%	100%	–	–
(26) 遠洋地產(遼寧)有限公司	PRC, Limited liability company	Property development in PRC	RMB70,000	100%	100%	–	–
(27) 長春東方聯合置業有限公司	PRC, Limited liability company	Property development in PRC	RMB200,000	100%	100%	–	–
(28) 遠洋地產(上海)有限公司	PRC, Limited liability company	Investment holding in PRC	RMB20,000	100%	100%	–	–
(29) 大連鑫融置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD120,000	100%	100%	–	–

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2025	2024	2025	2024
(30) 天基房地產開發(深圳)有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	HKD160,000	100%	100%	-	-
(31) 三亞南國奧林匹克花園有限公司	PRC, Limited liability company	Property development in PRC	RMB64,100	100%	100%	-	-
(32) 天津遠頤房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,050	100%	100%	-	-
(33) 大連利遠置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD2,870	100%	100%	-	-
(34) 北京四陽山水企業管理有限公司	PRC, Limited liability company	Senior living service in PRC	RMB500,000	100%	100%	-	-
(35) Tianjin Yuan-bin Real Estate Development Company, Limited 天津市遠濱房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB20,000	100%	100%	-	-
(36) 大連宏宇置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(37) 北京遠山置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	-	-
(38) 盈創再生資源有限公司	PRC, Limited liability company	Investment property in PRC	RMB361,670	100%	100%	-	-
(39) 上海銳盈置業有限公司	PRC, Wholly foreign owned enterprises	Property development in PRC	RMB145,000	100%	100%	-	-
(40) 遠洋地產(深圳)有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(41) 北京遠新資產管理有限公司	PRC, Limited liability company	Investment property in PRC	RMB20,000	100%	100%	-	-
(42) 北京市佳利華經濟開發有限責任公司	PRC, Limited liability company	Senior living service in PRC	RMB30,000	100%	100%	-	-
(43) Sino-Ocean Service Holding Limited 遠洋服務控股有限公司	Cayman Islands, Limited liability company	Property management in PRC	RMB99,829	63.82%	63.82%	36.18%	36.18%
(44) 上海遠滙置業有限公司	PRC, Wholly foreign owned enterprise	Property development in PRC	RMB2,200,000	100%	100%	-	-
(45) 深圳市金楓房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	80%	60%	20%	40%
(46) 三亞德商房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD30,000	100%	100%	-	-

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2025	2024	2025	2024
(47) 南京金遠置業有限公司	PRC, Limited liability company	Property development in PRC	RMB33,330	70%	70%	30%	30%
(48) 上海椿萱養老服務有限公司	PRC, Limited liability company	Senior living service in PRC	RMB10,000	100%	100%	–	–
(49) 湖北福星惠譽常青置業有限公司 (“Hubei Fuxing”)	PRC, Limited liability company	Property development in PRC	RMB10,000	51%	51%	49%	49%
(50) 成都嘉昱房地產有限責任公司	PRC, Limited liability company	Property development in PRC	RMB10,000	60%	60%	40%	40%
(51) 北京遠奧置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	–	–
(52) 天津濱海房地產經營有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	60%	60%	40%	40%
(53) 遠洋地產鎮江有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	55%	55%	45%	45%
(54) 西安遠洋中央公園置業有限責任公司	PRC, Wholly foreign owned enterprise	Property development in PRC	USD200	100%	100%	–	–
(55) 宜興遠博置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,020	100%	100%	–	–
(56) 廣州市遠翔房地產開發有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	RMB1,800,000	100%	100%	–	–
(57) 成都恒茂置地有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	–	–
(58) 天津城投濱海房地產經營有限公司	PRC, Limited liability company	Property development in PRC	RMB200,000	100%	100%	–	–
(59) 中山市遠昇房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB1	100%	100%	–	–
(60) 大連宏澤置業有限公司	PRC, Sino-foreign equity joint venture	Property development in PRC	USD3,020	100%	100%	–	–
(61) 山西明遠房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	80%	80%	20%	20%
(62) 貴州築宸府置業有限公司	PRC, Limited liability company	Property development in PRC	RMB12,500	100%	100%	–	–
(63) 秦皇島潤海房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB766,000	100%	100%	–	–
(64) 秦皇島潤濱房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB212,000	100%	100%	–	–

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2025	2024	2025	2024
(65) 秦皇島潤鴻房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB61,200	100%	100%	-	-
(66) 秦皇島潤澤房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-
(67) 秦皇島潤港房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-
(68) 秦皇島潤鑫房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB21,200	100%	100%	-	-
(69) 濟南全眾信息科技有限公司 ("Jinan Quanzhong") (i)	PRC, Limited liability company	Property development in PRC	RMB50,000	50%	50%	50%	50%
(70) 大連峰景美墅地產發展有限公司	PRC, Limited liability company	Property development in PRC	RMB9,080	100%	100%	-	-
(71) 上海崇遠企業管理諮詢有限公司	PRC, Limited liability company	Investment holding in PRC	RMB10,000	100%	100%	-	-
(72) 茂名市錦繡河山房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	51%	-	49%
(73) 煙台遠景置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	-	-
(74) 上海雋品置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(75) 杭州雋遠置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(76) 湖南樂住置業投資有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	95%	95%	5%	5%
(77) 貴陽遠滙房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB450,000	100%	100%	-	-
(78) 佛山昱辰房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB174,148	100%	100%	-	-
(79) Zhejiang Guoheng Xixi Real Estate Co., Ltd 浙江國恆西溪置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	-	-
(80) Wuhan Yuanhui Real Estate Co., Ltd 武漢元慧置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	70%	70%	30%	30%
(81) Shenzhen Tianheng Chuangxing Industrial Co., Ltd 深圳市天恆創興實業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	63.25%	63.25%	36.75%	36.75%

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2025	2024	2025	2024
(82) 江西軍邦房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB30,000	51%	51%	49%	49%
(83) 深圳市恆裕國宏房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB101,000	100%	100%	–	–
(84) 中山市駿盈房產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	51%	51%	49%	49%
(85) 北京遠創興城置業有限公司 (i)	PRC, Limited liability company	Property development in PRC	RMB100,000	50%	50%	50%	50%
(86) 武漢弘盛永泰置業有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	70%	70%	30%	30%
(87) 上海熙序企業管理有限公司	PRC, Limited liability company	Investment holding in PRC	RMB5,000	51%	51%	49%	49%
(88) 西寧遠鐸房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	51%	51%	49%	49%
(89) 柳州星遠房地產有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	51%	51%	49%	49%
(90) 沅陽星龍房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	–	–
(91) 成都遠實房地產開發有限責任公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	–	–
(92) 溫州遠溪置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	–	–
(93) 廣州市遠昊房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	–	–
(94) Sino-Ocean Land (Hong Kong) Limited 遠洋地產(香港)有限公司	Hong Kong, Limited company	Investment holding in Hong Kong	HKD10	100%	100%	–	–
(95) Shine Wind Development Limited 耀勝發展有限公司	BVI, Limited company	Investment holding in BVI	USD10	100%	100%	–	–
(96) Mission Success Limited 穎博有限公司	Hong Kong, Limited company	Investment holding in Hong Kong	HKD–	100%	100%	–	–
(97) Dynamic Class Limited 昇能有限公司	Hong Kong, Limited company	Investment holding in Hong Kong	HKD–	100%	100%	–	–
(98) Mega Precise Profits Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(99) Smart State Properties Limited	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–
(100) Faith Ocean International Limited 信洋國際有限公司	BVI, Limited company	Investment holding in BVI	USD–	100%	100%	–	–

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2025	2024	2025	2024
(101) World luck Corporation Limited 寰福有限公司	Hong Kong, Limited company	Investment holding in Hong Kong	HKD-	100%	100%	-	-
(102) Fame Gain Holdings Limited 名得控股有限公司	BVI, Limited company	Investment holding in BVI	USD-	100%	100%	-	-
(103) Sino-Ocean Land Property Development Limited 遠洋地產國際發展有限公司	Hong Kong, Limited company	Investment holding in Hong Kong	HKD20	100%	100%	-	-
(104) Fast Fame Capital Investment Limited 迅榮創富有限公司	Hong Kong, Limited company	Investment holding in Hong Kong	HKD-	100%	100%	-	-
(105) Sino-Ocean Land Treasure Finance I Limited	BVI, Limited company	Investment holding in BVI	USD-	100%	100%	-	-
(106) Sino-Ocean Land Treasure Finance II Limited	BVI, Limited company	Investment holding in BVI	USD-	100%	100%	-	-
(107) Sino-Ocean Land Treasure III Limited	BVI, Limited company	Investment holding in BVI	USD-	100%	100%	-	-
(108) Sino-Ocean Land Treasure IV Limited	BVI, Limited company	Investment holding in BVI	USD-	100%	100%	-	-
(109) New Advance Limited	Hong Kong, Limited company	Property development in Hong Kong	HKD1,000	100%	100%	-	-
(110) 南昌靖沁置業有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	51%	51%	49%	49%
(111) 深圳市華興展房地產開發有限公司 (ii)	PRC, Limited liability company	Property development in PRC	RMB101,960	49%	49%	51%	51%
(112) 杭州遠宸建祥置業有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	51%	51%	49%	49%
(113) 山東泰洋置業有限公司	PRC, Limited liability company	Property development in PRC	RMB25,000	60%	60%	40%	40%
(114) 廊坊市裕豐房地產開發有限公司 (iii)	PRC, Limited liability company	Property development in PRC	RMB50,000	35.7%	35.7%	64.3%	64.3%
(115) 山東遠泉置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	70%	70%	30%	30%
(116) 大連遠禧企業管理諮詢有限公司	PRC, Limited liability company	Investment holding in PRC	RMB194,520	87.5%	87.5%	12.5%	12.5%
(117) 北京中聯置地房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB560,000	100%	100%	-	-
(118) 深圳市遠盛業投資有限公司	PRC, Limited liability company	Property development in PRC	RMB200,000	81%	81%	19%	19%
(119) 山東遠赫房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	-	-

13. SUBSIDIARIES (Continued)

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Issued/paid in capital (In thousand)	Ownership interest held by the Group		Ownership interest held by non-controlling interest	
				2025	2024	2025	2024
(120) 北京遠新房地產開發有限公司 (i)	PRC, Limited liability company	Property development in PRC	RMB100,000	50%	50%	50%	50%
(121) 太原吉飛通房地產開發有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	–	–
(122) 北京禦海天朝文化發展有限公司	PRC, Limited liability company	Property development in PRC	RMB29,900	85.3%	85.3%	14.7%	14.7%
(123) 上海遠鑫置業有限公司	PRC, Limited liability company	Property development in PRC	RMB20,000	100%	100%	–	–
(124) 中山市長豐創展有限公司	PRC, Limited liability company	Property development in PRC	RMB50,000	100%	100%	–	–
(125) 山東遠宏投資置業有限公司	PRC, Limited liability company	Property development in PRC	RMB10,000	100%	100%	–	–
(126) 廈門東悅地產有限公司	PRC, Limited liability company	Property development in PRC	RMB100,000	100%	100%	–	–
(127) 椿萱茂養老運營管理有限公司	PRC, Limited liability company	Senior living service in PRC	RMB20,000	100%	100%	–	–

- (i) Although the Group only owns 50% equity interests in these companies, the Group has the power to control and direct the key operating and financing activities of these companies as the majority of the board of directors of these companies are appointed by the Group. Consequently, these companies are considered as subsidiaries of the Group.
- (ii) Although the Group only owns 49% equity interests in this company, the Group is entitled to appoint 3 out of 5 directors and 51% voting right in the Shareholder Board. The Group has the power to control and direct its key operating and financing activities. The company is considered as a subsidiary of the Group.
- (iii) Although the Group only owns 35.7% interests in this company, the Group has the power to control and direct its key operating and financing activities through entering into an acting in concert agreement with other shareholders. By executing the acting in concert agreement, other shareholders agreed to follow all decisions made by the Group. Consequently, the company is considered as a subsidiary of the Group.

13. SUBSIDIARIES (Continued)

(a) Material non-controlling interests

The total non-controlling interests as at 31 December 2025 is approximately RMB1,532,717,000, which mainly consists of non-controlling interests of approximately RMB531,354,000 and non-controlling interests of approximately RMB158,110,000 deriving from Hubei Fuxing and Jinan Quanzhong, being 51% and 50% owned subsidiaries, respectively. The non-controlling interests in respect of other subsidiaries is not individually material.

