



# 2025 ANNUAL REPORT

寶龍地產控股有限公司

POWERLONG REAL ESTATE HOLDINGS LIMITED

(INCORPORATED IN THE CAYMAN ISLANDS WITH LIMITED LIABILITY)

Stock code : 1238





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# GROUP INTRODUCTION

Powerlong Real Estate Holdings Limited (1238.HK) (the “**Company**” or “**Powerlong**”) and its subsidiaries (collectively, the “**Group**”) are dedicated to developing and operating comprehensive commercial real estate projects. On 14 October 2009, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). On 30 December 2019, Powerlong Commercial Management Holdings Limited (9909.HK) (“**Powerlong CM**”), a subsidiary of the Company, was listed on the Main Board of the Stock Exchange as the first service provider in commercial management and operation on the Stock Exchange that operated based on an asset-light model.

As at 31 December 2025, the Group’s commercial projects cover the series of “Powerlong One Mall”, “Powerlong City”, “Powerlong Plaza” and “Powerlong Land” products, while its residential projects cover various formats including middle and high class commodity housings and villas, complemented by high-standard office buildings, hotel and apartment projects with comprehensive service support. With its diversified and multi-dimensional business scope, Powerlong has been improving the retail supporting facilities and thereby enhancing the quality of local cities. From supporting the urbanization of the People’s Republic of China (“**China**” or the “**PRC**”) to its integration into the Yangtze River Delta, Powerlong has always followed closely the strategic direction at the PRC’s national level and focused on city clusters, which enjoy policy support under the PRC’s macro strategy and which are highly vivid in their economic development. While fulfilling the growing demand for complex real estate in the PRC, Powerlong has created various job opportunities to the society and realized people’s demands and dreams for their lives.

The successful development of the Group is attributable to the innovative vision of the Chairman of the Board, Mr. Hoi Kin Hong, who has instilled his insights and visions since the beginning of the Group’s corporate development and driven its evolvement along the way. The Group will continue to be committed to being a responsible enterprise and following a path of high-quality development. It will adhere to the corporate mission of “creating space full of love”, follow the corporate values of “simple, truthful, prosper together, forward forever”, and continue to live up to the corporate philosophy of “honest, modest, innovative and devoted”. It will firmly gather the wisdom and power of all fellow folks of Powerlong, with the same goals and paths and embracing difficulties, to contribute to fostering the steady and healthy development and virtuous cycle of the industry, with a view to continually creating further values for the corporation, the society and the country.

# CORPORATE INFORMATION

## DIRECTORS

### Executive Directors

Mr. Hoi Kin Hong (Chairman of the Board)  
Mr. Hoi Wa Fong (Chief executive officer)  
Mr. Xiao Qing Ping  
Mr. Zhang Hong Feng

### Non-executive Director

Ms. Hoi Wa Fan

### Independent Non-executive Directors

Mr. Au Yeung Po Fung (appointed on 1 August 2025)  
Mr. Mei Jian Ping  
Mr. Ding Zu Yu  
Ms. Liu Xiao Lan

## AUDIT COMMITTEE

Mr. Au Yeung Po Fung (Chairman)  
(appointed on 1 August 2025)  
Mr. Mei Jian Ping  
Mr. Ding Zu Yu  
Ms. Liu Xiao Lan

## REMUNERATION COMMITTEE

Mr. Mei Jian Ping (Chairman)  
Mr. Hoi Wa Fong  
Mr. Ding Zu Yu  
Ms. Liu Xiao Lan

## NOMINATION COMMITTEE

Mr. Hoi Kin Hong (Chairman)  
Mr. Mei Jian Ping  
Mr. Ding Zu Yu  
Ms. Liu Xiao Lan

## JOINT COMPANY SECRETARIES

Ms. Hai Di  
Ms. Leung Wai Yan

## AUTHORIZED REPRESENTATIVES

Mr. Hoi Wa Fong  
Ms. Leung Wai Yan

## REGISTERED OFFICE

P.O. Box 309  
Ugland House  
Grand Cayman KY1-1104  
Cayman Islands

## PLACE OF BUSINESS IN HONG KONG

Room 1901, 19/F  
Lee Garden One  
33 Hysan Avenue, Causeway Bay  
Hong Kong

## PRINCIPAL PLACE OF BUSINESS IN THE PRC

Powerlong Tower  
1399 Xinzhen Road  
Minhang District  
Shanghai  
PRC  
Postal Code: 201101

## PRINCIPAL SHARE REGISTRAR

Suntera (Cayman) Limited  
Suite 3204, Unit 2A  
Block 3, Building D  
P.O. Box 1586  
Gardenia Court  
Camana Bay  
Grand Cayman, KY1-1100  
Cayman Islands

## HONG KONG SHARE REGISTRAR

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

## PRINCIPAL BANKERS

Bank of Communications Co., Ltd.  
Industrial and Commercial Bank of China Limited  
Agricultural Bank of China Limited  
Bank of China Limited  
Tai Fung Bank Limited  
The Bank of East Asia Limited  
China CITIC Bank Corporation Limited  
China Construction Bank Corporation  
Ping An Bank Co., Ltd.  
China Minsheng Banking Corp., Ltd.

## AUDITOR

KTC Partners CPA Limited  
*Certified Public Accountants*  
Registered Public Interest Entity Auditors  
Room 1305-07, 13/F  
New East Ocean Centre  
9 Science Museum Road  
Tsimshatsui East, Kowloon  
Hong Kong

## HONG KONG LEGAL ADVISOR

DLA PIPER HONG KONG

## WEBSITE

[www.powerlong.com](http://www.powerlong.com)

# CHAIRMAN'S STATEMENT



**HOI KIN HONG**  
*Chairman*

Facing the intense international competition, as a PRC enterprise, the Company strives to keep up its business growth rate and quality standards so as to stay aligned with the economic development of the country. The Group will be persistent in its pursuit of better performance.

## DEAR SHAREHOLDERS,

On behalf of the board (the “**Board**”) of directors (the “**Directors**”) of the Company, I present to all shareholders the audited consolidated annual results of the Group for the year ended 31 December 2025.

2025 was a year full of challenges. In the face of the intricate and complex international environment, the economic operation of the PRC was generally stable while making progress steadily. New achievements were made in high-quality development, with steady development of new quality productive forces, demonstrating strong resilience. The conditions supporting and fundamental trend underlying the long-term positive economic outlook remained unchanged. The real estate industry continued its overall trend of adjustment. Under the general policy keynote of stabilizing the property market and persistently fostering reversal of the downturn and stabilization of the market, the industry gradually moved from a stage of intense adjustments towards stabilization and recovery. Throughout the year, the market exhibited a development trend characterized by “stabilizing sales volume and prices, structural differentiation, and reshaping of expectations.” On the policy front, the flexible framework of “city-specific policies” was maintained, with a sustained focus on stimulating demand. At the national level, core supportive policies such as minimum down payment ratios and mortgage interest rates were optimized. Many localities lifted restrictions on purchases, loans and sales, comprehensively optimizing the support for home purchases with provident fund, provision of subsidies for home purchases or housing vouchers and so forth, thereby effectively lowering the barriers and costs of home purchases. Concurrently, efforts were advanced in urban renewal and the renovation of old urban residential communities, releasing both rigid and upgraders’ housing needs through multiple channels. On the enterprise front, the core focus remained on guarding against and resolving risks and ensuring timely delivery of products. The real estate financing coordination mechanism continued to expand its coverage and enhance its efficiency. The normalized management of “white-list” projects more effectively channeled funding into high-quality projects, facilitating precise financial support for the reasonable financing needs of real estate projects and alleviating liquidity pressures on real estate enterprises. Real estate enterprises assessed the situation, concentrated their layouts in core cities, strengthened their product strength and service capabilities, discharging corporate responsibilities and fostering the transformation of the real estate market towards high-quality development.

Faced with the current complex economic environment and multiple challenges presented by the intense adjustments of the real estate industry in China, the Group is working relentlessly to ensure the timely delivery of its property development projects so as to protect the interests of home buyers and to secure cash resources for sustainable development. For the year ended 31 December 2025, the contracted sales of the Group together with its associates and joint ventures amounted to approximately Renminbi (“**RMB**”) 7,272 million. The contracted sales area amounted to 667,082 square meters.

## LAND BANK

The Group will continue to adhere to prudent expansion of its premium land bank and adhere to the “1+N” development strategy, focusing on the Yangtze River Delta while paying attention to and exploring other premium regions that offer opportunities, so as to lay a solid foundation for its sustainable and healthy operation and high-quality sustainable development. In key regional hubs, the Group will strengthen market tracking and research, adhere to more precise and fine-tuned product positioning, and strictly comply with the principle of value investment in acquiring land bank.

As at 31 December 2025, the Group had 191 projects across China, among which 144 projects were located in the Yangtze River Delta region, accounting for approximately 75.4% of the total number of the Group’s projects nationwide. The Group adheres to the precise layout in key strategic cities and premium projects, value investment at reasonable cost, and diversified expansion, with stepped-up resources integration and strategic cooperation with leading enterprises in the industry.

As at 31 December 2025, the Group had a quality land bank amounting to a total gross floor area (“**GFA**”) of approximately 13.57 million square meters, expected to be sufficient for the Group’s project development in the next three to five years. At present, approximately 56.9% of the Group’s land bank are located in the Yangtze River Delta region. Geographically, the aggregate land bank located in first-tier, new-first-tier and second-tier cities accounts for 82% of the Group’s land bank under development and held for future development. The Group is confident that its premium land resources will continue to foster the sound and healthy development of the Group in the long run.

## POWERLONG CM

Powerlong CM was successfully listed on the Main Board of the Stock Exchange on 30 December 2019, being the first commercial management operational service provider under an asset-light business model listed on the Stock Exchange. By virtue of this, and taking "Deliver Quality Products, Refine Operations, Enhance Efficiency of Assets and Strengthen Organization" as its development strategy and focusing on "good cities, good projects, and good teams", Powerlong CM will deepen its presence in the core regions of Jiangsu, Zhejiang, Shanghai and Fujian. Centred on the "one core, two wings" business system, with "operational excellence" (極致運營) at its core, driven by "content ecosystem + smart technology" (內容生態+智能科技), and through the five key initiatives of "space creation, smart operations, customer delight, growth, and talent" (造場、智營、悅客、增長、人才), Powerlong CM aims to achieve a profound transformation from "space operation" (空間運營) to "value creation" (價值創造).

During the year ended 31 December 2025, the Group completed and commenced operation of three new shopping malls. As at 31 December 2025, the Group held and managed 65 shopping malls and managed 7 asset-light shopping malls, with the number of shopping malls in operation held and the floor area in operation and management both being amongst the forefront of the industry.