Cash and short-term deposits held by Hubei Fuxing and Jinan Quanzhong as at 31 December 2025 amounted to approximately RMB2,173,000 in aggregate are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarized statement of financial position

	Hubei Fuxing		Jinan Quanzhong	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Current				
Assets	1,832,643	1,791,364	535,135	569,175
Liabilities	(767,809)	(780,413)	(218,914)	(258,699)
Total current net assets	1,064,834	1,010,951	316,221	310,476
Non-current				
Assets	19,561	19,575	–	8,299
Liabilities	–	–	–	–
Total non-current net assets	19,561	19,575	–	8,299
Net assets	1,084,395	1,030,526	316,221	318,775
Accumulated non-controlling interests	531,354	504,959	158,110	159,387

13. SUBSIDIARIES (Continued)

(a) Material non-controlling interests (Continued)

Summarized statement of profit or loss

	Hubei Fuxing		Jinan Quanzhong	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Revenue	284	683	34,374	60,136
(Loss)/profit before income tax	(23,271)	(111,733)	8,112	23,414
Income tax credit/(expense)	77,140	–	(10,666)	(5,156)
Post-tax profit/(loss)	53,869	(111,733)	(2,554)	18,258
Total comprehensive income/(loss)	53,869	(111,733)	(2,554)	18,258
Total comprehensive income/(loss) allocated to non-controlling interests	26,395	(54,749)	(1,277)	9,129
Dividend paid to non-controlling interests	–	–	–	–

Summarized statement of cash flows

	Hubei Fuxing		Jinan Quanzhong	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Cash flows from operating activities				
Cash generated from/(used in) operations	–	343	2,606	(36,770)
Income tax paid	–	(340)	(2,208)	(3,847)
Net cash generated from/(used in) operating activities	–	3	398	(40,617)
Net cash generated from investing activities	–	–	–	–
Net cash generated from financing activities	–	–	–	–
Net increase/(decrease) in cash and cash equivalents	–	3	398	(40,617)
Cash and cash equivalents at beginning of the year	8	5	1,767	42,384
Cash and cash equivalents at end of the year	8	8	2,165	1,767

The information above is the amount before inter-company eliminations.

14. INTERESTS IN JOINT VENTURES

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	13,315,357	18,679,921
Capital injection	1,000	354,656
Dividend	(715,223)	(164,592)
Capital reduction	(107,515)	(359,824)
Disposal	(192,114)	(3,950,502)
Provision for impairment	–	(1,706,630)
Increase due to acquisitions	424,861	–
Subsidiaries become joint ventures	547,899	1,406,067
Share of results and other comprehensive income of joint ventures — after adjustment for unrealized profit or loss from transactions between the Group and the joint ventures	(2,057,861)	(1,027,072)
Currency translation difference	(53,309)	83,333
At the end of the year	11,163,095	13,315,357

14. INTERESTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held by the Group as at 31 December 2025, all of which are unlisted:

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2025	Effective interest held as at 31 December 2024	Nature of relationship	Principal activities
(1) Beijing Linlian Property Company Limited 北京麟聯置業有限公司	PRC	Limited liability company	RMB400,000	50%	50%	(iii)	Investment property development
(2) 北京遠騰置業有限公司	PRC	Limited liability company	RMB1,820,000	50%	50%	(iii)	Land and property development
(3) 北京遠洋新揚子資產管理有限公司	PRC	Limited liability company	RMB2,000	50%	50%	(iv)	Investment management
(4) 鴻基偉業(北京)房地產開發有限公司	PRC	Limited liability company	RMB20,000	50%	50%	(iii)	Land and property development
(5) Tianjin Yijiahe Real Estate Company Limited 天津市億嘉合置業有限公司	PRC	Limited liability company	RMB80,000	51%	51%	(i), (iii)	Land and property development
(6) SOL Investment Fund LP	Cayman Islands	Limited partnership	HKD2,679,000	50%	50%	(iv)	Investment management
(7) 天津市富士房地產開發有限公司	PRC	Limited liability company	RMB30,000	51%	51%	(i), (iii)	Land and property development
(8) 北京房地天銳鑫洋房地產開發有限公司	PRC	Limited liability company	RMB41,180	30%	30%	(ii), (iii)	Land and property development
(9) 上海新證財經信息諮詢有限公司	PRC	Limited liability company	RMB142,500	45%	45%	(ii), (v)	Investment management
(10) 北京卓信瑞通投資有限公司	PRC	Limited liability company	RMB1,000	33%	33%	(ii), (iv)	Investment management
(11) 北京新揚子投資基金管理中心(有限合夥)	PRC	Limited partnership	RMB1,000,000	50%	50%	(iv)	Investment management
(12) 張家口富利嘉房地產開發有限公司	PRC	Limited liability company	RMB30,000	60%	60%	(i), (iii)	Land and property development
(13) 深圳市遠康置地投資有限公司	PRC	Limited liability company	RMB50,000	65%	65%	(i), (iv)	Investment management
(14) 長春王府井遠洋商業投資有限公司	PRC	Limited liability company	RMB210,000	40%	40%	(ii), (iv)	Investment management
(15) 合肥永拓置業發展有限公司	PRC	Limited liability company	RMB50,000	25%	25%	(ii), (iii)	Land and property development
(16) 深圳市國通厚德房地產開發有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i), (iii)	Land and property development
(17) 北京遠創興茂置業有限公司	PRC	Limited liability company	RMB100,000	40%	40%	(ii), (iii)	Land and property development

14. INTERESTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held by the Group as at 31 December 2025, all of which are unlisted: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2025	Effective interest held as at 31 December 2024	Nature of relationship	Principal activities
(18) 愛車(天津)房地產開發有限公司	PRC	Limited liability company	RMB150,000	49.98%	49.98%	(ii), (iii)	Land and property development
(19) 贏家(天津)房地產開發有限公司	PRC	Limited liability company	RMB850,000	49.98%	49.98%	(ii), (iii)	Land and property development
(20) 北京創遠亦程置業有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(21) 太倉遠滙置業有限公司	PRC	Limited liability company	RMB200,000	34%	34%	(ii), (iii)	Land and property development
(22) 北京遠和置業有限公司	PRC	Limited liability company	RMB810,000	25%	25%	(ii), (iii)	Land and property development
(23) 上海遠緒置業有限公司	PRC	Limited liability company	RMB10,000	50%	50%	(iii)	Land and property development
(24) 天津吉慶置業有限公司	PRC	Limited liability company	RMB30,000	50%	50%	(iii)	Land and property development
(25) 鄭州遠啟博奧企業管理諮詢有限公司	PRC	Limited liability company	RMB10,000	70%	70%	(i), (iv)	Investment management
(26) 西安恆正隆房地產有限公司	PRC	Limited liability company	USD132,274	34%	34%	(ii), (iii)	Land and property development
(27) 長沙遠耀投資管理合夥企業(有限合夥)	PRC	Limited partnership	RMB1,267,000	49.92%	49.92%	(ii), (iv)	Investment management
(28) 北京樂優富拓投資有限公司	PRC	Limited liability company	RMB1,000	25%	25%	(ii), (iv)	Investment management
(29) 嘉興金久房地產開發有限公司	PRC	Limited liability company	RMB100,000	33%	33%	(ii), (iii)	Land and property development
(30) 龍洋生命(開曼)有限公司	Cayman Islands	Limited liability company	USD68,000	50%	50%	(iii)	Land and property development
(31) SO CTCO Investments, L.P.	Cayman Islands	Limited partnership	USD100,000	50%	50%	(iv)	Investment management
(32) 石家莊新聯遠鴻房地產開發有限公司	PRC	Limited liability company	RMB100,000	31%	31%	(ii), (iii)	Land and property development
(33) 西安遠瑞置業有限公司	PRC	Limited liability company	RMB10,000	60%	60%	(i), (iii)	Land and property development
(34) 天津市遠馳房地產開發有限公司	PRC	Limited liability company	RMB400,000	30%	30%	(ii), (iii)	Investment property development
(35) 北京睿暉商業管理有限公司	PRC	Limited liability company	RMB1,000	30%	30%	(ii), (iii)	Investment property development

14. INTERESTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held by the Group as at 31 December 2025, all of which are unlisted: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2025	Effective interest held as at 31 December 2024	Nature of relationship	Principal activities
(36) Sino-Ocean Meridian Holding, LLC	USA	Limited liability company	USD11,659	40%	40%	(ii), (v)	Elderly care
(37) TSKY Carimhill Pte. Ltd	SG	Limited liability company	USD20,000	30%	30%	(ii), (iii)	Land and property development
(38) 杭州遠洋運河商務區開發有限公司	PRC	Limited liability company	USD143,210	60%	60%	(i), (iii)	Land and property development
(39) 杭州遠洋天祺置業有限公司	PRC	Limited liability company	USD147,760	60%	60%	(i), (iii)	Land and property development
(40) 北京建遠萬譽房地產開發有限公司	PRC	Limited liability company	RMB100,000	51%	51%	(i), (iii)	Land and property development
(41) 北京商務中心區開發建設有限公司	PRC	Limited liability company	RMB80,850	47%	47%	(ii), (iii)	Land and property development
(42) 武漢設計之心建設發展有限公司	PRC	Limited liability company	RMB50,000	70%	70%	(i), (iii)	Land and property development
(43) 來安縣遠錦房地產開發有限公司	PRC	Limited liability company	RMB12,000	30%	30%	(ii), (iii)	Land and property development
(44) 北京遠盛泰房地產開發有限公司	PRC	Limited liability company	RMB10,000	60%	60%	(i), (iii)	Land and property development
(45) 山東遠舜置業有限公司	PRC	Limited liability company	RMB90,909	32.35%	32.35%	(ii), (iii)	Land and property development
(46) 北京遠景中安置業有限公司	PRC	Limited liability company	RMB2,100,000	31%	31%	(ii), (iii)	Land and property development
(47) 濟南滙遠產業園開發有限公司	PRC	Limited liability company	RMB30,000	42%	42%	(ii), (iii)	Land and property development
(48) PT MAKNA AIAM SEJAHTERA	Indonesia	Limited liability company	Rupiah 10,000,000	28%	28%	(ii), (iii)	Land and property development
(49) Sunrise River Ventures Limited	BVI	Limited company	USD-	49%	49%	(ii), (v)	Landscaping services
(50) 丹陽愛家房地產有限公司	PRC	Limited liability company	RMB20,000	50%	50%	(iii)	Land and property development
(51) 鄭州鑫沃置業有限公司	PRC	Limited liability company	RMB20,000	49%	49%	(ii), (iv)	Investment management
(52) 深圳市遠壘置業有限公司	PRC	Limited liability company	RMB50,000	51%	51%	(i), (iv)	Investment management

14. INTERESTS IN JOINT VENTURES (Continued)

(a) Following are the details of part of the joint ventures held by the Group as at 31 December 2025, all of which are unlisted: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2025	Effective interest held as at 31 December 2024	Nature of relationship	Principal activities
(53) 中山市遠維房地產開發有限公司	PRC	Limited liability company	RMB1,000	60%	60%	(i), (iv)	Investment management
(54) 天津普利達房地產建設開發有限公司	PRC	Limited liability company	RMB600,000	70%	70%	(i), (iii)	Land and property development
(55) 合肥啟迪厚德置業有限公司	PRC	Limited liability company	RMB50,000	30%	30%	(ii), (iii)	Land and property development
(56) 遠洋裝飾工程股份有限公司	PRC	Limited liability company	RMB725,847	51%	51%	(i), (v)	Renovation service
(57) 佛山市展翰房地產開發有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(iii)	Land and property development
(58) Active Growth Ventures Limited	BVI	Limited liability company	USD-	50%	50%	(iv)	Investment management
(59) Sino-Ocean Logistics Property Holding Limited	Cayman Islands	Limited liability company	HKD10	30%	30%	(ii), (iii)	Land and property development
(60) Sino-Ocean Prime Office Partners I LP	Cayman Islands	Limited partnership	USD1,400,000	28.57%	28.57%	(ii), (iii)	Investment property development
(61) 廈門遠宏安房地產開發有限公司	PRC	Limited liability company	RMB50,000	51%	51%	(i), (iii)	Land and property development
(62) 青島海駿置業有限公司	PRC	Limited liability company	RMB14,884	43%	43%	(ii), (iii)	Land and property development
(63) 石家莊遠乾房地產開發有限公司	PRC	Limited liability company	RMB100,000	51%	51%	(i), (iii)	Land and property development
(64) 廣州潤嘉置業有限公司	PRC	Limited liability company	RMB50,000	40%	40%	(ii), (iii)	Land and property development
(65) 西安雅荷名城房地產開發有限公司	PRC	Limited liability company	RMB20,000	70%	70%	(i), (iii)	Land and property development
(66) 福滿有限公司	Cayman Islands	Limited liability company	HKD-	30%	30%	(ii), (iv)	Investment management
(67) 辰瑞企业管理(深圳)有限公司	PRC	Limited liability company	RMB5,000	51%	51%	(i), (iv)	Investment management
(68) 北京遠洋大廈有限公司	PRC	Limited liability company	USD30,000	72%	72%	(i), (iii)	Investment property development

14. INTERESTS IN JOINT VENTURES (Continued)

- (a) Following are the details of part of the joint ventures held by the Group as at 31 December 2025, all of which are unlisted: (Continued)
- (i) Although the Group holds more than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
 - (ii) Although the Group holds less than 50% of the equity shares of these entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of these entities. Accordingly, these entities are considered as joint ventures of the Group by the directors.
 - (iii) Interests in these joint ventures provide more business opportunities in property development and investment properties.
 - (iv) Interests in these joint ventures provide more business opportunities in real estate investment activities.
 - (v) Interests in these joint ventures provide more business opportunities for the Group in other business activities.
 - (vi) As at 31 December 2025, the Group has the outstanding capital commitment to joint ventures amounting to approximately RMB3,628,718,000 (2024: RMB2,232,660,000).

(b) Individually immaterial joint venture

The directors considered that none of the joint ventures individually are material to the Group. The Group's interests in individually immaterial joint ventures that are accounted for using the equity method:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial joint ventures	11,163,095	13,315,357
Aggregate amounts of the Group's share of:		
Loss from continuing operations	(2,000,591)	(833,635)
Total comprehensive income	(2,016,629)	(924,999)

(c) Restricted non-current assets

As at 31 December 2025 and 2024, interests in joint ventures with carrying amount of approximately RMB6,289,251,000 and RMB5,219,933,000 respectively, which were classified as restricted assets due to reasons such as collateral for the Group's borrowings.

15. INTERESTS IN ASSOCIATES

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	3,951,093	3,915,886
Capital injection	58,715	31,100
Capital reduction	(430,019)	—
Disposal	(442,738)	—
Dividend	(69,018)	(62,500)
Share of results and other comprehensive income of associates — after adjustment for unrealized profit or loss from transactions between the Group and the associates	(292,559)	27,064
Currency translation difference	(26,729)	39,543
At the end of the year	2,748,745	3,951,093

(a) Following are the details of part of the associates of the Group at 31 December 2025:

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2025	Effective interest held as at 31 December 2024	Nature of relationship	Principal activities
(1) Beijing Shengyong Property Development and Investment Company Limited 北京盛永置業投資有限公司	PRC	Limited liability company	RMB500,000	12%	35%	(i), (ii)	Investment property development
(2) CIGIS (China) Company limited 建設綜合勘察研究設計院有限公司	PRC	Limited liability company	RMB50,000	35%	35%	(iii)	Survey and design
(3) 北京興佰君泰房地產開發有限公司	PRC	Limited liability company	RMB90,000	21%	21%	(ii)	Land and property development
(4) 北京達成光遠置業有限公司	PRC	Limited liability company	RMB100,000	23%	23%	(ii)	Land and property development
(5) 廣州宏嘉房地產開發有限公司	PRC	Limited liability company	RMB300,000	16.66%	16.66%	(i), (ii)	Land and property development
(6) 杭州北農房地產開發有限公司	PRC	Limited liability company	RMB100,000	50%	50%	(ii), (vii)	Land and property development
(7) 天津中建致恒地產有限公司	PRC	Limited liability company	RMB70,000	42.86%	42.86%	(ii)	Land and property development
(8) 成都青銅滙股權投資基金合夥企業(有限合夥)	PRC	Limited partnership	RMB515,611	51.06%	51.06%	(iv), (vi)	Investment management

15. INTERESTS IN ASSOCIATES (Continued)

(a) Following are the details of part of the associates of the Group at 31 December 2025: (Continued)

Name	Place of incorporation and operation	Legal status	Issued/paid in capital (In thousand)	Effective interest held as at 31 December 2025	Effective interest held as at 31 December 2024	Nature of relationship	Principal activities
(9) 北京瑞成永創科技有限公司	PRC	Limited liability company	RMB50,000	22.20%	22.20%	(iv)	Investment management
(10) 南昌國遠盈潤置業有限公司	PRC	Limited liability company	RMB98,000	49%	49%	(ii)	Land and property development
(11) Gemini Investments (Holdings) Limited 盛洋投資(控股)有限公司	Hong Kong	Limited company	HKD22,550	25%	25%	(iv)	Investment management
(12) 武漢遠悅置業有限公司	PRC	Sino-foreign equity joint venture	RMB2,144,436	7.75%	7.75%	(i), (ii)	Land and property development
(13) Coldwest Fund I LP	Cayman Islands	Limited partnership	USD105,000	47.62%	47.62%	(iv)	Investment management
(14) Delos China (HK)Limited	Hong Kong	Limited company	USD16,000	25%	25%	(v)	Healthy renovation service
(15) Fortune Joy Ventures Limited	BVI	Limited liability company	USD580,000	49%	49%	(iv)	Investment management
(16) 北京誼誠置業有限公司	PRC	Limited liability company	RMB10,000	21%	21%	(ii)	Land and property development
(17) 上饒市棕遠生態環境有限公司	PRC	Limited liability company	RMB320,000	28.98%	28.98%	(v)	Environmental governance
(18) 北京遠創置業有限公司	PRC	Limited liability company	RMB300,000	51%	51%	(ii), (vi)	Land and property development
(19) 北京金開旭泰房地產開發有限公司	PRC	Limited liability company	RMB1,000	25%	25%	(ii)	Land and property development
(20) 納什空間創業科技(北京)有限公司	PRC	Limited liability company	RMB72,760	20%	20%	(v)	Office services
(21) 石家莊遠福房地產開發有限公司	PRC	Limited liability company	RMB10,000	40%	40%	(ii)	Land and property development
(22) 佛山市遠凱房地產開發有限公司	PRC	Limited liability company	RMB50,000	49%	49%	(ii)	Land and property development
(23) 寧波梅山保稅港區融科嘉和投資管理合夥企業(有限合夥)	PRC	Limited partnership	RMB183,100	38.14%	16.99%	(iv)	Investment management

15. INTERESTS IN ASSOCIATES (Continued)

(a) Following are the details of part of the associates of the Group at 31 December 2025 (Continued):

Among the associates mentioned above, Gemini Investments (Holdings) Limited are listed on Stock Exchange of Hong Kong Limited, the quoted fair value and carrying amount of these associates are presented as below:

Name	Place of incorporation and operation	Legal status	Quoted market value		Carrying amount	
			2025	2024	2025	2024
			RMB'000	RMB'000	RMB'000	RMB'000
Gemini Investments (Holdings) Limited	Hong Kong	Limited company	33,967	59,082	–	–

- (i) Although the Group holds less than 20% of the equity shares of these entities, the Group exercises significant influence in the strategic financial and operating policy decisions through the Group's presence in the Board of Directors of these companies.
- (ii) Interests in these associates provide more business opportunities in property development.
- (iii) Interests in these associates provide more opportunities to involve in related services to support property development, such as architectural design and property management.
- (iv) Interests in these associates provide more business opportunities in real estate investment activities.
- (v) Interests in these associates provide more business opportunities in other activities.
- (vi) Although the Group holds more than 50% of the equity shares of these companies, the Group has no control over the financial and operating policies of these companies but has significant influence over them. Accordingly, the company is considered as an associate of the Group by the directors.
- (vii) Although the Group holds 50% of the equity shares of this company, the Group has no control nor joint control over the financial and operating policies of this company but has significant influence over it. Accordingly, the company is considered as an associate of the Group by the directors.
- (viii) As at 31 December 2025, the Group has the outstanding capital commitment to associates amounting to approximately RMB511,685,000 (2024: RMB716,650,000).

15. INTERESTS IN ASSOCIATES (Continued)

(b) Individually immaterial associates

The directors considered that none of the associates individually are material to the Group. The Group's interests in individually immaterial associates that are accounted for using the equity method:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates	2,748,745	3,951,093
Aggregate amounts of the Group's share of:		
(Loss)/profit from continuing operations	(227,718)	164,647
Total comprehensive (loss)/income	(292,349)	28,272

(c) Restricted non-current assets

As at 31 December 2025, interests in associates with carrying amount of approximately RMB1,685,155,000 (2024: RMB1,137,498,000), which were classified as restricted assets due to reasons such as collateral for the Group's borrowings.

16. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables and prepayments (Note 21)	53,694,151	64,500,572
Less: prepayments	(10,643,468)	(11,307,769)
— Trade and other receivables and prepayments excluding prepayments	43,050,683	53,192,803
— Restricted bank deposits	4,470,272	2,922,791
— Cash and cash equivalents (Note 24)	1,552,758	1,905,661
Financial assets at fair value through other comprehensive income (Note 17)	469,147	693,897
Financial assets at fair value through profit or loss (Note 18)	2,469,677	3,716,194
	52,012,537	62,431,346
Financial liabilities		
Liabilities at amortised cost:		
— Borrowings (Note 30)	50,851,631	98,372,536
— Lease liabilities (Note 8)	1,414,164	1,766,716
— Trade and other payables excluding other tax payables (Note 32)	48,106,040	46,876,920
— Provisions for financial guarantee provided to related parties and third parties (Note 33)	12,256,635	3,776,047
Derivative financial instruments (Note 35)	238,000	—
	112,866,470	150,792,219

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise:

- Equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(ii) Equity investments at fair value through other comprehensive income

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Listed securities (a)	32,792	26,329
Unlisted securities (b)	436,355	667,568
	469,147	693,897
Less: Non-current portion	(469,147)	(693,897)
Current portion	–	–

(a) Investment in listed equity securities is stated at fair value based on the quoted price of the equity securities.

(b) Investment in unlisted equity securities are denominated in HKD and RMB. For the valuation of unlisted equity securities, please refer to Note 4.3.

The following table presents the changes in equity investments at fair value through other comprehensive income:

	2025 RMB'000	2024 RMB'000
At 1 January	693,897	777,280
Disposal	(239,405)	–
Fair value change	17,911	(86,330)
Currency translation difference	(3,256)	2,947
At 31 December	469,147	693,897

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

(i) Classification of financial assets at fair value through profit or loss

The Group classifies the following financial assets at fair value through profit or loss (FVPL):

- debt investments that do not qualify for measurement at either amortised cost or FVOCI,
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value change through other comprehensive income.

Financial assets mandatorily measured at FVPL include the following:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Investment in fund and bond investments	2,297,935	3,118,436
Investment in other unlisted equity securities	46,736	328,220
Investment in listed equity securities	6	543
Investment in derivative financial instruments	125,000	268,995
	2,469,677	3,716,194
Less: Non-current portion	(2,458,311)	(3,662,917)
Current portion	11,366	53,277

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other losses — net” in the statement of profit or loss.

(ii) Amounts recognised in profit or loss

During the year, the following losses were recognised in profit or loss:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Fair value loss recognised in other losses — net	(1,589,461)	(1,601,714)

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

(iii) Risk exposure and fair value measurements

Information about the Group's exposure to price risk is disclosed in Note 4.1. Information about the methods and assumptions used in determining fair value is disclosed in Note 4.3.

(iv) Non-current assets pledged as collateral

As at 31 December 2025, financial assets at fair value through profit or loss with fair value of approximately RMB1,343,458,000 (2024: RMB377,332,000) were pledged as collateral for the Group's borrowings.

19. PROPERTIES UNDER DEVELOPMENT

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	40,901,782	48,516,015
Additions	8,931,617	3,341,034
Acquisition of subsidiaries	–	2,113,604
Disposal	(180,360)	–
Disposal of subsidiaries	(1,801,317)	–
Provision for impairment (Note 38)	(5,242,635)	(1,109,682)
Transfer from construction in progress (Note 7)	–	48,810
Transfer to completed properties held for sale	(8,300,369)	(12,007,999)
At the end of the year	34,308,718	40,901,782
Properties under development comprises:		
Land use rights	16,085,950	18,710,406
Construction costs and capitalized expenditure	13,020,577	15,664,972
Interest capitalized	5,202,191	6,526,404
	34,308,718	40,901,782

Properties under development are mainly located in the PRC. As at 31 December 2025, properties under development of approximately RMB27,982,694,000 (2024: RMB30,656,782,000), which were classified as restricted assets due to reasons such as being pledged as collateral for the Group's borrowings.

All properties under development are expected to be completed within the normal operating cycle of the Group, in which approximately RMB23,534,616,000 (2024: RMB23,130,137,000) is expected to be completed and available for sale in more than twelve months after the statement of financial position date.

20. LAND DEVELOPMENT COST RECOVERABLE

Land development cost recoverable refers to capitalised costs on primary land development projects. The land use right certificates belong to the government for these projects. Main activities for primary land development projects included house dismantlement and land leveling works, in order to make sure the land is connected to water, gas and electric power supplies.

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables (a)	3,151,222	4,443,710
Other receivables and prepayments (b)	50,542,929	60,056,862
	53,694,151	64,500,572
Less: non-current portion	(4,695,970)	(6,725,443)
Current portion	48,998,181	57,775,129

(a) Trade receivables

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Trade receivables	5,503,485	5,435,317
Less: provision for impairment of trade receivables	(2,352,263)	(991,607)
	3,151,222	4,443,710
Less: non-current portion	–	–
Current portion	3,151,222	4,443,710

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

Proceeds from services and sales rendered are to be received in accordance with the term of respective agreement, and the credit term is very short. An ageing analysis of gross trade receivables mainly based on invoice or bills issuance date at the respective statement of financial position dates is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 6 months	1,492,778	2,415,321
Between 6 months to 1 year	815,852	1,303,311
Between 1 year to 2 years	1,615,939	775,069
Between 2 years to 3 years	767,627	566,693
Over 3 years	811,289	374,923
	5,503,485	5,435,317

As at 31 December 2025, trade receivables with carrying amount of approximately RMB182,021,000 (2024: RMB349,192,000) were pledged for the Group's borrowings.