## CONTROL AND MANAGEMENT OF FINANCIAL RISKS

In active response to liquidity pressure and for the improvement of financial position, the Group has adopted a series of liquidity management measures, to extend the debt maturity of certain borrowings, continually optimize financing structure, expedite collection of sales proceeds and other receivables, seek to revitalize stock assets, strengthen asset management and streamline organizational structure to reduce costs and enhance efficiency. At the same time, the Group is proactively exploring all feasible options to pursue a holistic solution to the current liquidity issues, with an aim to formulate a holistic debt solution that is possible to execute and implement and resolve debt risks. The Group will continue to strengthen financial risk management and internal control, continue to stabilize our operation, and secure cash resources for the sustainable development of the Group.

## OUTLOOK

Into 2026, it is envisaged that the real estate market will transition from "reversing the downturn and stabilizing" to "enhancing quality and efficiency". Continuous efforts will focus on "controlling incremental supply, reducing inventory, and optimizing supply" to consolidate the trend of progress amidst stability, better coordinate development and security, and proactively yet prudently mitigate risks in key areas. To stabilize the real estate market, policies will deepen the foundational institutional construction of the new real estate development model, continue the approach of "city-specific policies" to optimize regulation, explore multiple channels to revitalize inventory commodity housing, encourage the acquisition of inventory commodity housing for affordable housing purposes, and deepen the reform of the housing provident fund system. Emphasis will be placed on strengthening housing security for newly-married and first-birth families, and supporting the upgraders' needs of families with multiple children. On the industry front, urban renewal will be advanced with high quality, steadily promoting the transformation of urban villages and dilapidated houses, revitalizing inventory land and idle housing facilities, and promoting the construction of safe, comfortable, green and intelligent "good houses" in an orderly manner, implementing a dual enhancement initiative for both housing quality and property service quality. Efforts to cater to the reasonable needs for enterprise-side financing will continue with more refined implementation. While managing the debt risks of real estate enterprises, the role of the "ensuring timely delivery of products" whitelist mechanism will be further leveraged to continuously ease liquidity pressure. Real estate enterprises will adhere to the bottom line of "ensuring timely delivery of products and stabilizing operation", closely follow the guidance of enhancing quality and efficiency, deepen refined management, continuously uplift product and service quality, and actively explore new models of development that match their own strengths, thereby contributing to the stable, healthy, and high-quality development of the real estate industry.

Faced with the challenges and opportunities presented by intense adjustments in the real estate industry in China, the Group has united with concerted efforts and proposed a five-year development strategy at the beginning of 2026, themed "reinvigorate Powerlong, co-create a new era" (再創寶龍·共啟新元). With "reinvigorate Powerlong" as the corporate strategic goal, the Group has constructed a "dual-core, dual-wing" (雙核雙翼) business system, namely "commerce + property" and "capital + innovation", to promote

integrated and coordinated development. Guided by the “three good strategy” (三好戰略) as the core directive, namely good cities, good projects and good teams, the Group is building an “agile organization” and adhering to four principles: value focus, closed-loop accountability, self-driven collaboration and intelligent iteration, to ensure efficient execution. The Group has deployed “five key strategic initiatives” (五大戰役): reducing debt burden, refining operations, innovating content, strengthening capital and energizing the organization, as the key strategic focus for future development. The release of this five-year strategy marks a new starting point for the Group’s march towards high-quality development. Focusing on key priorities for 2026, the property segment will continue to advance debt restructuring and optimize asset structure to create room for the Group’s development; enhance sales capabilities to accelerate the sell-through of large-scale projects and bulk transactions; continuously accelerate the pace of revitalizing and completing projects; and improve product strength to create quality projects that meet market demand. The commercial segment will focus on the five key initiatives (五大攻堅戰) of “space creation, smart operations, customer delight, growth, and talent” (造場、智營、悅客、增長、人才), aiming to create attractive commercial spaces and enhance spatial experiences; promote smart operations to improve management efficiency; enhance consumer loyalty through both hardware and software improvements and emotional connection; explore diversified growth paths to increase the value of commercial assets. The hotel and commercial office segment will strive to build benchmark projects, explore diversified and replicable operation models, expand its business territory, and enhance asset returns. Amidst a challenging macro environment, the Group will always adhere to prudent operations and firmly act as a responsible enterprise. All employees will keep in mind the corporate mission of “creating space full of love” and integrate the pursuit of quality into every detail. On the sales front, the Group will break through performance bottlenecks with the courage to solve problems; on the operations front, we will build differentiated competitive advantages; on the innovation front, we will explore new business growth points; and on the talent front, we will inject fresh blood into the corporate development. All employees are steadfast in their confidence, united in their efforts, and fully committed to promoting the implementation of the strategy, continuously contributing to the Group’s stable and sustainable development and the virtuous cycle of the industry.

The Group will continue to adhere to prudent expansion of its premium land bank and adhere to the “1+N” development strategy, focusing on the Yangtze River Delta while paying attention to and exploring other premium regions that offer opportunities, so as to lay a solid foundation for its sustainable and healthy operation and high-quality sustainable development. In key regional hubs, the Group will strengthen market tracking and research, adhere to more precise and fine-tuned product positioning, and strictly comply with the principle of value investment in acquiring land bank.

The Group will continue to integrate and consolidate its advantageous resources and strive to implement its plan of high-quality opening within the year. Powerlong CM, a subsidiary of the Group, has adopted “Deliver Quality Products, Refine Operations, Enhance Efficiency of Assets and Strengthen Organization” as its development strategy. Focusing on “good cities, good projects, and good teams”, Powerlong CM will deepen its presence in the core regions of Jiangsu, Zhejiang, Shanghai and Fujian. Centred on the “one core, two wings” business system, with “operational excellence” (極致運營) at its core, driven by “content ecosystem + smart technology” (內容生態+智能科技), and through the five key initiatives of “space creation, smart operations, customer delight, growth, and talent” (造場、智營、悅客、增長、人才), Powerlong CM aims to achieve a profound transformation from “space operation” (空間運營) to “value creation” (價值創造). In 2026, Powerlong CM will take the “Five Dimensions and Ten Key Initiatives” (五大維度十件大事) as its core work priorities: cultivating spaces to build a benchmark matrix, implementing multi-dimensional initiatives such as precise upgrading of business formats, revitalizing the brand mix, remodeling visitor flow lines, and recreating spatial experiences to continuously enhance the core competitiveness and market appeal of our commercial properties, achieving a dual improvement in asset value and consumer experience; technology empowerment to upgrade operational efficiency, comprehensively strengthening the foundational construction of the smart commercial systems, leveraging data-driven intelligent analysis and visual applications to shift towards a “data-driven” approach, adhering to the parallel advancement of technological innovation and lean management to comprehensively elevate operational quality and efficiency and boost core competitiveness; focus on customers to renew service experience, building three core management systems frameworks of operational quality, customer service and marketing to continuously enhance customer loyalty and brand affinity, achieving the value

transformation and long-term monetisation of “foot traffic – customer retention – incremental value” (流量–留量–增量); diversified expansion to activate growth potential, implementing differentiated tenant sourcing strategy and precise controls, continuously expanding commercial asset-light projects, seizing opportunities to expand into third-party property management projects, thereby broadening revenue channels and growth paths to build a sustainable foundation for profit growth; constructing a foundation with talent and strengthening organizational mindset, deepening creation of a dynamic organization characterized by “agility, openness, and resilience” (敏捷開放抗風險), activating organizational momentum and the value of talent, strengthening the construction of the top-ranking team, so as to develop a strong talent base for corporate development, and create a commercial space that can breathe, is warm and is capable of providing emotional value.

In active response to liquidity pressure, the Group will continue to adopt a series of liquidity management measures, expedite collection of sales proceeds and other receivables, extend the debt maturity of certain borrowings, continually optimize financing structure, lower financing costs, revitalize inventory assets, strengthen asset management, uplift occupancy rate and rental rate, streamline organizational structure to enhance efficiency, control operating expenses and administrative costs, continue to stabilize its operations, ensure the timely delivery of property development projects, and secure cash resources for the sustainable development of the Group. The Company, its financial advisor China International Capital Corporation Hong Kong Securities Limited and its legal advisor Sidley Austin will work with the Company's creditors and their advisers to proactively explore all feasible options to pursue a holistic solution to the current liquidity issues, with an aim to formulate, in a more responsible way, a holistic debt solution that is possible to execute and implement, resolve debt risks and promote the steady operation of the Company.

The Group will continue to proactively promote the parallel development of both its talents and the enterprise, anchoring the goal of coordinated growth between its workforce and the business. Emphasis will be placed on cultural development, encouraging employees to activate their individual potential, identify their value proposition, and empowering them to achieve self-growth and elevate their personal value. Through process optimization and re-engineering, the Group will remove efficiency barriers to comprehensively enhance organizational efficiency. By constructing multi-dimensional incentive

mechanisms, the Group will stimulate team cohesion. The Group will continue to uphold a human resources strategy of “unlocking potential and pooling of talent”, continuously establishing a broad platform for talent development and creating growth opportunities. The objective is to empower the enterprise's high-quality development with its talent, and in turn, leverage the enterprise's growth to support the realization of talent value, striving wholeheartedly to foster the mutual growth and benefits among the enterprise and its talents.

Adhering to the initial intention of being a corporate citizen with social responsibilities, the Group will uphold its commitment to being a responsible enterprise and following a path of high-quality sustainable development. It will adhere to the corporate mission of “creating space full of love”, follow the corporate values of “simple, truthful, prosper together, forward forever”, and continue to live up to the corporate philosophy of “honest, modest, innovative and devoted”. It will firmly gather the wisdom and power of all fellow folks of Powerlong, with the same goals and paths and embracing difficulties, to contribute to fostering the steady and healthy development and virtuous cycle of the industry, with a view to continually creating further values for the corporation, the society and the country.

## APPRECIATION

This year marked the sixteenth anniversary of the Company's listing on the Main Board of the Stock Exchange. In tandem with the overall development of China's real estate market and the continual achievement of the operating goals of the Group, the Company also achieved leap-frog enhancement in its corporate governance and value creation, which would not have been possible without the strenuous support of the community at large. On behalf of the Board, I would like to express my gratitude to the Company's shareholders (the “**Shareholders**”), investors, customers and business partners for their trust and support, and to the staff members for their devotion and perseverance. The Group will remain firm on its beliefs, continue to provide products and services of ever better quality to its customers, create better return for its Shareholders and investors, and create better value for the society.

**Hoi Kin Hong**

*Chairman*

30 March 2026

# OVERVIEW OF BUSINESS

Total GFA of approximately

# 56.6

million sq.m.



### OVERVIEW

#### Property Development

As at 31 December 2025, the Group owned and operated 191 property development projects which are at different phases of development. The Group currently has 146 fully completed projects, among which 14 are located in Shanghai Municipality, 69 in Zhejiang Province, 29 in Jiangsu Province, 3 in Anhui Province, 7 in Shandong Province, 3 in Tianjin Municipality, 3 in Henan Province, 1 in Sichuan Province, 1 in Chongqing Municipality and 16 in Fujian Province. The Group had 45 projects under development or held for future development, among which 1 are located in Shanghai Municipality, 9 in Zhejiang Province, 17 in Jiangsu Province, 5 in Guangdong Province, 2 in Anhui Province, 2 in Henan Province, 3 in Jiangxi Province, 2 in Hubei Province, 3 in Fujian Province and 1 in Hainan Province.