Movements on the provision for impairment of trade receivables are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At 1 January	(991,607)	(779,951)
Provision for receivable impairment (Note 38)	(1,400,556)	(233,028)
Disposal of subsidiaries	39,900	21,372
At 31 December	(2,352,263)	(991,607)

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables and prepayments

	As at 31 December					
	Current RMB'000	2025 Non-current RMB'000	Total RMB'000	Current RMB'000	2024 Non-current RMB'000	Total RMB'000
Entrusted loans due from joint ventures (i)	271,103	95,208	366,311	2,350,583	58,592	2,409,175
Entrusted loans due from associates (ii)	–	24,510	24,510	–	24,510	24,510
Entrusted loans due from third parties (iii)	878,423	391,107	1,269,530	1,533,356	397,600	1,930,956
Amounts due from joint ventures (v)	25,982,632	1,906,179	27,888,811	23,221,078	1,910,522	25,131,600
Amounts due from non-controlling interests (iv)	5,135,239	–	5,135,239	5,132,363	–	5,132,363
Amounts due from associates (v)	9,602,750	611,696	10,214,446	9,743,545	611,696	10,355,241
Amounts due from third parties (iii)	13,812,922	–	13,812,922	16,313,490	–	16,313,490
	55,683,069	3,028,700	58,711,769	58,294,415	3,002,920	61,297,335
Less: provision for impairment	(22,088,533)	(2,021,162)	(24,109,695)	(19,821,390)	(63,064)	(19,884,454)
	33,594,536	1,007,538	34,602,074	38,473,025	2,939,856	41,412,881
Receivables from government (vi)	653,419	–	653,419	670,058	–	670,058
Payment for the cooperation of potential properties development projects (vii)	1,447,812	–	1,447,812	1,447,812	–	1,447,812
Receivables from disposal of interest in subsidiaries	79,102	3,027,344	3,106,446	79,102	2,993,960	3,073,062
Receivables from disposal of interest in a joint venture	27,137	–	27,137	337,706	–	337,706
Other receivables	1,483,676	–	1,483,676	3,061,067	–	3,061,067
	3,691,146	3,027,344	6,718,490	5,595,745	2,993,960	8,589,705
Less: provision for impairment	(1,342,676)	(78,427)	(1,421,103)	(1,184,736)	(68,757)	(1,253,493)
	2,348,470	2,948,917	5,297,387	4,411,009	2,925,203	7,336,212
Tax prepayments	6,242,282	2,518	6,244,800	5,916,156	2,061	5,918,217
Other prepayments (viii)	3,661,671	736,997	4,398,668	4,531,229	858,323	5,389,552
	9,903,953	739,515	10,643,468	10,447,385	860,384	11,307,769
Total other receivables and prepayments	45,846,959	4,695,970	50,542,929	53,331,419	6,725,443	60,056,862

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables and prepayments (Continued)

- (i) Entrusted loans due from joint ventures are unsecured, interest bearing from 2% to 12% (2024: from 2% to 12%) per annum. Balances of approximately RMB271,103,000 (2024: RMB2,350,583,000) are repayable within one year. The remaining balances of approximately RMB95,208,000 (2024: RMB58,592,000) are repayable after one year and included in the non-current portion.
- (ii) Entrusted loans due from associates are unsecured, interest bearing 7% (2024: 7%) per annum. Balances of approximately RMB24,510,000 (2024: RMB24,510,000) are repayable after one year and hence included in the non-current portion.
- (iii) Entrusted loans and amounts due from third parties represent amounts paid to joint ventures and associates of the Group's joint ventures, associates and cooperation parties to support the development of their real estate projects. As the Group has no direct equity interests in these companies to which the amounts paid are classified as entrusted loans and amounts due from third parties.
- Entrusted loans due from a third party with balances of approximately RMB782,603,000 (31 December 2024: RMB745,013,000) are secured interest bearing 4% (2024: 4%) per annum. Unsecured entrusted loans bear interest from 3% to 9% (2024: from 4% to 10%) per annum.
- Amounts due from a third party with balances of approximately nil (31 December 2024: RMB5,230,936,000) are secured, interest free and repayable on demand. The remaining amounts due from third parties are unsecured, interest free, and repayable on demand.
- As at 31 December 2025, amounts due from third parties with carrying amount of approximately RMB816,165,000 (31 December 2024: RMB3,200,232,000) were pledged for the Group's borrowing.
- (iv) Amounts due from non-controlling interests are unsecured and interest free. Balances of approximately RMB5,135,239,000 (2024: RMB5,132,363,000) are repayable within one year.
- (v) Amounts due from joint ventures and associates are unsecured and interest free.
- As at 31 December 2025, amounts due from joint ventures and associates of the Group with carrying amounts of approximately RMB2,647,893,000 (31 December 2024: RMB2,090,178,000) and RMB670,352,000 (31 December 2024: RMB1,253,226,000) were pledged for the Group's borrowings, respectively.
- (vi) Receivables from government mainly represent payments made for land development cost, deposits paid to government in the activities of land purchasing, and funds to government for cooperation intention in real estate project development, which will be subsequently reimbursed by the government.
- (vii) Amounts mainly represent the payment for cooperation of potential properties development projects. As at 31 December 2025, such cooperation is still in negotiation stage. Balances of approximately RMB150,000,000 (2024: RMB150,000,000) are unsecured, interest bearing 8.8% (2024: 8.8%) per annum. The remaining balances of approximately RMB1,297,812,000 (2024: RMB1,297,812,000) are unsecured and interest free. Balances of approximately RMB,1447,812,000 (2024: RMB1,447,812,000) are repayable on demand.
- (viii) As at 31 December 2025, included in prepayments of approximately RMB2,197,396,000 (2024: RMB2,203,190,000) represented an amount paid for redevelopment project of certain land parcels in the PRC designated to a subsidiary of the Company by the local PRC government. The demolition work of redevelopment project has been completed.

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(b) Other receivables and prepayments (Continued)

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The carrying amounts of the Group's trade and other receivables and prepayments are mainly denominated in RMB.

The carrying amounts of trade and other receivables and prepayments approximate their respective fair values as at 31 December 2025 and 2024.

Movements on the provision for impairment of other receivables are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At 1 January	(21,137,947)	(17,449,608)
Provision for receivable impairment (Note 38)	(9,057,243)	(3,689,510)
Acquisition of subsidiaries	3,941,060	–
Increase due to disposal of subsidiaries	(271,984)	–
Write-off	–	886
Derecognition from disposal of subsidiaries	995,316	285
At 31 December	(25,530,798)	(21,137,947)

22. COMPLETED PROPERTIES HELD FOR SALE

All completed properties held for sale are located in the PRC on leasehold lands with lease terms between 40 to 70 years (2024: 40 to 70 years).

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Completed properties held for sale comprised:		
Land use rights	6,075,890	7,685,419
Construction costs and capitalised expenditure	10,691,500	14,370,181
Interest capitalised	2,252,491	3,043,176
	19,019,881	25,098,776

22. COMPLETED PROPERTIES HELD FOR SALE (Continued)

Movements on the provision for impairment of completed properties held for sale are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	1,265,955	992,313
Provision (Note 38)	5,672,623	449,852
Disposal of subsidiaries	(37,280)	—
Transfer from properties under development	850,752	445,355
Write-off upon sales of completed properties held for sale	(734,307)	(621,565)
At the end of the year	7,017,743	1,265,955

As at 31 December 2025, completed properties held for sale of approximately RMB13,430,040,000 (2024: RMB17,284,245,000), which were classified as restricted assets due to reasons such as being pledged as collateral for the Group's borrowings.

23. RESTRICTED BANK DEPOSITS

Restricted bank deposits are mainly denominated in RMB, which are guaranteed deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties, as well as for projects co-developed with third parties. The balances also include guaranteed deposits placed in the banks, as guaranteed funds of construction projects to meet certain local authorities' requirements. The effective interest rate on restricted bank deposits ranging from 0.05% to 0.45% (2024: from 0.10% to 0.20%) per annum for the year ended 31 December 2025.

24. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Cash at bank and in hand	1,552,758	1,905,661
Denominated in:		
— RMB	1,534,211	1,855,408
— HKD	11,475	7,824
— USD	7,072	42,429
	1,552,758	1,905,661

The Group's cash and cash equivalents denominated are deposited with banks in the Mainland China and Hong Kong, respectively. The conversion of the RMB denominated balances into foreign currencies, which are placed within the PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

25. CAPITAL

	Number of ordinary shares	Share capital HKD'000	Equivalent share capital RMB'000	Total RMB'000
Ordinary shares, issued and fully paid:				
Opening balance 1 January 2025	7,616,095,657	30,413,634	27,329,232	27,329,232
Issue of share upon conversion of mandatory convertible bonds	4,203,741,285	871,491	800,855	800,855
At 31 December 2025	11,819,836,942	31,285,125	28,130,087	28,130,087

	Number of ordinary shares	Share capital HKD'000	Equivalent share capital RMB'000	Total RMB'000
Ordinary shares, issued and fully paid:				
Opening balance 1 January 2024	7,616,095,657	30,413,634	27,329,232	27,329,232
At 31 December 2024	7,616,095,657	30,413,634	27,329,232	27,329,232

26. ACCUMULATED LOSSES

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At 1 January	(31,070,263)	(12,446,306)
Profit/(loss) for the year	6,756,387	(18,623,957)
Disposal of financial assets measured at fair value through other comprehensive income	(357,617)	–
At 31 December	(24,671,493)	(31,070,263)

27. OTHER RESERVES

	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2025	(763,427)	1,596,937	(1,999,632)	(6,387,985)	615,364	(66,988)	(1,912,529)	(8,918,260)
Fair value change on financial assets at fair value through other comprehensive income, net of tax	-	-	-	16,561	-	-	-	16,561
Currency translation differences	-	-	161,370	-	-	-	-	161,370
Share of other comprehensive loss of investments accounted for using the equity method	-	-	-	-	-	-	(80,669)	(80,669)
Disposal of financial assets measured at fair value through other comprehensive	-	-	-	357,617	-	-	-	357,617
Cancellation of perpetual subordinated guaranteed capital securities upon offshore debt restructuring	-	-	-	-	-	-	4,440,418	4,440,418
Acquisition of partial interests in subsidiaries	-	-	-	-	-	-	(108,280)	(108,280)
At 31 December 2025	(763,427)	1,596,937	(1,838,262)	(6,013,807)	615,364	(66,988)	2,338,940	(4,131,243)

	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2024	(763,427)	1,596,937	(1,459,042)	(6,297,045)	615,364	(66,988)	(1,480,168)	(7,854,369)
Fair value change on financial assets at fair value through other comprehensive income, net of tax	-	-	-	(90,940)	-	-	-	(90,940)
Currency translation differences	-	-	(540,590)	-	-	-	-	(540,590)
Share of other comprehensive loss of investments accounted for using the equity method	-	-	-	-	-	-	(227,739)	(227,739)
Acquisition and disposal of partial interests in subsidiaries	-	-	-	-	-	-	(204,622)	(204,622)
At 31 December 2024	(763,427)	1,596,937	(1,999,632)	(6,387,985)	615,364	(66,988)	(1,912,529)	(8,918,260)

Statutory reserves represent reserves of the PRC incorporated companies which are set aside for future development purposes in accordance with the regulations in the PRC. The allocation is based on certain percentages of the companies' profit of the year, which is allocated on an annual basis.

28. SHARE OPTIONS

The establishment of the Group's shares schemes plan was approved on 3 September 2007 and 6 August 2018, respectively, by the shareholders. The share option plan is designed to provide long-term incentives for senior managers and above to deliver long-term shareholder returns. Under the schemes, participants are granted options which only vest if certain performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

Share options granted from 2015 to 2017 are granted to several directors and to selected employees, in which 40% of the options are exercisable after 1 year from the grant date; additional 30% of the options are exercisable after 2 years from the grant date, and remaining 30% of the options are exercisable after 3 years from the grant date.

Share options granted from 2018 to 2019 are granted to several directors and to selected employees, in which 50% of the options are exercisable after 1 year from the grant date, and remaining 50% of the options are exercisable after 2 years from the grant date.

Share options granted in 2020 are granted to several directors and to selected employees, in which 50% of the options are exercisable after 1 year from the grant date, and remaining 50% of the options are exercisable after 2 years from the grant date.

The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price per share (HKD)	Shares (thousands)
At 1 January 2025	2.11	600
Lapsed during the year	2.11	(600)
At 31 December 2025	–	–

	Average exercise price per share (HKD)	Shares (thousands)
At 1 January 2024	3.37	507,929
Lapsed during the year	3.37	(507,329)
At 31 December 2024	2.11	600

There were no outstanding share options as at 31 December 2025. Out of the 600,000 outstanding options, 600,000 were exercisable as at 31 December 2024.

No share options were exercised during the years ended 31 December 2025 and 2024. As at 31 December 2024, the weighted average price of the share options was HKD2.11 per share.

28. SHARE OPTIONS (Continued)

Share options outstanding as at 31 December 2024 have the following expiry dates and exercise prices:

Expiry date	Exercise price per share (HKD)	Shares (thousands)
25-Mar-2025	2.106	600

29. CAPITAL SECURITIES

On 21 September 2017, Sino-Ocean Land Treasure III Limited (“Sino-Ocean Land III”), a wholly owned subsidiary, issued perpetual subordinated guaranteed capital securities (“capital securities”), which are redeemable only at the issuer’s discretion, with initial aggregate principal amount of approximately USD600,000,000.

The capital securities have no maturity date, and the payments of distribution of such capital securities can be deferred at the discretion of Sino-Ocean Land III. When Sino-Ocean Land III and the Company elects to declare dividends to their shareholders, Sino-Ocean Land III should make a distribution at an initial rate of 4.900% till 21 September 2023, and then at a fixed rate per annum equal to the sum of (i) the then-prevailing U.S. Treasury rate and (ii) the spread till 21 September 2027. Such capital securities are guaranteed by the Company.

As disclosed in Note 2.1, the Group’s offshore restructuring plan was implemented and effective on 27 March 2025, and accordingly, the aforementioned capital securities were derecognised. In conjunction with the offshore debt restructuring, the Company issued new perpetual securities on the same date, which are redeemable only at the issuer’s discretion, with an initial aggregate principal amount of approximately USD1.21 billion.

30. BORROWINGS

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Non-current		
Bank borrowings (a)	11,310,940	13,728,783
Other borrowings (b)	14,725,784	18,708,706
Total non-current borrowings	26,036,724	32,437,489
Current		
Current portion of long-term bank borrowings (a)	11,341,448	23,607,599
Current portion of long-term other borrowings (b)	12,475,782	41,248,610
Short-term bank borrowings (a)	520,522	534,951
Short-term other borrowings (b)	477,155	543,887
Total current borrowings	24,814,907	65,935,047
Total borrowings	50,851,631	98,372,536

(a) As at 31 December 2025, bank borrowings amounted to approximately RMB22,875,364,000 (2024: RMB23,308,994,000) were secured by the pledge of investment properties, property, plant and equipment, land use rights, properties under development, completed properties held for sales and trade receivables and equity interest in certain subsidiaries.

(b) Other borrowings

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Bonds issuance (d)	4,949,448	18,067,168
Guaranteed notes (c)	5,537,893	22,276,804
Borrowings from trust companies (i)	5,113,090	5,784,406
Asset-backed securitisation (ii)	4,109,000	4,109,000
Borrowings from non-controlling interests (iii)	662,248	1,052,248
Borrowings from associates and joint ventures (iv)	3,842,865	4,080,805
Borrowings from third parties (v)	3,464,177	5,130,772
	27,678,721	60,501,203
Less: non-current portion	(14,725,784)	(18,708,706)
Current portion	12,952,937	41,792,497

30. BORROWINGS (Continued)

(b) Other borrowings (Continued)

- (i) Borrowings from trust companies bear interest rate from 5.40% to 13.80% (2024: from 5.40% to 8.50%) per annum, and repayable within one year (2024: RMB599,500,000 are repayable after one year and included in non-current portion).

As at 31 December 2025, such borrowings amounted to approximately RMB4,132,090,000, were secured by the pledge of interests in a joint venture, properties under development and completed properties held for sale (2024: RMB3,425,406,000). The equity of certain subsidiaries was also pledged.

- (ii) In July 2021, Sino-Ocean Holding entered into asset-backed special agreement with a third-party financing company in the form of asset securitisation with total principal amount of RMB3,200,000,000. Such borrowings were secured by the pledge of property, plant and equipment, land use rights and investment properties and trade receivables of the Group. As at 31 December 2025, the borrowing with principal amount of approximately RMB3,134,000,000 (2024: RMB3,134,000,000) has already matured but was not repaid.

In December 2022, Sino-Ocean Holding entered into a special asset-backed agreement with a third-party financing company in the form of a real estate trust investment fund with total principal amount of RMB975,000,000. Such a borrowing was secured by investment properties and trade receivables of the Group.

- (iii) Borrowings from non-controlling interest bear interest rate at 10.00% (2024: from 10.00% to 14.80%) per annum, and borrowings of approximately RMB662,248,000 (2024: RMB1,052,248,000) are repayable within one year and included in current portion.

As at 31 December 2025, such borrowings amounted to approximately RMB662,248,000 (2024: RMB662,248,000) were secured by the pledge of property under development.

- (iv) Borrowings from associates and joint ventures bear interest rate from 2.55% to 6.00% (2024: from 2.55% to 8.00%) per annum, and borrowings of approximately RMB3,157,432,000 (2024: RMB3,157,432,000) are repayable after one year and are included in non-current portion.

As at 31 December 2025, such borrowings amounted to approximately RMB2,637,000,000 (2024: RMB2,637,000,000) were secured by the pledge of the equity interest in a joint venture.

- (v) Borrowings from third parties bear interest rate from 2.80% to 24.00% (2024: from 2.80% to 24.00%) per annum, and borrowings of approximately RMB364,011,000 (2024: RMB807,435,000) are repayable after one year and are included in non-current portion.

As at 31 December 2025, such borrowings from third parties amounted to approximately RMB3,399,527,000 (2024: RMB4,989,317,000) were secured by the pledge of investment properties, property, plant and equipment, land use rights, properties under development, completed properties held for sale, trade and other receivables, financial assets and equity interest in certain subsidiaries and an associate.

30. BORROWINGS (Continued)

(c) Offshore debt restructuring

Effective on 27 March 2025, the offshore creditors fully discharged all of the offshore debt restructuring in-scope existing debts and certain bank borrowings of the Group amounting to approximately USD6.38 billion in exchange for the issue of the new loans and new notes (the “New Debts”), the new mandatory convertible bonds and/or new perpetual securities.

The following table summarises the key terms of the mandatory convertible bonds, the New Debts and new perpetual securities.

Description	Principal amount in USD	Key conversion features	Coupon interest rate	Maturity date
Mandatory convertible bonds (“MCB”)	Total 2,927,460,067	Upfront Conversion Period: commenced on the Restructuring Effective Date, being 27 March 2025, and will end on 17 April 2025. Special Conversion: (a) the last business day within the calendar month in which the Special Conversion Notice is delivered with respect to a MCB if such Special Conversion Notice is delivered no later than the 10th business day before the end of such calendar month (the calendar month in which the Special Conversion Notice is delivered by a bondholder, the “Relevant Month”); or (b). the last business day in the calendar month immediately following the Relevant Month, if the Special Conversion Notice is delivered with respect to a MCB after the 10th business day before the end of the calendar month.	Not applicable	27 March 2027
— Class A	883,520,387	3.1 times of 90-Trading Day-VWAP (subject to a minimum MCB Conversion Price of HKD1.55 per Share, subject to adjustments)	Not applicable	27 March 2027
— Class B	1,150,435,234	11.5 times of 90-Trading Day-VWAP (subject to a minimum MCB Conversion Price of HKD5.74 per Share, subject to adjustments)	Not applicable	27 March 2027
— Class C	445,588,983	34.5 times of 90-Trading Day-VWAP (subject to a minimum MCB Conversion Price of HKD17.26 per Share, subject to adjustments)	Not applicable	27 March 2027
— Class D	447,915,463	22.7 times of 90-Trading Day-VWAP (subject to a minimum MCB Conversion Price of HKD11.36 per Share, subject to adjustments)	Not applicable	27 March 2027
New Loans and New Notes (“New Debts”)	2,247,709,059	Not applicable	3.00% per annum	27 March 2033
New perpetual securities	1,209,405,190	Not applicable	Starting at 1%, increasing by 1% every 36 months, with a maximum distribution rate of 5.00% per annum.	Not applicable

30. BORROWINGS (Continued)

(c) Offshore debt restructuring (Continued)

Notes:

The New Debts will bear interest from and including the original issue date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually, entirely in cash, in arrears, at the rate of 3% per annum and the repayment period has been extended 5.5 to 10 years, provided that, (i) with respect to any interest payable in respect of the first 48 months after the restructuring effective date, the Company will have the right to defer payment of (A) such interest on each portion of the principal amount of the New Loan to the corresponding amortization payment date of such portion of the principal amount and (B) such interest on each tranche of the New Notes to their respective corresponding maturity date, and (ii) any interest so deferred will not carry any interest, provided further that (a) in respect of the interest periods from the 25th month to the 36th month after the restructuring effective date, interest of at least 0.25% of outstanding principal amount of the New Debts shall be paid, and (b) in respect of the interest periods from the 37th month to the 48th month after the restructuring effective date, interest of at least 1.5% of outstanding principal amount of the New Debts shall be paid.

The offshore debt restructuring was considered a significant modification under the relevant accounting standards. Consequently, the existing debt of approximately USD6.38 billion was fully derecognized. The following new debt instruments were recognized at their fair values on 27 March 2025, the effective date of the offshore debt restructuring:

- (1) USD2.25 billion new loan and new notes — fair values of debt component amounting to USD287.12 million and USD691.26 million, respectively;
- (2) USD2.93 billion mandatory convertible bonds of Class A to D — fair value of derivative component amounting to USD172.06 million;
- (3) USD1.21 billion new perpetual securities— fair value of equity component amounting to USD144.77 million.

The fair values of these instruments recognised were within level 3 of fair value hierarchy.

Description	Fair value at the date of the modification		Significant unobservable inputs	Range of significant unobservable inputs
	USD	Valuation method		
New loans	287,118,264	Discounted cash flow method under income approach	Discount rate	Range from 16.66% to 17.09%
New notes	691,262,459			
Mandatory convertible bonds				
— Class A	119,616,368	Binomial option pricing model	Expected volatility	59.08%
— Class B	42,544,757			
— Class C	5,485,934		Discount rate	16.76%
— Class D	4,411,765			
New perpetual securities	144,767,003	Discount cash flows method and Binomial model	Discount rate	Range from 19.29% to 19.74%

30. BORROWINGS (Continued)

(c) Offshore debt restructuring (Continued)

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value;
- The higher rate of expected volatility, the lower fair value.

The Directors considered that the fair values of the extension options exercisable by the Company in respect of certain interest payments of the new debts and new notes were insignificant to the Group and had not been recognised.

As a result of the abovementioned, net gain on offshore debt restructuring of approximately RMB31.76 billion was recognised in the consolidated profit or loss and increases in other reserves of approximately RMB4.44 billion attributable to owners of the Group were recognised in the consolidated statement of changes in equity for the year ended 31 December 2025.

Subsequent to the initial recognition, the carrying amounts of the debt component of the new loans and new notes are measured at amortised cost; and the carrying amounts of the derivative components of the mandatory convertible bonds are measured at fair values. New perpetual securities classified as equity of approximately RMB1.04 billion are not subject to subsequent remeasurement, any interest payments are recorded as a distribution of equity.

(d) Onshore debt restructuring

With effective from the approval of the Onshore Debt Restructuring Plan at the relevant meetings of bondholders in the second half of 2025, the repayment schedule of Onshore Bonds have been adjusted and extended by 5.5 to 10 years with the revised coupon interest rate at 1% per annum and the Onshore Debt Restructuring provides options including cash repurchase, equity economic income right, and debt settlement with assets.

Sino-Ocean Holding issued Onshore Bonds listed on the Shanghai Stock Exchange. The following table summarises the changes in key terms with the effective of the Onshore Debt Restructuring in the second half of 2025.

30. BORROWINGS (Continued)

(d) Onshore debt restructuring (Continued)

Bond Number	Principal amounts RMB'000	Interest rate after restructuring per annum	Remaining maturity after restructuring
Listed onshore bonds, including			
122401.SH	1,500,000	1.0%	5.5–10 years
122498.SH	3,000,000	1.0%	5.5–10 years
143666.SH	1,495,400	1.0%	5.5–10 years
155255.SH	1,316,040	1.0%	5.5–10 years
155256.SH	1,196,400	1.0%	5.5–10 years
188102.SH	2,592,200	1.0%	5.5–10 years
188828.SH	1,950,000	1.0%	5.5–10 years
	13,050,040		
Other onshore bonds, including			
032200147	2,000,000	1.0%	5.5–10 years
032480459	2,742,000	1.0%	5.5–10 years
	4,742,000		

The Onshore Debt Restructuring was regarded as a substantial modification under the relevant accounting standard. As the approval of the Onshore Debt Restructuring are obtained at the relevant meetings of bondholders in the second half of 2025, the above principal amounts of Onshore Bonds of approximately RMB13.05 billion and RMB4.74 billion respectively together with the accrued interests of RMB1.45 billion were fully de-recognised.

The following new financial liabilities were recognised at their fair values at the effective date of the onshore debts restructuring:

- (1) Listed onshore bonds with fair value of debt component and derivative component amounted to RMB3.30 billion and RMB4.88 million respectively; and
- (2) Other onshore bonds with fair value of debt component and derivative component amounted to RMB1.20 billion and RMB1.77 million respectively.

30. BORROWINGS (Continued)

(d) Onshore debt restructuring (Continued)

The fair values of these instruments recognised were within level 3 of fair value hierarchy. The following table summarises the valuation method adopted and the quantitative information about the significant unobservable inputs used in fair value measurements of the financial instruments recognised as at the date of the onshore debts restructuring.

Description	Fair value at date of modification RMB'000	Valuation method	Significant Unobservable input	Range of significant unobservable input
Onshore Bonds, including:				
Debt component	4,493,814	Discounted cash flow model	Discount rate	18.62%
			Risk free rates	1.86%
Derivative component	6,647	Discounted cash flow model	Discount rate	4.55%

Relationships of unobservable inputs to fair value are as follows:

- The higher rate of discount rate, the lower fair value.

As a result of the above mentioned, gain on onshore debt restructuring of RMB14.74 billion was recognised and included in “gains from debt restructuring” of the consolidated statement of profit or loss for the year ended 31 December 2025.

Subsequent to the initial recognition, the carrying amounts of the debt component of the Onshore Bonds are measured at amortised cost and the carrying amounts of the derivative component are measured at fair value at the end of each of the reporting periods.

(e) The maturities of the Group’s total borrowings at respective statement of financial position dates are set out as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Total borrowings		
— Within 1 year	24,814,907	65,935,047
— Between 1 and 2 years	6,010,451	13,489,020
— Between 2 and 5 years	4,172,285	13,284,523
— Over 5 years	15,853,988	5,663,946
	50,851,631	98,372,536

30. BORROWINGS (Continued)

- (f) The Group's borrowings denominated in RMB, HKD and USD respectively are set out as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Denominated in:		
— RMB	40,844,447	58,842,728
— HKD	572,250	13,635,272
— USD	9,434,934	25,894,536
	50,851,631	98,372,536

- (g) The weighted average effective annual interest rates at the respective statement of financial position dates are set out as follows:

	As at 31 December	
	2025 Interest rate (per annum)	2024 Interest rate (per annum) (Restated)
Bank borrowings	7.68%	5.66%
Other borrowings	6.92%	5.18%

- (h) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Within 6 months	23,976,226	48,869,769
Between 6 and 12 months	9,615,018	30,823,265
Between 1 and 5 years	5,341,387	18,089,769
Over 5 years	11,919,000	589,733
	50,851,631	98,372,536

- (i) The fair value of non-current borrowings approximates their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7.68% (2024: 5.66%) and are within level 2 of the fair value hierarchy.