#### Property Investment

As at 31 December 2025, the Group held investment properties, mainly shopping malls, with a total GFA of approximately 8,322,130 square meters. These shopping malls are located in Shanghai Municipality; Hangzhou, Shaoxing, Ningbo, Jinhua, Taizhou, Wenzhou and Zhoushan in Zhejiang Province; Nanjing, Zhenjiang, Wuxi, Changzhou, Suqian, Xuzhou, Yancheng and Yangzhou in Jiangsu

Province; Bengbu and Fuyang in Anhui Province; Zhuhai in Guangdong Province; Yantai, Tai'an and Qingdao in Shandong Province; Tianjin Municipality; Zhengzhou, Luoyang and Xinxiang in Henan Province; Jingdezhen in Jiangxi Province; Chongqing Municipality; and Fuzhou, Xiamen, Quanzhou, Zhangzhou and Nanping in Fujian Province.

#### Commercial Operational Services and Residential Property Management Services

The Group provides commercial operation and residential property management services to the projects developed by the Group and other third parties. Commercial operational services include market positioning and business tenant sourcing services, commercial operation and management services and other value-added services. Residential property management services include pre-sale management service, property management service and community value-added services.

#### Hotel Development

The Group continued to develop its hotel business as a source of long-term recurring income, including the core businesses of international branded hotels and self-owned branded chain hotels. As at 31 December 2025, the Group owned and managed seven international branded hotels and ten self-owned branded chain hotels.



## GFA (AS AT 31 DECEMBER 2025)

As at 31 December 2025, the development status of the property projects of the Group was as follows:

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
Shanghai Municipality	Shanghai Baoyang Powerlong Plaza (上海寶楊寶龍廣場)	Commercial	270	270	-	-
	Shanghai Caolu Powerlong Plaza (上海曹路寶龍廣場)	Commercial	168	168	-	-
	Shanghai Fengfa Powerlong Plaza (上海奉發寶龍廣場)	Commercial/ residential	205	82	123	-
	Shanghai Fengxian Powerlong Plaza (上海奉賢寶龍廣場)	Commercial	126	126	-	-
	Shanghai Hongqiao Powerlong Land (上海虹橋寶龍天地)	Commercial/ residential	302	302	-	-
	Shanghai Jiading Powerlong Plaza (上海嘉定寶龍廣場)	Commercial	193	193	-	-
	Shanghai Jiading Powerlong Land (上海嘉定寶龍天地)	Commercial	145	145	-	-
	Shanghai Lingang Powerlong Plaza (上海臨港寶龍廣場)	Commercial	86	86	-	-
	Shanghai Luodian Powerlong Plaza (上海羅店寶龍廣場)	Commercial	34	34	-	-
	Shanghai Maqiao Longhu Tianlang (上海馬橋龍湖天琅)	Commercial	146	146	-	-
	Shanghai Qibao Powerlong City (上海七寶寶龍城)	Commercial	322	322	-	-
	Shanghai Qingpu Powerlong Plaza (上海青浦寶龍廣場)	Commercial	327	327	-	-
	Shanghai Wujing Powerlong Plaza (上海吳淞寶龍廣場)	Commercial	91	91	-	-
	Shanghai Wujing Powerlong Plaza Phase II (上海吳淞寶龍廣場二期)	Commercial	63	63	-	-
	Shanghai Yangpu District Huanchuang Centre (上海楊浦環創中心)	Commercial	144	144	-	-
Sub-total	15		2,622	2,499	123	-
Zhejiang Province	Hangzhou Binjiang Powerlong City (杭州濱江寶龍城)	Commercial	390	390	-	-
	Hangzhou Dajiangdong Powerlong Plaza (杭州大江東寶龍廣場)	Commercial/ residential	483	483	-	-
	Hangzhou Donghu City (杭州東湖城)	Residential	275	275	-	-
	Hangzhou Fuyang Powerlong Plaza (杭州富陽寶龍廣場)	Commercial	147	147	-	-
	Hangzhou Gongshu Powerlong Plaza (杭州拱墅寶龍廣場)	Commercial	188	188	-	-
	Hangzhou Jinnan Powerlong Plaza (杭州錦南寶龍廣場)	Commercial	195	195	-	-
	Hangzhou Tech City Powerlong Plaza (杭州科技城寶龍廣場)	Commercial	315	315	-	-
	Hangzhou Lin'an Baiyuan Jingshe (杭州臨安柏源晶舍)	Commercial/ residential	174	115	59	-
	Hangzhou Lin'an Powerlong Plaza (杭州臨安寶龍廣場)	Commercial/ residential	400	400	-	-
	Hangzhou Lin'an Powerlong Rongxin Xinshidi (杭州臨安寶龍融信新世邸)	Commercial/ residential	129	129	-	-
	Hangzhou Lin'an Linqi Yunfu (杭州臨安臨栖雲府)	Residential	86	86	-	-
	Hangzhou Qingshan Lake Powerlong Plaza (杭州青山湖寶龍廣場)	Commercial/ residential	323	323	-	-
	Hangzhou Xiasha Powerlong Plaza (杭州下沙寶龍廣場)	Commercial	351	351	-	-
	Hangzhou Xiaoshan Powerlong Plaza (杭州蕭山寶龍廣場)	Commercial	160	160	-	-

## OVERVIEW OF BUSINESS

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Hangzhou Yuhang Xingchuangcheng (杭州余杭星創城)	Commercial/ residential	672	317	140	215
	Ningbo TOD Fengyong New Town 1-18/21 Land Lot Jinyuan (寧波TOD奉甬新城1-18/21地塊錦園)	Residential	42	42	-	-
	Ningbo TOD Fengyong New Town 3-02 Land Lot Qinxueyuan (寧波TOD奉甬新城3-02地塊沁學園)	Residential	73	73	-	-
	Ningbo TOD Fengyong New Town 3-05 Land Lot Shengyuan (寧波TOD奉甬新城3-05地塊升園)	Residential	54	54	-	-
	Ningbo TOD Fengyong New Town 3-08 Land Lot Yongyuan (寧波TOD奉甬新城3-08地塊雍園)	Residential	64	64	-	-
	Ningbo TOD Fengyong New Town 3-14 Land Lot Yunshang Jiayuan (寧波TOD奉甬新城3-14地塊雲尚嘉園)	Commercial/ residential	252	252	-	-
	Ningbo TOD Fengyong New Town 3-18 Land Lot Shuoyuan (寧波TOD奉甬新城3-18地塊碩園)	Commercial/ residential	119	119	-	-
	Ningbo TOD Fengyong New Town 4-17 Land Lot Longchen Jingting (寧波TOD奉甬新城4-17地塊龍宸環庭)	Commercial/ residential	211	211	-	-
	Ningbo TOD Fengyong New Town 4-22 Land Lot Lanqin Jingting (寧波TOD奉甬新城4-22地塊瀾沁環庭)	Commercial/ residential	97	97	-	-
	Ningbo TOD Fengyong New Town 4-23 Land Lot Chiyuan (寧波 TOD奉甬新城4-23地塊弛園)	Residential	120	120	-	-
	Ningbo Powerlong Sanjiang Palace (寧波寶龍三江觀邸)	Residential	103	103	-	-
	Ningbo Powerlong Mansion (寧波寶龍世家)	Residential	115	115	-	-
	Ningbo Powerlong Land (寧波寶龍天地)	Commercial	57	57	-	-
	Ningbo Fenghua Dacheng Road Project (寧波奉化大成路項目)	Commercial/ residential	148	148	-	-
	Ningbo Gaoxin Powerlong Plaza (寧波高新寶龍廣場)	Commercial	351	351	-	-
	Ningbo Jiangbei Powerlong Plaza (寧波江北寶龍廣場)	Commercial/ residential	247	247	-	-
	Ningbo Jiangbei Cicheng Huguang Tianyue (寧波江北慈城湖光天樾)	Commercial/ residential	106	106	-	-
	Ningbo Wenchuanggang Project (寧波文創港項目)	Commercial/ residential	418	168	250	-
	Ningbo Wujiangkou Jianghuicheng (寧波五江口江匯城)	Commercial/ residential	668	487	181	-
	Ningbo Xiangshan Powerlong Land (寧波象山寶龍天地)	Commercial/ residential	160	160	-	-
	Ningbo New Long Island Garden (寧波新長島花園)	Residential	152	152	-	-
	Ningbo Yinzhou Powerlong Plaza (寧波鄞州寶龍廣場)	Commercial	129	129	-	-
	Ningbo Powerlong One Mall (寧波寶龍一城)	Commercial/ residential	420	181	-	239
	Ningbo Yuyao Project Land Lot A-2 (寧波余姚項目地塊A-2)	Commercial/ residential	84	84	-	-

Province/ municipality	Project	Type	Total GFA ('000 sq.m.)	Properties completed ('000 sq.m.)	Properties under development ('000 sq.m.)	Properties held for future development ('000 sq.m.)
	Ningbo Yuyao Project Land Lot A-1 (寧波余姚項目地塊A-1)	Commercial/ residential	101	101	-	-
	Taizhou Duqiao Powerlong Plaza (台州杜橋寶龍廣場)	Commercial/ residential	265	265	-	-
	Taizhou Jiaojiao Powerlong City (台州椒江寶龍城)	Commercial/ residential	296	296	-	-
	Taizhou Luqiao Project Land Lot No. 5 (台州路橋項目地塊5)	Commercial/ residential	167	167	-	-
	Taizhou Luqiao Project Land Lot No. 6 (台州路橋項目地塊6)	Commercial/ residential	35	35	-	-
	Taizhou Tiantai Yuehu Lanting (台州天臺樾湖蘭庭)	Residential	87	87	-	-
	Taizhou Wenling Powerlong Plaza (台州溫嶺寶龍廣場)	Commercial/ residential	366	366	-	-
	Taizhou Wenling Chengxi Zhonghua Road Project (台州溫嶺城西中華路項目)	Residential	34	34	-	-
	Taizhou Wenling Daxi Town Project Phase 2 (台州溫嶺大溪鎮項目二期)	Commercial/ residential	178	178	-	-
	Taizhou Wenling Longyu Huating (台州溫嶺龍譽華庭)	Residential	172	172	-	-
	Wenzhou Cangnan Project (溫州蒼南項目)	Commercial/ residential	387	-	387	-
	Wenzhou Emerald World Project (溫州翡翠天地)	Residential	313	313	-	-
	Wenzhou Airport Powerlong Plaza (溫州空港寶龍廣場)	Commercial/ residential	465	465	-	-
	Wenzhou Rui'an Jinzishan Project (溫州瑞安巾子山項目)	Commercial/ residential	520	-	520	-
	Wenzhou Rui'an Tanghe Shangpin (溫州瑞安塘河上品)	Commercial/ residential	126	-	126	-
	Jiaxing Haining Powerlong Mansion (嘉興海寧寶龍世家)	Residential	119	119	-	-
	Huzhou Wuxing Powerlong Xuhuicheng (湖州吳興寶龍旭輝城)	Commercial/ residential	278	278	-	-
	Huzhou Changxing Powerlong Mansion (湖州長興寶龍世家)	Commercial/ residential	187	187	-	-
	Huzhou Changxing Powerlong Mansion Phase 2 (湖州長興寶龍世家二期)	Residential	153	153	-	-
	Shaoxing Keqiao Hangyuefu (紹興柯橋杭越府)	Commercial/ residential	380	380	-	-
	Shaoxing Keqiao Longxi Project (紹興柯橋龍禧項目)	Commercial	160	160	-	-
	Shaoxing Keqiao Xinglancheng (紹興柯橋星瀾城)	Commercial/ residential	486	486	-	-
	Shaoxing Paojiang Powerlong Plaza (紹興袍江寶龍廣場)	Commercial/ residential	572	572	-	-
	Shaoxing Pingshui 2020-03 Land Lot Project (紹興平水2020-03地塊項目)	Residential	58	58	-	-
	Shaoxing Pingshui 2020-06 Land Lot Project (紹興平水2020-06地塊項目)	Residential	75	75	-	-
	Shaoxing Shangyu Cao'e Scenic Area Project (紹興上虞曹娥景區項目)	Commercial/ residential	69	69	-	-

## OVERVIEW OF BUSINESS

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Shaoxing Xinchang Powerlong Guangyu Jinyuanfu (紹興新昌寶龍廣宇錦源府)	Commercial/ residential	155	155	-	-
	Shaoxing Zhujia Powerlong Plaza (紹興諸暨寶龍廣場)	Commercial/ residential	334	334	-	-
	Zhoushan Powerlong Plaza (舟山寶龍廣場)	Commercial/ residential	334	334	-	-
	Zhoushan Dinghai Powerlong Land (舟山定海寶龍天地)	Commercial/ residential	67	67	-	-
	Zhoushan Putuo Powerlong Donghaifu (舟山普陀寶龍東海府)	Commercial/ residential	55	55	-	-
	Zhoushan Putuo Powerlong Land (舟山普陀寶龍天地)	Commercial/ residential	212	212	-	-
	Jinhua Jinyi Powerlong Plaza (金華金義寶龍廣場)	Commercial/ residential	570	465	105	-
	Jinhua Lanxi Powerlong Plaza (金華蘭溪寶龍廣場)	Commercial	340	340	-	-
	Jinhua Pan'an Powerlong Land (金華磐安寶龍天地)	Commercial/ residential	294	294	-	-
	Jinhua Yiwu Powerlong Hongxing Tianpo (金華義烏寶龍紅星天鎊)	Commercial/ residential	326	326	-	-
	Jinhua Yiwu Meide Powerlong Mansion (金華義烏美的寶龍世家)	Commercial/ residential	268	268	-	-
	Jinhua Yiwu Qingkou Powerlong Plaza (金華義烏青口寶龍廣場)	Commercial/ residential	298	298	-	-
	Jinhua Yiwu Zhong'an Powerlong Plaza (金華義烏眾安寶龍廣場)	Residential	196	196	-	-
	Jinhua Yongkang Powerlong Plaza (金華永康寶龍廣場)	Commercial/ residential	292	292	-	-
Sub-total	78		18,268	16,046	1,768	454
Jiangsu Province	Nanjing Powerlong Land (南京寶龍天地)	Commercial	66	66	-	-
	Nanjing Fenghui Project Phase 2 (南京鳳匯項目二期)	Commercial/ residential	147	147	-	-
	Nanjing Fenghui Project Phase 1 (南京鳳匯項目一期)	Commercial/ residential	133	133	-	-
	Nanjing Gaochun Powerlong Plaza (南京高淳寶龍廣場)	Commercial/ residential	230	230	-	-
	Nanjing Gaochun Powerlong Plaza Phase 2 (南京高淳寶龍廣場二期)	Commercial/ residential	138	138	-	-
	Nanjing Jiangbei Powerlong City (南京江北寶龍城)	Commercial	298	-	-	298
	Nanjing Jiangning Powerlong Plaza (南京江寧寶龍廣場)	Commercial	232	101	131	-
	Nanjing Jiangning Jinmaoyue (南京江寧金茂悅)	Residential	273	273	-	-
	Nanjing Liuhe Powerlong Plaza (南京六合寶龍廣場)	Commercial/ residential	334	135	-	199
	Nanjing Qixia Xinchengwei Project (南京栖霞新生圩項目)	Commercial/ residential	237	74	63	100
	Nanjing Xuanwu Powerlong City (南京玄武寶龍城)	Commercial/ residential	487	155	332	-

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Nanjing Yaohua New City Project (南京嘉化新城項目)	Commercial	305	–	–	305
	Nantong Tianpo Garden (南通天鉞花園)	Commercial/ residential	362	273	89	–
	Nantong Xingna Yayuan (南通星納雅苑)	Commercial/ residential	165	–	165	–
	Suqian Powerlong Plaza (宿遷寶龍廣場)	Commercial	455	455	–	–
	Changzhou Powerlong Plaza (常州寶龍廣場)	Commercial	1,056	705	224	127
	Changzhou Jinfeng Heming (常州錦鳳合鳴)	Commercial/ residential	299	224	75	–
	Changzhou Liyang Project (常州溧陽項目)	Residential	180	180	–	–
	Xuzhou Powerlong Palace (徐州寶龍觀邸)	Residential	146	146	–	–
	Xuzhou Fengxian Powerlong Mansion (徐州豐縣寶龍世家)	Commercial/ residential	581	105	149	327
	Xuzhou Fenghuang Yuanzhe (徐州鳳凰原著)	Residential	102	102	–	–
	Xuzhou Pizhou Powerlong Plaza (徐州邳州寶龍廣場)	Commercial/ residential	673	464	209	–
	Yangzhou Powerlong Plaza (揚州寶龍廣場)	Commercial	199	199	–	–
	Yangzhou Canal Powerlong Palace (揚州運河寶龍觀邸)	Commercial/ residential	306	211	95	–
	Yangzhou Guangling Powerlong Plaza (揚州廣陵寶龍廣場)	Commercial/ residential	166	66	100	–
	Wuxi Powerlong Plaza (無錫寶龍廣場)	Commercial	287	287	–	–
	Wuxi Powerlong Mansion (無錫寶龍世家)	Commercial/ residential	337	337	–	–
	Wuxi Yixing Project Land Lot A (無錫宜興項目地塊A)	Commercial/ residential	200	200	–	–
	Wuxi Yixing Project Land Lots C-G (無錫宜興項目地塊C-G)	Commercial/ residential	413	244	157	12
	Wuxi Yuqi Powerlong Riverside Garden (無錫玉祁寶龍湖畔花城)	Commercial/ residential	342	342	–	–
	Wuxi Xinwu Powerlong Plaza (無錫新吳寶龍廣場)	Commercial	275	154	121	–
	Taizhou Powerlong Mansion (泰州寶龍世家)	Residential	253	253	–	–
	Huai'an Powerlong Mansion (淮安寶龍世家)	Commercial/ residential	248	248	–	–
	Huai'an Powerlong Land (淮安寶龍天地)	Commercial	120	120	–	–
	Yancheng Powerlong Plaza (鹽城寶龍廣場)	Commercial	420	420	–	–
	Yancheng Chengdong Powerlong Plaza (鹽城城東寶龍廣場)	Commercial/ residential	426	414	12	–
	Yancheng Tinghu Project (鹽城亭湖項目)	Commercial/ residential	314	314	–	–
	Suzhou Changshu Guli Mingshi Haoting (蘇州常熟古里名仕豪庭)	Residential	177	177	–	–
	Suzhou Changshu Mocheng Project (蘇州常熟莫城項目)	Residential	235	235	–	–
	Suzhou Changshu Xinzhuang Guanxi Heyuan (蘇州常熟辛莊觀溪和園)	Residential	187	187	–	–

## OVERVIEW OF BUSINESS

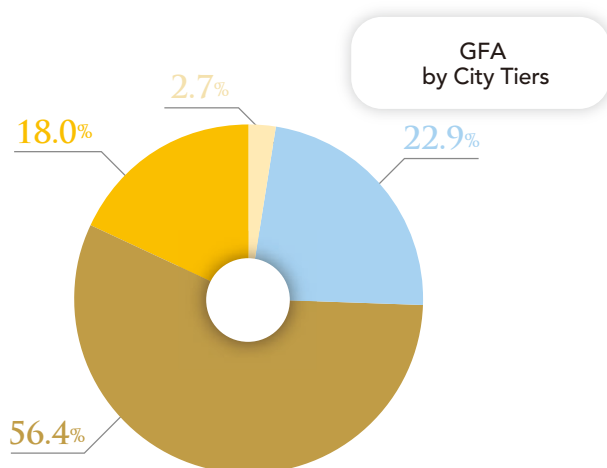
Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
	Suzhou Bay Tianpo (蘇州蘇州灣天鉞)	Residential	361	361	-	-
	Suzhou Taicang Powerlong Land (蘇州太倉寶龍天地)	Commercial	235	235	-	-
	Suzhou Zhangjiagang Project (蘇州張家港項目)	Residential	122	122	-	-
	Zhenjiang Powerlong Plaza (鎮江寶龍廣場)	Commercial	245	245	-	-
	Zhenjiang Powerlong International Garden (鎮江寶龍國際花園)	Residential	382	382	-	-
	Zhenjiang Yuefu (鎮江樾府)	Commercial/ residential	235	235	-	-
Sub-total	46		13,384	10,094	1,922	1,368
Anhui Province	Bozhou Nanhu Project (亳州南湖項目)	Commercial/ residential	508	362	146	-
	Suzhou Lingbi Powerlong Mansion (宿州靈璧寶龍世家)	Residential	238	238	-	-
	Chuzhou Tianchang Project (滁州天長項目)	Commercial/ residential	363	257	-	106
	Bengbu Powerlong Plaza (蚌埠寶龍廣場)	Commercial	512	512	-	-
	Fuyang Powerlong Plaza (阜陽寶龍廣場)	Commercial	637	637	-	-
Sub-total	5		2,258	2,006	146	106
Guangdong Province	Zhongshan Qijiang Project (中山岐江項目)	Commercial/ residential	582	101	280	201
	Foshan Dali Project (佛山大瀝項目)	Commercial/ residential	209	-	-	209
	Zuhai Beiwei Powerlong Plaza (珠海北圍寶龍廣場)	Commercial/ residential	430	128	98	204
	Zuhai Gaoxin Powerlong City (珠海高新寶龍城)	Commercial/ residential	347	317	30	-
	Zuhai Jinwan Powerlong City (珠海金灣寶龍城)	Commercial/ residential	515	354	161	-
Sub-total	5		2,083	900	569	614
Shandong Province	Tai'an Powerlong Plaza (泰安寶龍廣場)	Commercial	284	284	-	-
	Yantai Laishan Powerlong Plaza (煙臺萊山寶龍廣場)	Commercial	169	169	-	-
	Yantai Penglai Powerlong Plaza (煙臺蓬萊寶龍廣場)	Commercial	347	347	-	-
	Qingdao Chengyang Powerlong Plaza (青島城陽寶龍廣場)	Commercial	707	707	-	-
	Qingdao Jimo Powerlong Plaza (青島即墨寶龍廣場)	Commercial	618	618	-	-
	Qingdao Jimo Emerald Garden (青島即墨翡翠花園)	Commercial/ residential	243	243	-	-
	Qingdao Jiaozhou Powerlong Plaza (青島膠州寶龍廣場)	Commercial	335	335	-	-
Sub-total	7		2,703	2,703	-	-

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
Tianjin Municipality	Tianjin Beitang Jiuli Qingchuan (天津北塘九里晴川)	Residential	206	206	-	-
	Tianjin Binhai Powerlong Plaza (天津濱海寶龍廣場)	Commercial	770	770	-	-
	Tianjin Yujiapu Powerlong Plaza (天津于家堡寶龍廣場)	Commercial	356	356	-	-
Sub-total	3		1,332	1,332	-	-
Henan Province	Luoyang Powerlong Plaza (洛陽寶龍廣場)	Commercial	1,356	1,356	-	-
	Luoyang Metropolis Dragon Garden (洛陽都會龍園)	Commercial/ residential	151	47	104	-
	Luoyang Longyue Community (洛陽龍樾小區)	Commercial/ residential	104	-	104	-
	Xinxiang Powerlong Plaza (新鄉寶龍廣場)	Commercial	1,231	1,231	-	-
	Zhengzhou Powerlong Plaza (鄭州寶龍廣場)	Commercial/ residential	252	252	-	-
Sub-total	5		3,094	2,886	208	-
Hubei Province	Wuhan Powerlong Plaza (武漢寶龍廣場)	Commercial/ residential	359	62	297	-
	Wuhan Caidian Sino-French Project (武漢蔡甸中法項目)	Commercial/ residential	273	59	155	59
Sub-total	2		632	121	452	59
Jiangxi Province	Nanchang Hi-tech Project (南昌高新項目)	Commercial/ residential	748	357	391	-
	Nanchang Jiulonghu Project (南昌九龍湖項目)	Commercial/ residential	834	-	834	-
	Jingdezhen Powerlong Plaza (景德鎮寶龍廣場)	Commercial/ residential	455	313	142	-
Sub-total	3		2,037	670	1,367	-
Sichuan Province	Bazhong Powerlong Pavilion (巴中寶龍名邸)	Residential	173	173	-	-
Sub-total	1		173	173	-	-
Chongqing Municipality	Chongqing Hechuan Powerlong Plaza (重慶合川寶龍廣場)	Commercial	616	616	-	-
Sub-total	1		616	616	-	-

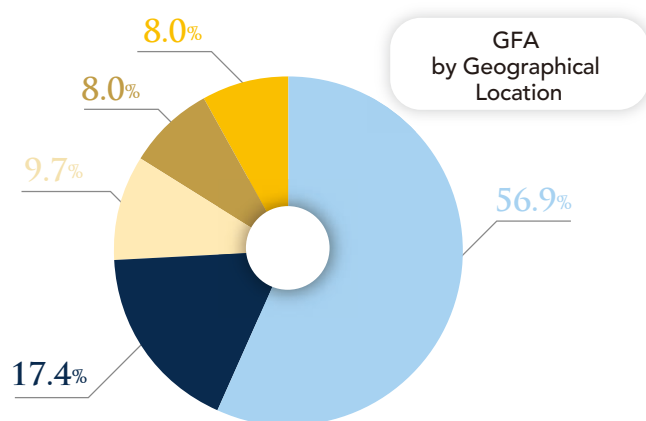
## OVERVIEW OF BUSINESS

Province/ municipality	Project	Type	Total GFA (‘000 sq.m.)	Properties completed (‘000 sq.m.)	Properties under development (‘000 sq.m.)	Properties held for future development (‘000 sq.m.)
Fujian Province	Nanping Wuyishan Powerlong Plaza (南平武夷山寶龍廣場)	Commercial/ residential	206	206	-	-
	Xiamen Powerlong One Mall (廈門寶龍一城)	Commercial	227	227	-	-
	Xiamen Tong’an Powerlong Plaza (廈門同安寶龍廣場)	Commercial	647	506	141	-
	Ningde Fuding Powerlong Mansion Land Lot A (寧德福鼎寶龍世家地塊A)	Commercial/ residential	172	172	-	-
	Ningde Fuding Powerlong Mansion Land Lot B (寧德福鼎寶龍世家地塊B)	Commercial/ residential	192	192	-	-
	Quanzhou Anxi Powerlong Plaza (泉州安溪寶龍廣場)	Commercial	287	287	-	-
	Quanzhou Jinjiang Powerlong Plaza (泉州晉江寶龍廣場)	Commercial	767	767	-	-
	Quanzhou Jinjiang Powerlong Mansion (泉州晉江寶龍世家)	Commercial/ residential	159	159	-	-
	Quanzhou Jinjiang Xintang Powerlong Mansion (泉州晉江新塘寶龍世家)	Commercial/ residential	182	182	-	-
	Quanzhou Jinjiang Yuncheng (泉州晉江雲城)	Commercial/ residential	324	324	-	-
	Quanzhou Luojiang District Majia Town Project No. 1 Land Lot (泉州洛江區馬甲鎮項目1號地塊)	Residential	132	132	-	-
	Quanzhou Luojiang District Majia Town Project No. 2 Land Lot (泉州洛江區馬甲鎮項目2號地塊)	Residential	161	-	-	161
	Quanzhou Taishang Powerlong Plaza (泉州台商寶龍廣場)	Commercial/ residential	580	580	-	-
	Quanzhou Yongchun Powerlong Plaza (泉州永春寶龍廣場)	Commercial/ residential	373	373	-	-
	Zhangzhou Powerlong General Avenue No. 1 (漳州寶龍將軍一號)	Residential	111	111	-	-
	Zhangzhou Longwen Powerlong Plaza (漳州龍文寶龍廣場)	Commercial/ residential	197	197	-	-
	Zhangzhou Health Town (漳州健康小鎮)	Commercial/ residential	267	-	34	233
	Fuzhou Powerlong Plaza (福州寶龍廣場)	Commercial	222	222	-	-
	Fuzhou Yongtai Powerlong Mansion (福州永泰寶龍世家)	Residential	116	116	-	-
Sub-total	19		5,322	4,753	175	394
Hainan Province	Haikou Global 100 Powerlong City (海口環球100寶龍城)	Commercial/ residential	2,101	1,409	454	238
Sub-total	1		2,101	1,409	454	238
Total	191		56,625	46,208	7,184	3,233

LAND BANK (AS AT 31 DECEMBER 2025)



City Tiers	GFA '000 square meters	Percentage %
First-Tier Cities	369	2.7
New First-Tier Cities	3,111	22.9
Second-Tier Cities	7,649	56.4
Third/Fourth-Tier Cities	2,442	18.0
<b>Total</b>	<b>13,571</b>	<b>100</b>



Geographical Location	GFA '000 square meters	Percentage %
Yangtze River Delta	7,723	56.9
Central and Western Region	2,367	17.4
Guangdong-Hong Kong-Macau Greater Bay Area	1,315	9.7
West Strait Economic Zone	1,080	8.0
Hainan and others	1,086	8.0
<b>Total</b>	<b>13,571</b>	<b>100</b>

## SHOPPING MALLS IN OPERATION

### SHANGHAI



SHANGHAI BAOYANG POWERLONG PLAZA

#### Shanghai Fengfa

Powerlong Plaza

Opening Date:  
December 2024

Area:  
Approximately  
56,300  
square meters <sup>Note</sup>

#### Shanghai Baoyang

Powerlong Plaza

Opening Date:  
December 2019

Area:  
Approximately  
74,000  
square meters <sup>Note</sup>

#### Shanghai Qingpu

Powerlong Plaza

Opening Date:  
September 2018

Area:  
Approximately  
61,000  
square meters <sup>Note</sup>

#### Shanghai Wujing

Powerlong Plaza

Opening Date:  
July 2017

Area:  
Approximately  
25,000  
square meters <sup>Note</sup>

#### Shanghai Qibao

Powerlong City

Opening Date:  
October 2016

Area:  
Approximately  
67,000  
square meters <sup>Note</sup>

#### Shanghai Jiading

Powerlong Plaza

Opening Date:  
October 2016

Area:  
Approximately  
74,000  
square meters <sup>Note</sup>

#### Shanghai Baoshan

Powerlong Plaza

Opening Date:  
December 2015

Area:  
Approximately  
14,000  
square meters <sup>Note</sup>

#### Shanghai Lingang

Powerlong Plaza

Opening Date:  
December 2015

Area:  
Approximately  
26,000  
square meters <sup>Note</sup>

#### Shanghai Fengxian

Powerlong Plaza

Opening Date:  
November 2015

Area:  
Approximately  
41,000  
square meters <sup>Note</sup>

#### Shanghai Caolu

Powerlong Plaza

Opening Date:  
December 2013

Area:  
Approximately  
31,000  
square meters <sup>Note</sup>

### TIANJIN



TIANJIN BINHAI POWERLONG PLAZA

#### Tianjin Binhai

Powerlong Plaza

Opening Date:  
December 2019

Area:  
Approximately  
38,000  
square meters <sup>Note</sup>

#### Tianjin Yujiapu

Powerlong Plaza <sup>Note 1</sup>

Opening Date:  
December 2014

Area:  
Approximately  
34,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

Note 1: Tianjin Yujiapu Powerlong Plaza has reopened in December 2020.

SHOPPING MALLS IN OPERATION

JIANGSU PROVINCE



WUXI YIXING POWERLONG PLAZA

**Nanjing Jiangning**

Powerlong Plaza

Opening Date:  
December 2025

Area:  
Approximately  
82,000  
square meters <sup>Note</sup>

**Wuxi Yixing**

Powerlong Plaza

Opening Date:  
November 2021

Area:  
Approximately  
40,000  
square meters <sup>Note</sup>

**Yancheng Chengdong**

Powerlong Plaza

Opening Date:  
December 2020

Area:  
Approximately  
78,000  
square meters <sup>Note</sup>

**Nanjing Gaochun**

Powerlong Plaza

Opening Date:  
December 2019

Area:  
Approximately  
59,000  
square meters <sup>Note</sup>

**Yangzhou**

Powerlong Plaza

Opening Date:  
January 2017

Area:  
Approximately  
51,000  
square meters <sup>Note</sup>

**Changzhou**

Powerlong Plaza

Opening Date:  
June 2016

Area:  
Approximately  
107,000  
square meters <sup>Note</sup>

**Zhenjiang**

Powerlong Plaza

Opening Date:  
September 2015

Area:  
Approximately  
69,000  
square meters <sup>Note</sup>

**Suqian**

Powerlong Plaza

Opening Date:  
September 2011

Area:  
Approximately  
121,000  
square meters <sup>Note</sup>

**Yancheng**

Powerlong Plaza

Opening Date:  
September 2011

Area:  
Approximately  
135,000  
square meters <sup>Note</sup>

**Wuxi Wangzhuang**

Powerlong Plaza

Opening Date:  
October 2010

Area:  
Approximately  
112,000  
square meters <sup>Note</sup>

**Pizhou**

Powerlong Plaza

Opening Date:  
December 2023

Area:  
Approximately  
90,000  
square meters <sup>Note</sup>

JIANGXI PROVINCE



JINGDEZHEN POWERLONG PLAZA

**Jingdezhen**

Powerlong Plaza

Opening Date:  
October 2023

Area:  
Approximately  
80,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

SHOPPING MALLS IN OPERATION

SHANDONG PROVINCE



QINGDAO JIAOZHOU POWERLONG PLAZA

**Yantai Laishan**

Powerlong Plaza

Opening Date:  
December 2016

Area:  
Approximately  
39,000  
square meters <sup>Note</sup>

**Yantai Penglai**

Powerlong Plaza

Opening Date:  
November 2016

Area:  
Approximately  
44,000  
square meters <sup>Note</sup>

**Qingdao Jiaozhou**

Powerlong Plaza

Opening Date:  
February 2015

Area:  
Approximately  
76,000  
square meters <sup>Note</sup>

**Tai'an**

Powerlong Plaza

Opening Date:  
September 2012

Area:  
Approximately  
36,000  
square meters <sup>Note</sup>

**Qingdao Jimo**

Powerlong Plaza

Opening Date:  
December 2011

Area:  
Approximately  
122,000  
square meters <sup>Note</sup>

**Qingdao Chengyang**

Powerlong Plaza

Opening Date:  
October 2009

Area:  
Approximately  
209,000  
square meters <sup>Note</sup>

FUJIAN PROVINCE



XIAMEN POWERLONG ONE MALL

**Wuyishan**

Powerlong Plaza

Opening Date:  
May 2025

Area:  
Approximately  
49,000  
square meters <sup>Note</sup>

**Xiamen Tong'an**

Powerlong Plaza

Opening Date:  
December 2022

Area:  
Approximately  
88,000  
square meters <sup>Note</sup>

**Xiamen**

Powerlong One Mall

Opening Date:  
September 2018

Area:  
Approximately  
159,000  
square meters <sup>Note</sup>

**Quanzhou Jinjiang**

Powerlong Plaza

Opening Date:  
December 2013

Area:  
Approximately  
167,000  
square meters <sup>Note</sup>

**Quanzhou Anxi**

Powerlong Plaza

Opening Date:  
December 2010

Area:  
Approximately  
55,000  
square meters <sup>Note</sup>

**Fuzhou**

Powerlong Plaza

Opening Date:  
April 2007

Area:  
Approximately  
95,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

## SHOPPING MALLS IN OPERATION

## ZHEJIANG PROVINCE



ZHOSHAN PUTUO POWERLONG PLAZA

**Yuyao**

Powerlong Plaza

Opening Date:  
December 2025Area:  
Approximately  
50,000  
square meters <sup>Note</sup>**Hangzhou  
Gongshu**

Powerlong Plaza

Opening Date:  
May 2024Area:  
Approximately  
64,800  
square meters <sup>Note</sup>**Jinhua  
Jinyi**

Powerlong Plaza

Opening Date:  
September 2023Area:  
Approximately  
90,335  
square meters <sup>Note</sup>**Hangzhou  
Tech City**

Powerlong Plaza

Opening Date:  
September 2022Area:  
Approximately  
82,000  
square meters <sup>Note</sup>**Taizhou  
Jiaojiang**

Powerlong City

Opening Date:  
June 2022Area:  
Approximately  
94,100  
square meters <sup>Note</sup>**Hangzhou  
Jinnan**

Powerlong Plaza

Opening Date:  
December 2021Area:  
Approximately  
44,000  
square meters <sup>Note</sup>**Jinhua  
Lanxi**

Powerlong Plaza

Opening Date:  
December 2021Area:  
Approximately  
90,000  
square meters <sup>Note</sup>**Jinhua  
Yiwu Qingkou**

Powerlong Plaza

Opening Date:  
November 2021Area:  
Approximately  
52,000  
square meters <sup>Note</sup>**Ningbo  
Fenghua**

Powerlong Plaza

Opening Date:  
October 2021Area:  
Approximately  
36,000  
square meters <sup>Note</sup>**Ningbo  
Gaoxin**

Powerlong Plaza

Opening Date:  
October 2021Area:  
Approximately  
45,000  
square meters <sup>Note</sup>**Shaoxing  
Zhuji**

Powerlong Plaza

Opening Date:  
June 2021Area:  
Approximately  
74,000  
square meters <sup>Note</sup>**Taizhou  
Wenling**

Powerlong Plaza

Opening Date:  
June 2021Area:  
Approximately  
77,000  
square meters <sup>Note</sup>**Zhoushan**

Powerlong Plaza

Opening Date:  
June 2021Area:  
Approximately  
70,000  
square meters <sup>Note</sup>**Hangzhou  
Dajiangdong**

Powerlong Plaza

Opening Date:  
November 2020Area:  
Approximately  
45,000  
square meters <sup>Note</sup>**Jinhua  
Yongkang**

Powerlong Plaza

Opening Date:  
November 2020Area:  
Approximately  
66,000  
square meters <sup>Note</sup>**Hangzhou  
Qingshan Lake**

Powerlong Plaza Phase I

Opening Date:  
October 2020Area:  
Approximately  
98,000  
square meters <sup>Note</sup>**Ningbo  
Yinzhou**

Powerlong Plaza

Opening Date:  
December 2019Area:  
Approximately  
52,000  
square meters <sup>Note</sup>**Hangzhou  
Lin'an**

Powerlong Plaza

Opening Date:  
November 2019Area:  
Approximately  
57,000  
square meters <sup>Note</sup>**Hangzhou  
Binjiang**

Powerlong City

Opening Date:  
December 2016Area:  
Approximately  
130,000  
square meters <sup>Note</sup>**Hangzhou  
Fuyang**

Powerlong Plaza

Opening Date:  
December 2015Area:  
Approximately  
22,000  
square meters <sup>Note</sup>**Hangzhou  
Xiaoshan**

Powerlong Plaza

Opening Date:  
December 2015Area:  
Approximately  
65,000  
square meters <sup>Note</sup>**Hangzhou  
Xiasha**

Powerlong Plaza

Opening Date:  
November 2014Area:  
Approximately  
22,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

SHOPPING MALLS IN OPERATION

ANHUI PROVINCE



FUYANG POWERLONG PLAZA

**Fuyang**

Powerlong Plaza

Opening Date:  
December 2017

Area:  
Approximately  
107,000  
square meters <sup>Note</sup>

**Bengbu**

Powerlong Plaza

Opening Date:  
December 2009

Area:  
Approximately  
182,000  
square meters <sup>Note</sup>

HENAN PROVINCE



LUOYANG POWERLONG PLAZA

**Xinxiang**

Powerlong Plaza

Opening Date:  
September 2012

Area:  
Approximately  
85,000  
square meters <sup>Note</sup>

**Luoyang**

Powerlong Plaza

Opening Date:  
December 2011

Area:  
Approximately  
133,000  
square meters <sup>Note</sup>

**Zhengzhou**

Powerlong Plaza

Opening Date:  
December 2009

Area:  
Approximately  
108,000  
square meters <sup>Note</sup>

GUANGDONG PROVINCE



ZHUHAI GAOXIN POWERLONG PLAZA

**Zhuhai Gaoxin**

Powerlong Plaza

Opening Date:  
November 2021

Area:  
Approximately  
85,000  
square meters <sup>Note</sup>

CHONGQING



CHONGQING HECHUAN POWERLONG PLAZA

**Chongqing Hechuan**

Powerlong Plaza

Opening Date:  
December 2014

Area:  
Approximately  
74,000  
square meters <sup>Note</sup>

Note: Underground parking spaces excluded.

## HOTELS

### SHANGHAI



ARTELS+ COLLECTION LINGANG SHANGHAI

#### ARTELS+ Wujing Shanghai

Opening Date: December 2017

Number of Rooms (Suites): 210

Address:

No. 1, Lane 39, Shangyi Road,  
Wujing, Minhang District,  
Shanghai, China

#### ARTELS+ Collection Lingang Shanghai

Opening Date: June 2017

Number of Rooms (Suites): 184

Address:

No. 3127, Hongyin Road, Pudong  
District, Shanghai, China

#### Le Meridien Shanghai Minhang

Opening Date: October 2016

Number of Rooms (Suites): 240

Address:

No. 3199, Caobao Road,  
Minhang District,  
Shanghai, China

#### Radisson Exhibition Center Shanghai

Opening Date: May 2016

Number of Rooms (Suites): 225

Address:

No. 1550, Xin Fu Zhong Road,  
Qingpu District, Shanghai, China

#### Radisson Blu Shanghai Pudong Jinqiao

Opening Date: January 2016

Number of Rooms (Suites): 197

Address:

No. 2, Lane 2449, Jinhai Road,  
Pudong District, Shanghai, China

### FUJIAN PROVINCE



HOTEL W XIAMEN

#### Hotel W Xiamen

Opening Date: November 2021

Number of Rooms (Suites): 286

Address:

No. 1599, Lvling Road,  
Siming District, Xiamen,  
Fujian Province, China

#### ARTELS Anxi Quanzhou

Opening Date: September 2015

Number of Rooms (Suites): 68

Address:

No. 17, Jian'an Avenue,  
Chengxiang, Anxi, Quanzhou,  
Fujian Province, China

## HOTELS

### JIANGSU PROVINCE



ARTELS+ HUAI'AN

#### ARTELS+ Collection Yancheng

Opening Date:  
December 2013

Number of Rooms  
(Suites): 243

Address:  
No. 99 South Yingbin  
Road, Tinghu District,  
Yancheng, Jiangsu  
Province, China

#### Four Points by Sheraton Taicang Suzhou

Opening Date:  
June 2010

Number of Rooms  
(Suites): 437

Address:  
No. 288 East  
Shanghai Road,  
Taicang, Suzhou,  
Jiangsu Province,  
China

### CHONGQING



ARTELS+ COLLECTION HECHUAN CHONGQING

#### ARTELS+ Collection Hechuan Chongqing

Opening Date: May 2018

Number of Rooms (Suites): 244

Address:  
No. 223 Puyan Road,  
Hechuan, Chongqing, China

### ANHUI PROVINCE



WYNDHAM GRAND PLAZA ROYALE  
POWERLONG FUYANG

#### Wyndham Grand Plaza Royale Powerlong Fuyang

Opening Date: December 2018

Number of Rooms (Suites): 190

Address:  
No. 1000 intersection between Fuwang Road and  
Huaihe Road, Yingzhou District, Fuyang,  
Anhui Province, China

HOTELS

SHANDONG PROVINCE



ARTELS+ AND JUNTELS PENGLAI YANTAI

**Four Points  
by Sheraton  
Chengyang  
Qingdao**

Opening Date:  
February 2011  
Number of Rooms  
(Suites): 302  
Address:  
No. 271 Wenyang Road,  
Chengyang District,  
Qingdao, Shandong  
Province, China

**JUNTELS  
Tai'an**

Opening Date:  
December 2010  
Number of Rooms  
(Suites): 300  
Address:  
No. 6 Daidao'an Road,  
Taishan District,  
Tai'an,  
Shandong Province,  
China

ZHEJIANG PROVINCE



JUNTELS BINJIANG HANGZHOU

**JUNTELS  
Pan'an Jinhua**

Opening Date: July 2022  
Number of Rooms (Suites): 231  
Address:  
No. 1 Wenming Road,  
Anwen Middle Street,  
Pan'an County, Jinhua,  
Zhejiang Province, China

**JUNTELS  
Binjiang  
Hangzhou**

Opening Date: December 2017  
Number of Rooms (Suites): 175  
Address:  
Block 3, Powerlong City,  
No. 3867 Binsheng Road,  
Puyan Jiedao, Hangzhou,  
Zhejiang Province, China

HENAN PROVINCE



ARTELS+ XINXIANG

**ARTELS+  
Xinxiang**

Opening Date: August 2020  
Number of Rooms (Suites): 165  
Address:  
Southeast corner of the junction of  
Jinsui Avenue and Xin'er Street,  
Hongqi District, Xinxiang,  
Henan Province

# MANAGEMENT DISCUSSION AND ANALYSIS



**HOI WA FONG**  
CEO

Reinvigorate Powerlong,  
co-create a new era!

## BUSINESS REVIEW

For the year ended 31 December 2025, the Group conducted its business activities in the following major business segments, namely (i) property development; (ii) property investment; (iii) commercial operation and residential property management; and (iv) other property development related businesses. During the year under review, property development remained as the main source of revenue of the Group.

### Property Development

Faced with the current complex economic environment and multiple challenges presented by the intense adjustments of the real estate industry in China, the Group is working relentlessly to ensure the timely delivery of its property development projects so as to protect the interests of home buyers and to secure cash resources for sustainable development. For the year ended 31 December 2025, the contracted sales of the Group together with its associates and joint ventures amounted to approximately RMB7,272 million (2024: approximately RMB12,787 million). In 2025, the contracted sales area of the Group together with its associates and joint ventures amounted to 667,082 square meters (2024: 1,152,192 square meters).

Set forth below is the distribution of the Group's contracted sales during the year ended 31 December 2025:

For the year ended 31 December 2025			
Distribution	Sales area sq.m.	Sales amount RMB'000	Average selling price RMB/sq.m.
Commercial	169,138	1,401,994	8,289
Residential	497,944	5,870,255	11,789
Total	667,082	7,272,249	10,902

### Property Investment and Commercial Operational and Residential Property Management

To generate a stable and recurring income, the Group has also retained and operated certain commercial properties for leasing. As at 31 December 2025, the Group had an aggregate GFA of approximately 8,322,130 square meters (2024: approximately 8,312,181 square meters) held as investment properties (including properties completed and under construction), which remained relatively stable as compared with 2024.

During the year ended 31 December 2025, the Group (together with its associates and joint ventures) completed and commenced operation of three new shopping malls, with the successful opening of Wuyishan Powerlong Plaza on 30 May 2025, Yuyao Powerlong Plaza on 19 December 2025 and Nanjing Jiangning Powerlong Plaza on 29 December 2025. As at 31 December 2025, the Group held and managed 65 shopping malls and managed 7 asset-light shopping malls, with the number of shopping malls in operation held and the floor area in operation and management both being amongst the forefront of the industry.

### Hotel Business

The Group continued to develop its hotel business as a source of its long-term recurring income with core businesses in operating international brand hotels and self-operated brand chain hotels.

As at 31 December 2025, the Group owned seven international brand hotels, namely Le Meridien Shanghai Minhang (上海閔行寶龍艾美酒店), Radisson Blu Shanghai Pudong Jinqiao (上海寶龍麗笙酒店), Radisson Exhibition Center Shanghai (上海國展寶龍麗筠酒店), Hotel W Xiamen (廈門W酒店), Four Points by Sheraton Taicang Suzhou (蘇州太倉寶龍福朋喜來登酒店), Four Points by Sheraton Chengyang Qingdao (青島城陽寶龍福朋喜來登酒店) and Wyndham Grand Plaza Royale Powerlong Fuyang (阜陽寶龍溫德姆至尊豪廷大酒店), and also owned and operated ten self-owned brand chain hotels, namely ARTELS Anxi Quanzhou (泉州安溪寶龍藝築酒店), ARTELS+ Fuyang Hangzhou (杭州富陽藝悅酒店), ARTELS+ Collection Lingang Shanghai (上海臨港藝悅精選酒店), ARTELS+ Collection Hechuan Chongqing (重慶合川藝悅精選酒店), ARTELS+ Wujing Shanghai (上海吳涇藝悅酒店), ARTELS+ Xinxiang (新鄉藝悅酒店), JUNTELS Binjiang Hangzhou (杭州濱江藝珺酒店), ARTELS+ Collection Yancheng (鹽城寶龍藝悅精選酒店), JUNTELS Tai'an (泰安寶龍藝珺酒店), and JUNTELS Pan'an Jinhua (金華磐安寶龍藝珺酒店).

### Land Bank

The Group will adhere to the “1+N” development strategy, focusing on the Yangtze River Delta while paying attention to and exploring other premium regions that offer opportunities. In key regional hubs, the Group will strengthen market tracking and research, adhere to more precise and fine-tuned product positioning, and strictly comply with the principle of value investment in acquiring land bank.

As at 31 December 2025, the Group had a quality land bank amounting to a total GFA of approximately 13.57 million square meters, of which approximately 10.34 million square meters were completed properties held for sale and properties under development and construction and approximately 3.23 million square meters were properties held for future development. The land bank under development will be used for the development of large-scale commercial and residential properties with quality residential properties, serviced apartments, office buildings and hotels. As at 31 December 2025, approximately 56.9% of the land bank of the Group was located in the Yangtze River Delta region.

## FINANCIAL REVIEW

### Revenue

Revenue of the Group mainly comprises income of property sales, rental income from investment properties, income from provision of commercial operational services and residential property management services and income from other property development related businesses. For the year ended 31 December 2025, the Group recorded a total revenue of approximately RMB22,637 million (2024: approximately RMB25,757 million), representing a decrease of approximately 12.1% as compared with the corresponding period in 2024. This was attributable to the decrease in revenue from property sales.

#### *Income of Property Sales*

During the year ended 31 December 2025, the Group strictly complied with its original schedule for the completion and delivery of the corresponding projects. The revenue from projects sold and delivered for the year ended 31 December 2025 amounted to approximately RMB17,533 million (2024: approximately RMB20,543 million), representing a decrease of approximately 14.7% as compared with the corresponding period in 2024. This was mainly attributable to the decrease in the delivery of residential properties and commercial properties.

Set forth below are the details regarding the properties sold and delivered during the year ended 31 December 2025:

		For the year ended 31 December 2025		
Geographical location		GFA	Amount	Average
		sold and delivered (sq.m.)	sold and delivered (RMB million)	selling price (RMB/sq.m.)
Yangtze River Delta	Commercial	200,919	1,820	9,058
	Residential	396,371	5,499	13,873
Hainan	Commercial	22,482	101	4,492
	Residential	289,697	3,598	12,420
Greater Bay Area	Commercial	10,819	92	8,504
	Residential	66,173	960	14,507
Others	Commercial	94,318	665	7,051
	Residential	320,055	4,798	14,991
	Total	1,400,834	17,533	12,516
	Commercial	328,538	2,678	8,151
	Residential	1,072,296	14,855	13,853

*Rental Income from Investment Properties and Income from Provision of Commercial Operational Services and Residential Property Management Services*

For the year ended 31 December 2025, the Group recorded rental income after elimination of intra-group transactions from investment properties of approximately RMB1,828 million (2024: approximately RMB1,908 million), representing a decrease of approximately 4.2% as compared with the corresponding period in 2024.

For the year ended 31 December 2025, income from provision of commercial operational services and residential property management services was mainly derived from projects developed by the Group and other third parties. The net income after elimination of intra-group transactions amounted to approximately RMB2,385 million (2024: approximately RMB2,387 million), representing a decrease of approximately 0.1% as compared with the corresponding period in 2024.

For the year ended 31 December 2025, the Group's rental income from investment properties and income from provision of commercial operational services and residential property management services totalled approximately RMB4,213 million (2024: approximately RMB4,295 million), representing a decrease of approximately 1.9% as compared with the corresponding period in 2024.

*Income from Other Property Development Related Businesses*

Income from other property development related businesses mainly comprises income from hotel operations and the provision of consultation services. For the year ended 31 December 2025, the Group recorded an income after elimination of intra-group transactions from other property development related businesses of approximately RMB891 million (2024: approximately RMB919 million), representing a decrease of approximately 3.0% as compared with the corresponding period in 2024, mainly attributable to the decline in demand for hotels caused by economic downturn and consumption downgrade.

### Cost of Sales

Cost of sales mainly represents the direct cost related to the property development business of the Group. It comprises cost of land use rights, construction costs, decoration costs and other costs. Cost of sales for the year ended 31 December 2025 amounted to approximately RMB21,333 million (2024: approximately RMB23,410 million), representing a decrease of approximately 8.9% as compared with the corresponding period in 2024, which was mainly due to the decrease in the total properties sold and delivered, leading to a decrease in the total costs.

### Gross Profit and Gross Profit Margin

For the year ended 31 December 2025, gross profit amounted to approximately RMB1,304 million (2024: approximately RMB2,347 million), representing a decrease of approximately 44.4% as compared with the corresponding period in 2024, which was mainly due to the decrease in revenue from property sales and the provision for impairment of the relevant property projects based on the principle of prudence as a result of the severe operating environment in the real estate industry. Gross profit margin decreased by 3.3 percentage points from 9.1% for the year ended 31 December 2024 to 5.8% for the year ended 31 December 2025, which was mainly attributable to the increase in the provision for impairment for the relevant property projects based on the principle of prudence as a result of the severe operating environment in the real estate industry.

### Fair Value Losses on Investment Properties

For the year ended 31 December 2025, the Group recorded revaluation losses on investment properties of approximately RMB4,193 million as compared with revaluation losses of approximately RMB3,327 million for the corresponding period in 2024. The fair value losses increased by approximately RMB866 million as compared with the corresponding period in 2024, mainly due to the continued downward trend of the real estate industry and insufficient socio-economic domestic demand, leading to the decrease in demand for shopping malls leasing.

### Selling and Marketing Costs and Administrative Expenses

The Group's selling and marketing costs and administrative expenses for the year ended 31 December 2025 amounted to approximately RMB1,531 million (2024: approximately RMB1,838 million), representing a decrease of approximately 16.7% as compared with the corresponding period in 2024, which was mainly attributable to the decrease in the scale of projects sales and management. The Group will continue to exercise stringent control over expenses and costs whilst striving to continue with the Group's business expansion.

### Share of Losses of Investments Accounted for Using the Equity Method

For the year ended 31 December 2025, share of post-tax losses of investments accounted for using the equity method amounted to approximately RMB663 million as compared with the share of post-tax losses of investments accounted for using the equity method of approximately RMB13 million for the corresponding period in 2024. The share of post-tax losses of investments accounted for using the equity method increased by approximately RMB650 million as compared with the corresponding period in 2024, mainly due to the increase in net losses from joint ventures and associates.

### Income Tax Expenses

The Group's income tax expenses for the year ended 31 December 2025 amounted to approximately RMB561 million (2024: approximately RMB839 million), representing a decrease of approximately 33.1% as compared with the corresponding period in 2024, primarily due to the decrease in PRC corporate income tax expenses.

### Losses Attributable to Owners of the Company

For the year ended 31 December 2025, the Group recorded loss attributable to owners of the Company of approximately RMB5,887 million (2024: loss attributable to owners of the Company of approximately RMB5,765 million).

For the year ended 31 December 2025, basic losses per share was approximately RMB142.2 cents (2024: basic losses per share of approximately RMB139.2 cents).

Core losses (excluding the fair value gains/(losses) on investment properties, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the year under review)<sup>(Note)</sup> for the year ended 31 December 2025 amounted to approximately RMB4,278 million (2024: core losses of approximately RMB2,594 million).

Core losses attributable to owners of the Company (excluding the fair value gains/(losses) on investment properties, revaluation gains/(losses) on completed properties held for sale transferred to investment properties and foreign exchange gains/(losses) on financing activities during the year under review)<sup>(Note)</sup> for the year ended 31 December 2025 amounted to approximately RMB3,684 million (2024: core losses attributable to owners of the Company of approximately RMB3,084 million).

*(Note: The Group believes that the presentation of core earnings/losses, being a non-HKFRS measure, will facilitate the evaluation of financial performance of the Group by excluding potential impact of certain non-operating and non-recurring items. Such non-HKFRS measure may be defined differently from similar terms used by other companies. The Group's presentation of this non-HKFRS measure should not be construed as an inference that the Group's future results will be unaffected by these items.)*

## LIQUIDITY AND FINANCIAL RESOURCES

### Cash Position

The long-term funding and working capital required by the Group are primarily derived from income generated from core business operations, bank borrowings and cash proceeds raised from issuance of bonds, which were used as working capital and for investment in property development projects.

The Group's cash and cash equivalents and restricted cash amounted to approximately RMB7,242 million in total as at 31 December 2025 (2024: approximately RMB7,535 million), representing a decrease of approximately 3.9% as compared with the end of 2024.

### Borrowings

Total borrowings of the Group as at 31 December 2025 was approximately RMB55,055 million (2024: approximately RMB57,721 million), representing a decrease of approximately 4.6% as compared with the end of 2024. The Group's borrowings comprise bank and other borrowings of approximately RMB31,095 million, corporate bonds of approximately RMB6,340 million, commercial mortgage backed securities (the "CMBS") of approximately RMB2,112 million, assets-backed securities (the "ABS") of approximately RMB207 million and senior notes of approximately RMB15,301 million.

Out of the total borrowings, approximately RMB34,223 million was repayable within one year, while approximately RMB20,832 million was repayable after one year.

### Net Gearing Ratio

As at 31 December 2025, the Group had a net gearing ratio (which is calculated on the basis of total borrowings less cash and cash equivalents and restricted cash over total equity) of approximately 119.1% (31 December 2024: approximately 101.6%).

### Borrowing Cost

Total interest expenses for the year ended 31 December 2025 amounted to approximately RMB3,243 million (2024: approximately RMB3,740 million), representing a decrease of approximately 13.3% as compared with the end of 2024. The decrease was mainly due to the decrease in total borrowings of the Group as compared with the corresponding period in 2024. The effective interest rate decreased from 5.46% for 2024 to 5.09% for 2025, mainly due to the Group's tightened control over finance costs. The Group will continue to enhance its stringent control over finance costs.

### Credit Policy

Trade receivables mainly arose from sale and leasing of properties. Receivables in relation to sale and leasing of properties are therefore settled in accordance with the terms stipulated in the sale and purchase agreements and lease agreements, respectively.

### Pledge of Assets

As at 31 December 2025, the Group pledged its property and equipment, land use rights, investment properties, properties under construction, completed properties held for sale and restricted cash with carrying amount of approximately RMB53,635 million (2024: approximately RMB60,665 million) to secure borrowings of the Group. The total secured bank and other borrowings and CMBS as at 31 December 2025 amounted to approximately RMB33,119 million (2024: approximately RMB35,487 million). The ABS of RMB207 million were secured by the trade receivables of the Group. The senior notes issued by the Company were guaranteed and secured by share pledges of certain non-PRC subsidiaries and non-PRC joint ventures of the Group.

### Contingent Liabilities

As at 31 December 2025, the Group had no significant contingent liabilities.

## Financial Guarantees

The face value of the financial guarantees provided by the Group is analysed as below:

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	9,749,564	16,166,946
Guarantees for borrowings of joint ventures and associates	679,905	764,050
	<b>10,429,469</b>	<b>16,930,996</b>

## Commitments

(1) *Commitments for property development expenditures*

	As at 31 December	
	2025 RMB'000	2024 RMB'000
Contracted but not provided for – Property development activities	6,534,536	7,046,342
	<b>6,534,536</b>	<b>7,046,342</b>

(2) *Leases commitments*

As at 31 December 2025, the Group did not have any material short-term lease commitment.

## FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is RMB. As at 31 December 2025, the Group's financial assets or liabilities denominated in currencies other than RMB were mainly borrowings denominated in United States dollar, Hong Kong dollar or Macau Pataca, in the total amount of approximately RMB24,717 million. Fluctuation of the exchange rate of RMB against United States dollar, Hong Kong dollar or Macau Pataca could affect the Group's results of operations. Further, any depreciation of RMB would adversely affect the value of any dividends the Group pays to the Shareholders outside of the PRC. The Group currently does not engage in any hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

## SIGNIFICANT INVESTMENTS HELD AND MATERIAL ACQUISITIONS AND DISPOSALS

As disclosed in the Company's circular dated 12 January 2026, on 23 December 2025 the Group entered into a cooperation agreement pursuant to which 上海瑞龍投資管理有限公司 (Shanghai Ruilong Investment Management Co. Ltd.) agreed to dispose of 100% equity interest in 杭州華展房地產開發有限公司 (Hangzhou Huazhan Real Estate Development Co. Ltd.) (which holds Hangzhou Binjiang Powerlong City and the JUNTELS Binjiang Hangzhou hotel) to 上海聯商壹號商業管理有限公司 (Shanghai Lianshang No.1 Commercial Management Co.,Ltd.) for an initial consideration of RMB1,000 million, subject to adjustment. The relevant transaction was approved at the extraordinary general meeting of the Company dated 29 January 2026. Save as disclosed in this annual report, the Group did not hold any significant investments and did not conduct any material acquisition or disposal of subsidiaries, associates or joint ventures during the year ended 31 December 2025.

## FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this annual report, the Group had not authorised any plans for other material investments or additions of capital assets as at 31 December 2025.

## EMPLOYEES AND EMOLUMENT POLICY

For the year ended 31 December 2025, the Group employed a total of 7,446 full-time employees (2024: 8,152 employees). The total staff costs of the Group for the year ended 31 December 2025 amounted to approximately RMB1,424 million. The Group reviews the remuneration policies and packages on a regular basis and makes necessary adjustments commensurate with the remuneration level in the industry. In relation to staff training, the Group also provides different types of programs for its staff to improve their skills and develop their respective expertise.

## EVENTS AFTER THE REPORTING PERIOD

On 10 October 2025, the Company entered into a restructuring support agreement (the “**RSA**”) in relation to the restructuring (the “**Restructuring**”) of various existing notes issued or guaranteed by the Company and the existing loans entered into or guaranteed by the Group (collectively, the “**Scheme Debt**”). The Restructuring and the Scheme have received broad support from the creditors. As announced by the Company on 19 December 2025, creditors holding over 85.48% of the Scheme Debt had submitted letters to accede to the RSA as of such date.

Under the terms and conditions in connection with the Restructuring, the restructuring consideration will consist of one or a combination of various options in accordance with the selection of the creditors of the Company with respect to the Scheme Debt (the “**Scheme Creditors**”), which involves, amongst other things, the disposal or pledge of Powerlong CM shares by the Company to fund, fully or partially, a total cash amount of US\$40 million.

On 27 January 2026, the Group entered into a share purchase agreement to dispose of 160,725,000 shares (representing 25% of the total issued share capital) of Powerlong CM to Prime Capital Investment Limited for an aggregate cash consideration of HK\$360,827,625. The relevant transaction was approved at the extraordinary general meeting of the Company dated 18 March 2026. Details of which are set out in the circular of the Company dated 25 February 2026.

Furthermore, at the convening hearing held on 17 March 2026, the Court has directed:

- (1) the Company be at liberty to convene meetings for each class of the Scheme Creditors for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement to be made between the Company and the Scheme Creditors; and
- (2) the substantive hearing of the petition at which the Court will determine whether or not to sanction the Scheme be held at 11 a.m. (Hong Kong time) on 17 June 2026 at the High Court of Hong Kong.

# DIRECTORS AND SENIOR MANAGEMENT

## EXECUTIVE DIRECTORS

**HOI Kin Hong**, aged 74, is an executive Director and the chairman of the Board. He is primarily responsible for the overall strategy and investment decisions of the Group. Mr. Hoi is the chairman of the nomination committee of the Company, and is also a director of certain subsidiaries of the Company. Mr. Hoi is a member of the Election Committee of the Macau Special Administrative Region of the People's Republic of China and a senior council member of the Fudan University. He was vice chairman of the All-China Federation of Industry and Commerce and a standing committee member of 13th Chinese People's Political Consultative Conference. Mr. Hoi founded Powerlong Group Development Co., Ltd. (the "**Xiamen Powerlong Group**") in 1992 and has served as its chairman since then. Since the establishment of Xiamen Powerlong Group, he has been engaged in the real estate development business, and has completed the development of several residential projects. He started to specialize in the development of commercial properties in 2003. Mr. Hoi has, for a number of times, been recognized as a Contributor to Real Estate Brands in China by the China Real Estate Top 10 Research Team since 2006. In addition, Mr. Hoi was also awarded various honours such as the Most Influential Entrepreneur in China (中國最具影響力企業家), China Celebrities Achievement Award "10 Outstanding Masters" (中華名人成就獎「十大傑出名人」), Top 30 People in motivating Chinese Economy over the 30 years of China's reformation (中國改革開放30年感動中國經濟30人), the Outstanding Leader in the Commercial Real Estate Industry in China (中國商業地產傑出領袖人物), China Top 100 Real Estate Entrepreneurs (中國房地產百強企業家), Contributor of China Top 100 Real