30. BORROWINGS (Continued)

- (j) As at 31 December 2025, borrowings amounting to approximately RMB20,559,966,000 (2024: RMB56,592,456,000 (Restated)) were overdue or have potential repayment on demand due to the terms in relevant loan agreements and are classified as current liabilities.

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Current portion of long-term borrowings	19,582,289	55,972,518
Short-term borrowings	977,677	619,938
	20,559,966	56,592,456

31. DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Deferred income tax assets:		
— to be recovered after more than 12 months	5,840,019	2,039,470
— to be recovered within 12 months	32,241	121,186
	5,872,260	2,160,656
Set-off of deferred tax assets pursuant to set-off provisions	(3,558,290)	(26,749)
Net deferred income tax assets	2,313,970	2,133,907
Deferred income tax liabilities:		
— to be settled after more than 12 months	(4,330,293)	(1,384,931)
— to be settled within 12 months	(21,839)	(39,363)
	(4,352,132)	(1,424,294)
Set-off of deferred tax liabilities pursuant to set-off provisions	3,558,290	26,749
Net deferred income tax liabilities	(793,842)	(1,397,545)
Deferred income tax assets, net	1,520,128	736,362

31. DEFERRED INCOME TAX (Continued)

The movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	(736,362)	(191,046)
Recognised in profit or loss (Note 41)	(770,462)	(75,658)
Charged to other comprehensive income	1,350	4,609
Disposal of interests in subsidiaries	(14,654)	(474,267)
At the end of the year	(1,520,128)	(736,362)

The movement in deferred income tax assets and liabilities during the years ended 31 December 2025 and 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Future tax deduction on LAT and other accrued expenses RMB'000	Unrealised gains RMB'000	Tax losses RMB'000	Provisions RMB'000	Total RMB'000
At 1 January 2025	886,034	828,472	446,150	–	2,160,656
Credited to profit or loss	59,009	250,985	757	3,400,853	3,711,604
At 31 December 2025	945,043	1,079,457	446,907	3,400,853	5,872,260
At 1 January 2024	1,179,288	739,565	390,783	–	2,309,636
(Charged)/credited to profit or loss	(293,254)	88,907	55,367	–	(148,980)
At 31 December 2024	886,034	828,472	446,150	–	2,160,656

31. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities

	Depreciation difference RMB'000	Investment properties revaluation RMB'000	Assets revaluation RMB'000	Recognition of revenue over time RMB'000	Withholding taxes RMB'000	Debt restructuring RMB'000	Total RMB'000
At 1 January 2025	(64,888)	(850,063)	(176,263)	(137,045)	(196,035)	–	(1,424,294)
Credited/(charged) to profit or loss	–	273,504	49,162	137,045	–	(3,400,853)	(2,941,142)
Disposal of interests in subsidiaries	–	–	14,654	–	–	–	14,654
Charged to other comprehensive income	–	–	(1,350)	–	–	–	(1,350)
At 31 December 2025	(64,888)	(576,559)	(113,797)	–	(196,035)	(3,400,853)	(4,352,132)
At 1 January 2024	(65,129)	(1,492,070)	(190,412)	(174,944)	(196,035)	–	(2,118,590)
Credited to profit or loss	241	167,740	18,758	37,899	–	–	224,638
Disposal of interests in subsidiaries	–	474,267	–	–	–	–	474,267
Charged to other comprehensive income	–	–	(4,609)	–	–	–	(4,609)
At 31 December 2024	(64,888)	(850,063)	(176,263)	(137,045)	(196,035)	–	(1,424,294)

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realization of the related benefit through the future profits is probable. These tax losses are going to expire within five years. The Group did not recognise deferred income tax assets of approximately RMB9,410,803,000 (2024: RMB6,707,214,000) in respect of losses amounting to approximately RMB37,643,213,000 (2024: RMB26,828,857,000) that can be carried forward against future taxable income.

At 31 December 2025, the Group recognised deferred income tax liabilities of approximately RMB196,035,000 (2024: RMB196,035,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the Board, it is not probable that the remaining available unremitted earnings of the Group's subsidiaries will be distributed in the foreseeable future according to the distribution and reinvestment plans of the Group. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB1,395,192,000 at 31 December 2025 (2024: RMB3,310,818,000).

32. TRADE AND OTHER PAYABLES

	As at 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Trade payables (i)	11,993,239	13,340,695
Accrued expenses	9,378,182	7,542,128
Amounts due to joint ventures (ii)	9,546,278	7,950,594
Amounts due to associates (ii)	1,371,200	1,009,299
Amounts due to non-controlling interests (ii)	510,247	926,122
Amounts due to government	529,544	504,528
Other taxes payable	4,256,457	4,046,311
Deposits received	1,478,879	1,617,461
Other payables	13,298,471	13,986,093
	52,362,497	50,923,231
Less: non-current portion	(165,814)	(47,762)
Current portion	52,196,683	50,875,469

The carrying amounts of trade payables and other payables approximate their fair values.

- (i) An ageing analysis of the trade payables (including amounts due to related parties of trading in nature) mainly based on the date of invoice is as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 6 months	2,991,851	4,581,262
Between 6 months to 1 year	1,345,818	899,873
Between 1 year to 2 years	2,439,967	2,542,196
Between 2 years to 3 years	2,013,760	2,501,237
Over 3 years	3,201,843	2,816,127
	11,993,239	13,340,695

- (ii) Amounts due to joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.

33. PROVISIONS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Provisions for litigations (i)	353,183	1,252,282
Provisions for financial guarantee provided to related parties and third parties	12,256,635	3,776,047
	12,609,818	5,028,329

The movement on the provisions account is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
At the beginning of the year	5,028,329	620,872
Addition — provision for litigations	81,399	631,410
— provision for financial guarantee provided to related parties and third parties (Note 38)	8,480,588	3,776,047
Less: finalized litigation transferred to other payables	(980,498)	—
At the end of the year	12,609,818	5,028,329

- (i) Up to the date of these consolidated financial statements, various parties have filed litigation against the Group for the settlement of unpaid borrowings, outstanding construction and daily operations payables and other matters. The Directors have assessed the impact of the above litigation matters on the consolidated financial statements for the year ended 31 December 2025 and provision for litigations amounted to approximately RMB353,183,000 was recognised. The Group is also actively communicating with relevant creditors and seeking various ways to resolve these litigations. The Directors consider that such litigations, individually or jointly, will not have significant adverse effects on the operating performance, cash flow and financial condition of the Group at the current stage.

34. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Receipts in advance of pre-sale proceeds directly from property purchasers	18,204,883	14,263,642

35. DERIVATIVE FINANCIAL INSTRUMENTS

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Financial liabilities		
Derivative component of the mandatory convertible bonds (i)	238,000	—

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair values. The change of fair value is recognised immediately in consolidated profit or loss. For information about the methods and assumptions used in determining the fair value of derivatives on initial recognition, refer to Note 30(c). The movement on the derivative financial instruments refer to Note 4.3.

- (i) The Company issued mandatory convertible bonds to the offshore debt restructuring. The mandatory convertible bonds were recognised as derivative financial instruments at the effective date.

36. INTEREST AND OTHER INCOME

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Interest income from:		
— Bank deposits	3,294	22,050
— Entrusted loans	350,870	448,685
— Others	147,348	142,570
Dividend income	51	2,335
Others	99,997	84,036
	601,560	699,676

37. OTHER LOSSES — NET

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Losses on disposal of interests in subsidiaries	(600,247)	(101,514)
Fair value change of financial assets at fair value through profit or loss and derivative financial instruments	(1,375,191)	(1,568,435)
Impairment loss on interest in a joint venture (Note 14)	—	(1,706,630)
Losses on disposal of joint ventures and associates	(166,262)	(543,639)
(Losses)/gains on deemed disposal of joint ventures and associates	(163,221)	116,710
Payment for the settlement of contracted obligations	(1,493)	(122,095)
(Losses)/gains on disposal of property, plant and equipment	(4,925)	11,534
Gains/(losses) on disposal of investment properties	11,563	(1,057)
Losses on disposal of land use rights	—	(20,637)
Impairment loss on property, plant and equipment (Note 7)	(304,691)	—
Impairment loss on goodwill (Note 11)	(691,494)	—
Provision for litigations and other contingent liabilities	(1,801,326)	(631,410)
Exchange losses, net	(62,845)	(70,161)
Other losses, net	(27,367)	(13,953)
	(5,187,499)	(4,651,287)

38. EXPENSES BY NATURE

Expenses by nature comprised cost of sales, selling and marketing expense, impairment losses under expected credit loss model and administrative expense as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Cost of properties and land use rights sold:		
— Land use rights	3,800,930	7,948,708
— Capitalised interest	642,752	879,662
— Construction related cost	4,584,998	8,530,938
Cost of upfitting services rendered	1,676,612	1,732,719
Direct investment property expenses (Note 12)	92,210	122,857
Employee benefit expense (Note 39)	1,950,272	1,904,815
Consultancy fee	189,372	334,755
Auditor's remuneration	16,706	17,970
— Audit services	12,649	12,670
— Non-audit services	4,057	5,300
Depreciation of property, plant and equipment (Note 7)	170,290	181,323
Depreciation of right-of-use assets (Note 8)	132,834	162,956
Amortization of land use rights and intangible asset (Notes 9 and 10)	55,553	117,240
Advertising and marketing	651,718	631,029
Business taxes and other levies	203,551	166,795
Impairment losses under expected credit loss model	18,938,387	7,698,585
— Impairment loss on trade and other receivables	10,457,799	3,922,538
— Provisions for financial guarantee provided to related parties and third parties (Note 33)	8,480,588	3,776,047
Impairment loss on properties under development (Note 19)	5,242,635	1,109,682
Impairment loss on completed properties held for sale (Note 22)	5,672,623	449,852
Impairment loss on land development cost recoverable	451,253	—
Derecognition of goodwill (Note 11)	—	10,129
Office expenditure	68,962	82,418
Properties maintenance expenses	1,120,901	1,102,948
Energy expenses	360,634	315,427
Others	531,513	576,332
	46,554,706	34,077,140

39. EMPLOYEE BENEFITS EXPENSE

The employee benefits expense of the Group, including its directors' emoluments is as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries, wages and bonuses	1,826,975	1,944,915
Retirement benefits contribution	215,148	213,468
Other allowances and benefits	186,381	167,947
	2,228,504	2,326,330
Less: capitalised in properties under development	(278,232)	(421,515)
	1,950,272	1,904,815

The Group's employees participate in various retirement benefit plans organized by the relevant municipal and provincial government in the PRC under which the Group was required to make monthly contributions at rates ranging from 10% to 20%, depending on the applicable local regulations, of the employees' salary for the years ended 31 December 2025 and 2024.

In addition, the Group participates in a pension scheme under the rules and regulations of the Mandatory provident Fund Scheme for all employees in Hong Kong. The contributions to the Mandatory provident Fund Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income (with a cap of HKD30,000).

There were no forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) to offset existing contributions under the defined contribution schemes.

39. EMPLOYEE BENEFITS EXPENSE (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2024: three) directors whose emoluments are reflected in the analysis shown in Note 50. The emoluments payable to the remaining two (2024: two) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Basic salaries	4,968	4,914
Discretionary bonuses	—	—
Retirement scheme contributions	289	382
	5,257	5,296

The emoluments fell within the following bands:

	Year ended 31 December	
	2025	2024
RMB2,258,051 (equivalent to HKD2,500,001) to RMB2,709,600 (equivalent to HKD3,000,000)	2	2

- (b) During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for losses of office.

40. FINANCE COSTS

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Interest expense:		
— Bank borrowings	2,095,732	2,113,936
— Other borrowings	2,827,618	3,172,742
— Lease liabilities (Note 8)	78,042	111,472
	5,001,392	5,398,150
Less: interest capitalised at a capitalisation rate of 7.23% (2024: 5.36% (Restated)) per annum	(1,343,901)	(1,710,362)
	3,657,491	3,687,788

41. INCOME TAX CREDIT

Majority of the Group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these Group entities for the years ended 31 December 2025 and 2024. Other Group entities are mainly subject to Hong Kong profits tax.

The amount of income tax credit charged to the statement of profit or loss represents:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Current income tax:		
— PRC enterprise income tax	341,031	405,099
— PRC land appreciation tax	234,100	(833,866)
Deferred income tax (Note 31)	(770,462)	(75,658)
	(195,331)	(504,425)

41. INCOME TAX CREDIT (Continued)

Taxation on the Group's profit/(loss) before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group as follows:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Profit/(loss) before income tax	3,403,242	(19,491,413)
Adjust for: Share of results of joint ventures	2,000,591	833,635
Share of results of associates	227,718	(164,647)
	5,631,551	(18,822,425)
Tax calculated at a tax rate of 25%	1,407,888	(4,705,606)
Effect of higher tax rate for the appreciation of land in the PRC and over provision of PRC land appreciation tax in respect of prior year (i)	175,575	(625,400)
Income not subject to tax	(7,035,377)	(583)
Expenses not deductible for tax purposes	1,086,165	1,014,387
Tax losses not recognised	2,406,435	1,779,279
Utilisation of previously unrecognised tax losses and expenses	(802,340)	(461,368)
Reversal of previously recognised deferred income tax assets	27,338	31,552
Deductible temporary differences not recognised	2,538,985	2,463,314
Income tax credit	(195,331)	(504,425)

- (i) There is refund of PRC land appreciation tax ("LAT") approved by the Group in 2024. Pursuant to the notice regarding policies relating to LAT, related refund is recognised as reversal of LAT upon the tax refund approval from the tax bureau.

42. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) attributable to owners of the Company, after deducting distributions related to perpetual securities, by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2025	2024
Profit/(loss) attributable to owners of the Company (RMB'000)	6,756,387	(18,623,957)
Distributions related to perpetual securities (RMB'000)	(66,579)	–
Profit/(loss) used to determine basic earnings/(loss) per share (RMB'000)	6,689,808	(18,623,957)
Weighted average number of ordinary shares in issue (thousands)	10,130,677	7,616,096
Basic earnings/(loss) per share (RMB per share)	0.660	(2.445)

(b) Diluted

Diluted earnings/(loss) per share is calculated by adjusting the weighted average number of ordinary shares outstanding to, assume conversion of all dilutive potential ordinary shares. The Company has three categories of dilutive potential ordinary shares: share options, mandatory convertible bonds and equity economic right.

	Year ended 31 December	
	2025	2024
Profit/(loss) attributable to owners of the Company (RMB'000)	6,756,387	(18,623,957)
Distributions related to perpetual securities (RMB'000)	(66,579)	–
Interest on equity economic right (RMB'000)	20,516	–
Profit/(loss) used to determine diluted earnings/(loss) per share (RMB'000)	6,710,324	(18,623,957)
Weighted average number of ordinary shares in issue (thousands)	10,130,677	7,616,096
Weighted average number of ordinary shares for diluted earnings/(loss) per share (thousands)	13,347,170	7,616,096
Diluted earnings/(loss) per share (RMB per share)	0.503	(2.445)

43. DIVIDENDS

The Board did not recommend the payment of final dividend for the year ended 31 December 2025 and 2024.

44. CASH FLOW INFORMATION

(a) Cash flows from operating activities

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
Profit/(loss) for the year	3,598,573	(18,986,988)
Adjustments for:		
— Income tax credit (Note 41)	(195,331)	(504,425)
— Depreciation of property, plant and equipment (Note 7)	170,290	181,323
— Amortization of land use rights (Note 9)	1,560	12,310
— Amortization of intangible assets (Note 10)	53,993	104,930
— Amortization of right-of-use assets (Note 8)	132,834	162,956
— Fair value change on investment properties (Note 12)	1,279,398	746,505
— Share of results of joint ventures	2,041,823	935,708
— Share of results of associates	227,928	(163,439)
— Losses on disposal of joint ventures and associates (Note 37)	166,262	543,639
— Losses/(gains) on deemed disposal of joint ventures and associates, net (Note 37)	163,221	(116,710)
— Dividend income	(51)	(2,335)
— Interest income	(501,512)	(613,305)
— Losses on disposal of interests in subsidiaries (Note 37)	600,247	101,514
— Losses/(gains) on disposal of property, plant and equipment (Note 37)	4,925	(11,534)
— (Gains)/losses on disposal of investment properties (Note 37)	(11,563)	1,057
— Losses on disposal of land use right (Note 37)	—	20,637
— Fair value change on financial assets at fair value through profit or loss and derivative financial instruments (Note 37)	1,375,191	1,568,435
— Impairment charges (Note 38)	30,304,898	9,258,119
— Impairment loss on interest in a joint venture (Note 37)	—	1,706,630
— Impairment loss on property, plant and equipment (Note 37)	304,691	—
— Impairment loss on goodwill (Note 37)	691,494	—
— Derecognition of goodwill (Note 38)	—	10,129
— Finance costs (Note 40)	3,657,491	3,687,788
— Exchange losses	63,242	70,161
— Gains from debt restructuring	(46,871,652)	—
— Provision for litigations and other contingent liabilities (Note 37)	1,801,326	631,410
	(940,722)	(655,485)

44. CASH FLOW INFORMATION (Continued)

(a) Cash flows from operating activities (Continued)

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000 (Restated)
— Properties under development	(2,606,039)	(1,742,041)
— Inventories, at cost	179,580	227,014
— Land development cost recoverable	289,851	(15,854)
— Completed properties held for sale	8,055,682	13,127,885
— Trade and other receivables and prepayments	1,538,621	(3,337,857)
— Contract assets	8,709	(19,084)
— Restricted bank deposits	(1,547,481)	110,477
— Trade and other payables	(5,762,084)	2,462,461
— Receipts in advance of pre-sale proceeds directly from property purchasers and lessees	3,941,241	(9,076,459)
Cash generated from operations	3,157,358	1,081,057

(b) In the consolidated statement of cash flow, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net book amount (Note 7)	9,037	7,279
(Losses)/gains on disposal of property, plant and equipment (Note 37)	(4,925)	11,534
Proceeds from disposal of property, plant and equipment	4,112	18,813

44. CASH FLOW INFORMATION (Continued)

(c) The reconciliation of liabilities from financing activities

This section sets out an analysis of liabilities from financing activities and the movements in liabilities from financing activities for each of the periods presented.

	2025 RMB'000	2024 RMB'000 (Restated)
Borrowings-repayable within one year (Note 30)	(24,814,907)	(65,935,047)
Borrowings-repayable after one year (Note 30)	(26,036,724)	(32,437,489)
Lease liabilities (Note 8)	(1,414,164)	(1,766,716)
Liabilities from financing activities	(52,265,795)	(100,139,252)
Gross debt — fixed interest rates	(20,003,911)	(64,586,385)
Gross debt — variable interest rates	(32,261,884)	(35,552,867)
Liabilities from financing activities	(52,265,795)	(100,139,252)

	Liabilities from financing activities			Total RMB'000
	Borrowing due within 1 year RMB'000	Borrowing due after 1 year RMB'000	Lease liabilities RMB'000	
Liabilities at 31 December 2023 (Restated)	(72,109,588)	(26,392,734)	(1,973,007)	(100,475,329)
Cash flows	2,375,506	(374,987)	198,036	2,198,555
Increase due to acquisitions	(140,070)	–	–	(140,070)
Increase due to disposal of interests in subsidiaries	–	(520,432)	–	(520,432)
Foreign exchange adjustments	(678,039)	–	–	(678,039)
Transfer to other payables	8,500	71,541	–	80,041
Transfer from other payables	(261,307)	(229,000)	–	(490,307)
Other non-cash movements	4,869,951	(4,991,877)	8,255	(113,671)
Liabilities at 31 December 2024 (Restated)	(65,935,047)	(32,437,489)	(1,766,716)	(100,139,252)
Cash flows	3,413,515	637,101	173,740	4,224,356
Increase due to acquisitions	–	(601,800)	–	(601,800)
Decrease due to disposal of interests in subsidiaries	736,400	896,740	–	1,633,140
Foreign exchange adjustments	105,870	144,339	–	250,209
Offshore debt restructuring — derecognition of existing debt	37,142,573	–	–	37,142,573
Offshore debt restructuring — recognition of new debt	–	(7,176,922)	–	(7,176,922)
Onshore debt restructuring — derecognition of existing debt	3,645,140	14,146,900	–	17,792,040
Onshore debt restructuring — recognition of new debt	–	(4,493,814)	–	(4,493,814)
Transfer to other payables	81,486	–	–	81,486
Transfer from other payables	–	(145,011)	–	(145,011)
Other non-cash movements	(4,004,844)	2,993,232	178,812	(832,800)
Liabilities at 31 December 2025	(24,814,907)	(26,036,724)	(1,414,164)	(52,265,795)

Other non-cash movement is mainly the reclassification of long-term borrowing and borrowing within 1 year.

45. FINANCIAL GUARANTEES

- (a) The Group had the following financial guarantees as 31 December 2025 and 2024:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers	10,627,232	12,716,015

As at 31 December 2025 and 31 December 2024, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the property title certificate which is then pledged with the banks.

The Group has not recognised any liabilities in connection with the aforesaid financial guarantee contracts as the directors of the Company are of the view that it is remote for the Group to suffer from any significant losses on these financial guarantee contracts.

- (b) As at 31 December 2025, the Group provided guarantees amounted to approximately RMB68,242,377,000 for borrowings of related parties and third parties (2024: RMB68,970,402,000). Properties under development and other assets owned by these parties are the primary collateral of such borrowings. The provision for financial guarantee provided to related parties and third parties amounted to approximately RMB12,256,635,000 (2024: RMB3,776,047,000).

46. COMMITMENTS

- (a) Capital commitments

Capital commitments at the statement of financial position date but not yet incurred are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Properties under development	7,012,818	6,877,930
Commitment of investments	4,140,403	2,949,310
Contracted but not provided for	11,153,221	9,827,240

46. COMMITMENTS (Continued)

(b) Operating lease rental receivables

The future aggregate minimum lease rental receivables under non-cancellable operating leases in respect of land and buildings are as follows:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Within 1 year	152,912	156,970
Between 1 to 5 years	108,516	165,434
Over 5 years	28,529	1,344
	289,957	323,748

47. SETTLEMENT WITH NON-CONTROLLING INTERESTS WITHOUT CHANGE OF CONTROL

During the year ended 31 December 2025, the Group has purchased or subscribed additional equity interests of its non-wholly owned subsidiaries through certain transactions with non-controlling interests which resulted in the total increase in non-controlling interests of approximately RMB62,551,000 and total decrease in net assets attributable to the owners of the Company of approximately RMB108,280,000.

During the year ended 31 December 2024, the Group has purchased or subscribed additional equity interests of its non-wholly owned subsidiaries and disposed of certain equity interests to its non-controlling shareholders through certain transactions with non-controlling interests which resulted in the total decrease in non-controlling interests of approximately RMB337,683,000 and total decrease in net assets attributable to the owners of the Company of approximately RMB204,622,000.

48. RELATED PARTY TRANSACTIONS

Save as disclosed in elsewhere, the following is a summary of significant related party balances and transactions entered in the ordinary course of business between the Group and its related parties during the years ended 31 December 2025 and 2024:

(a) Provision of services to:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
— Shareholders	5,428	3,334
— Joint ventures	1,604,919	1,774,514
— Associates	124,383	142,084
	1,734,730	1,919,932

Provision of services mainly represent construction service, the terms of which are entered into with related parties in accordance with the terms of agreement.

(b) Purchase of services from:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
A shareholder	6,667	3,534
Joint ventures	755,678	600,199
Associates	20,288	71,403
	782,633	675,136

(c) Key management compensation:

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Salaries and other short-term employee benefits	31,927	36,712
Post-employment benefits	1,940	2,472
Other long-term welfare	—	624
	33,867	39,808

48. RELATED PARTY TRANSACTIONS (Continued)

(d) Year-end balances arising from sales and purchases of properties and services:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Receivables from related parties:		
— A shareholder	799	1,181
— Joint ventures	2,163,291	2,092,384
— Associates	270,832	334,495
	2,434,922	2,428,060
Advance to related parties:		
— A shareholder	1,132	1,095
— Joint ventures	310,773	319,581
— Associates	117,533	101,020
	429,438	421,696
Trade payables due to related parties:		
— A shareholder	122	430
— Joint ventures	609,552	649,568
— Associates	16,620	19,166
	626,294	669,164

(e) Interest income

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
— Joint ventures	280,688	394,804
— Associates	1,740	1,739
	282,428	396,543

48. RELATED PARTY TRANSACTIONS (Continued)

(f) Interest expenses

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
— Joint ventures	188,597	211,795
— Associates	4,194	13,009
	192,791	224,804

(g) Entrusted loans to related parties

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Joint ventures:		
At 1 January	2,409,175	3,648,544
Loans advanced during year	53,176	106,054
Loans repayments received	(8,230)	(448,324)
Increase due to acquisition of a joint venture	124,066	—
Decrease due to deemed disposal of joint ventures	—	(421,091)
Interest income	280,688	394,804
Interest received	—	(6,297)
Reclass to amounts due from joint ventures	(2,492,564)	(864,515)
At 31 December (Note 21(b)(i))	366,311	2,409,175
Associates:		
At 1 January	24,510	636,206
Interest income	1,740	1,739
Reclass to amounts due from associates	(1,740)	(613,435)
At 31 December (Note 21(b)(ii))	24,510	24,510

48. RELATED PARTY TRANSACTIONS (Continued)

(h) Amount due from related parties

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Joint ventures:		
At 1 January	25,131,600	24,771,325
Amounts advanced during year	1,862,240	1,294,852
Reclass	3,291,758	864,515
Repayments during year	(1,474,238)	(1,650,387)
Decrease due to acquisition of joint ventures	–	(107,693)
Decrease due to deemed disposal of joint ventures	(642,217)	–
Decrease due to disposal of interests in subsidiaries	(280,332)	–
Decrease due to disposal of joint ventures	–	(41,012)
At 31 December (Note 21(b)(v))	27,888,811	25,131,600
Associates:		
At 1 January	10,355,241	10,038,587
Amounts advanced during year	848,726	180,590
Reclass	4,720	613,435
Repayments during year	(993,931)	(188,316)
Decrease due to disposal of subsidiaries	(310)	(269,233)
Decrease due to disposal of associates	–	(19,822)
At 31 December (Note 21(b)(v))	10,214,446	10,355,241

48. RELATED PARTY TRANSACTIONS (Continued)

(i) Amounts due to related parties

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Joint ventures:		
At 1 January	7,950,594	7,038,388
Amounts advanced during year	1,416,338	2,184,022
Repayments during year	(674,533)	(1,142,758)
Increase due to disposal of interest in subsidiaries	857,082	–
Decrease due to deemed disposal of joint ventures	(2,146)	(72,559)
Decrease due to disposal of interests in joint ventures	(1,057)	(56,499)
At 31 December (Note 32(ii))	9,546,278	7,950,594
Associates:		
At 1 January	1,009,299	1,040,195
Amounts advanced during year	928,205	172,649
Repayments during year	(566,254)	(203,545)
Decrease due to disposal of interest in associates	(50)	–
At 31 December (Note 32(ii))	1,371,200	1,009,299

(j) Borrowing from related parties

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Joint ventures	3,842,865	3,845,421
Associates	–	235,384
	3,842,865	4,080,805

48. RELATED PARTY TRANSACTIONS (Continued)

- (k) Investment in limited partners' share issued by an associate

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Fair value of investment in limited partners' share issued by an associate	1,220,407	1,460,246

- (l) Investment in capital instrument issued by associates

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Fair value of interests in capital instruments issued by associates	436,355	428,163

- (m) Consultancy service fees to non-executive directors

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Provision of the consultancy services	2,000	1,673

The company has made provision for the consultancy services fee to two non-executive directors for their respective provision of financial management consultancy, engineering management consultancy and miscellaneous advice to certain subsidiaries of the Company.

49. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

Statement of financial position of the Company

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		3,407,371	3,407,371
Current assets			
Amounts due from subsidiaries		2,382,019	3,880,263
Financial assets at fair value through profit or loss		50,121	66,024
Other receivables		2,060	2,684
Cash and cash equivalents		103	3,979
		2,434,303	3,952,950
Total assets		5,841,674	7,360,321
EQUITY			
Capital	(a)	28,130,087	27,329,232
Perpetual securities	(b)	1,038,891	–
Reserves	(c)	944,363	944,363
Accumulated loss	(d)	(32,207,734)	(20,964,211)
Total equity		(2,094,393)	7,309,384
LIABILITY			
Non-current liabilities			
Borrowings		7,649,030	–
Current liabilities			
Other payables		49,037	50,937
Derivative financial instruments		238,000	–
		287,037	50,937
Total liabilities		7,936,067	50,937
Total equity and liabilities		5,841,674	7,360,321

Approved by the Board on 27 March 2026 and signed on its behalf by:

LI Ming
Executive Director

WANG Honghui
Executive Director

49. STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Capital movement of the Company

	RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	27,329,232
Issue of shares upon conversion of mandatory convertible bonds	800,855
At 31 December 2025	28,130,087

(b) Perpetual securities movement of the Company

	RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	–
Perpetual securities issued upon offshore debt restructuring	1,038,891
At 31 December 2025	1,038,891

(c) Reserve movement of the Company

	RMB'000
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	944,363

(d) Accumulated loss

	RMB'000
At 1 January 2025	(20,964,211)
Loss for the year	(11,243,523)
At 31 December 2025	(32,207,734)
At 1 January 2024	(8,738,971)
Loss for the year	(12,215,603)
Currency translation difference	(9,637)
At 31 December 2024	(20,964,211)

50. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of every director for the years is set out below:

Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking														
Year ended 31 December														
2025							2024							
Director's fee	Salary	Discretionary bonus	Employer's contribution to retirement benefit scheme	Other benefit	Subtotal	Share-based payments	Director's fee	Salary	Discretionary bonus	Employer's contribution to retirement benefit scheme	Other benefit	Subtotal	Share-based payments	
														RMB'000
Executive directors														
Mr. Li Ming (Chairman)	-	2,946	-	-	-	2,946	-	-	2,750	-	-	-	2,750 ¹	-
Mr. Wang Honghui	-	2,803	-	96	-	2,899	-	-	2,690	-	95	-	2,785 ¹	-
Mr. Cui Hongjie	-	2,746	-	144	-	2,890	-	-	2,621	-	95	-	2,716	-
Ms. Chai Juan	-	1,800	-	148	-	1,948	-	-	1,522	-	109	-	1,631 ¹	-
Non-executive directors														
Mr. Zhang Zhongdang	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Yu Zhiqiang	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Sun Jianxin ⁱⁱ	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms. Wang Manling ⁱⁱ	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Zhao Peng ⁱⁱⁱ	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. Sun Jinfeng ⁱⁱⁱ	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Independent non-executive directors														
Mr. Han Xiaojing	415	-	-	-	-	415	-	426	-	-	-	-	426	-
Mr. Lyu Hongbin	415	-	-	-	-	415	-	426	-	-	-	-	426	-
Mr. Liu Jingwei	415	-	-	-	-	415	-	426	-	-	-	-	426	-
Mr. Jiang Qi	415	-	-	-	-	415	-	426	-	-	-	-	426	-
Mr. Chen Guogang ^{iv}	415	-	-	-	-	415	-	145	-	-	-	-	145	-
Mr. Jin Qingjun ^{iv}	-	-	-	-	-	-	-	281	-	-	-	-	281	-
	2,075	10,295	-	388	-	12,758 ^{iv}	-	2,130	9,583	-	299	-	12,012	-

(i) Based on the Company's operational and management circumstances, adjustments have been made to the remuneration of certain directors for 2024.

(ii) On 3 February 2025, Mr. Sun Jianxin, was appointed as a non-executive director.
On 3 February 2025, Ms. Wang Manling, was appointed as a non-executive director.
On 29 August 2024, Mr. Chen Guogang, was appointed as an independent non-executive director.

(iii) On 3 February 2025, Mr. Zhao Peng, a non-executive director, has resigned.
On 3 February 2025, Mr. Sun Jinfeng, a non-executive director, has resigned.
On 29 August 2024, Mr. Jin Qingjun, an independent non-executive director, has resigned.

(iv) The remuneration for certain directors for 2025 has yet to be finalized; any changes will be disclosed in a timely manner.

50. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(b) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) During the years ended 31 December 2025 and 2024, no emoluments were paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for losses of office.

51. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 23 March 2026, one of the offshore creditors fully discharged all debts owed by the Group in exchange for the issuance of new notes and new mandatory convertible bonds. As a result, the Group's existing debt of approximately HKD400 million (equivalent to approximately RMB352 million) was fully derecognized.

FIVE-YEAR FINANCIAL SUMMARY

	2025 (RMB million)	2024 (RMB million) (Restated)	2023 (RMB million) (Restated)	2022 (RMB million) (Restated)	2021 (RMB million)
Revenue	14,837	23,641	46,459	46,127	64,247
Gross (loss)/profit	(10,583)	(398)	1,183	2,377	11,258
Profit/(loss) attributable to owners of the Company	6,756	(18,624)	(21,097)	(19,037)	2,729
Total assets	150,975	181,405	206,172	242,966	281,252
Total liabilities	149,076	183,867	187,960	198,186	204,805
Shareholders' equity	366	(12,659)	7,029	28,641	55,074
Total equity	1,899	(2,462)	18,212	44,780	76,447

GLOSSARY

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

“2018 Option Scheme”	the share option scheme approved and adopted by the shareholders of the Company on 6 August 2018
“AGM”	annual general meeting of the Company
“Anti-fraud and Anti-bribery Policy”	the anti-fraud and anti-bribery policy of the Company
“Articles”	the articles of association of the Company
“Audit Committee”	the audit committee of the Company
“BDO”	BDO Limited
“Board”	the board of directors of the Company
“Board Committees”	collectively, the Audit Committee, the Remuneration Committee, the Nomination Committee and the Strategic and Investment Committee and each a “Board Committee”
“Board Diversity Policy”	the board diversity policy of the Company
“CEO”	the chief executive officer of the Company
“CG Code”	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules
“Chairman”	the chairman of the Board
“China” or “PRC”	the People’s Republic of China
“China Life Group”	China Life Insurance (Group) Company (中國人壽保險(集團)公司), a company established under the laws of the PRC, being the controlling shareholder of China Life Insurance, which in turn is a substantial shareholder of the Company
“China Life Insurance”	China Life Insurance Company Limited (中國人壽保險股份有限公司), a joint stock limited liability company incorporated under the laws of the PRC and listed on the Stock Exchange (Stock Code: 02628.HK) and the Shanghai Stock Exchange (Stock Code: 601628.SE) respectively, being a substantial shareholder of the Company
“Code of Conduct”	the code of conduct regarding Director’s securities transactions adopted by the Company
“Commercial Company”	Beijing Sino-Ocean Future Commercial Management Co., Ltd.* (北京遠洋未來商業管理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Company” or “Sino-Ocean Group”	Sino-Ocean Group Holding Limited (遠洋集團控股有限公司), a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 03377.HK)
“Company Secretary”	the company secretary of the Company
“Dajia Insurance Group”	Dajia Insurance Group Co., Ltd.* (大家保險集團有限責任公司), a company established under the laws of the PRC, being the controlling shareholder of Dajia Life Insurance, which in turn is a substantial shareholder of the Company

“Dajia Life Insurance”	Dajia Life Insurance Co., Ltd.* (大家人壽保險股份有限公司), a company established under the laws of the PRC, being a substantial shareholder of the Company
“Director(s)”	director(s) of the Company
“Eastern China Company”	Shanghai Sino-Ocean Huadong Land Co., Ltd.* (上海遠洋華東置業有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“ED(s)” or “Executive Director(s)”	executive director(s) of the Company
“ESG”	environment, social and governance
“GFA”	gross floor area
“Group” or “we”	the Company and its subsidiaries
“HKD”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSAR” or “Hong Kong”	Hong Kong Special Administrative Region of the PRC
“INED(s)” or “Independent Non-executive Director(s)”	independent non-executive director(s) of the Company
“Issued MCBs”	collectively, (i) classes A, B, C and D zero-coupon mandatory convertible bonds due 2027 in the aggregate principal amount of USD2,927,460,067 issued by the Company on 27 March 2025 to the in-scope creditors as part of the consideration for the holistic debt management of the relevant offshore debts of the Group; and (ii) zero-coupon mandatory convertible bonds due 2027 in the principal amount of USD21,187,476 issued by the Company on 18 December 2025 as part of the consideration for the restructuring of certain loan facilities of the Group
“Latest Practicable Date”	17 April 2026, being the latest practicable date prior to the issue of this annual report
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Model Code”	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
“MPF Scheme”	the mandatory provident fund scheme registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong)
“NED(s)” or “Non-executive Director(s)”	non-executive director(s) of the Company
“net gearing ratio”	total borrowings less total cash resources divided by total equity
“Nomination Committee”	the nomination committee of the Company
“Nomination Policy”	the nomination policy of the Company
“Real Estate Company”	Beijing Qifan Sino-Ocean Real Estate Management Co., Ltd.* (北京啟帆遠洋不動產管理有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Remuneration Committee”	the remuneration committee of the Company

“Retiring Directors”	the Directors to be retired and stand for re-election at the forthcoming AGM
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Stock Exchange”	The Shanghai Stock Exchange
“Share(s)”	ordinary share(s) of the Company with no nominal value
“Shareholder(s)”	shareholder(s) of the Company
“Shareholders Communication Policy”	the shareholders communication policy of the Company
“Shenzhen Stock Exchange”	The Shenzhen Stock Exchange
“Sino-Ocean Holding”	Beijing Sino-Ocean Group Holding Limited (北京遠洋控股集團有限公司) (formerly known as Sino-Ocean Holding Group (China) Limited (遠洋控股集團(中國)有限公司)), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Sino-Ocean Logistics”	Sino-Ocean Logistics Property Holding Limited (遠洋物流地產控股有限公司), an Exempted Company incorporated in the Cayman Islands with Limited Liability and an associated company of the Company
“Sino-Ocean Service”	Sino-Ocean Service Holding Limited (遠洋服務控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 06677.HK), being a non-wholly owned subsidiary of the Company
“Sino-Ocean Service Group”	Sino-Ocean Service and its subsidiaries
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Strategic and Investment Committee”	the strategic and investment committee of the Company
“Sustainable Development Committee”	the sustainable development management committee of the Company
“USD”	United States dollars, the lawful currency of the United States
“Western China Company”	Sino-Ocean Huaxi (Chongqing) Land Co., Ltd.* (遠洋華西(重慶)置地有限公司), a company established under the laws of the PRC with limited liability and a wholly-owned subsidiary of the Company
“Whistleblowing Policy”	the whistleblowing policy of the Company
“Xishuangbanna”	Xishuangbanna Dai Autonomous Prefecture
“YoY”	year-on-year
“%”	per cent

Note:

In this annual report, the English names of the entities marked with “*” are translations of their Chinese names, and are included herein for identification purposes only. If there is any inconsistency between the Chinese names and their English translations, the Chinese names shall prevail.

远洋集团控股有限公司
SINO-OCEAN GROUP HOLDING LIMITED

香港地址: 香港金钟道88号太古广场一座601

Hong Kong Address: Suite 601, One Pacific Place, 88 Queensway, Hong Kong

电话: Tel: +852 2899 2880

北京地址: 北京市朝阳区东四环中路56号远洋国际中心A座32层

Beijing Address: 32nd Floor, Tower A, Ocean International Center, 56 Dongsihuanzhonglu,
Chaoyang District, Beijing

电话: Tel: +8610 5929 3377

www.sinooceangroup.com



远洋集团官方微信
Sino-Ocean Group
Official WeChat

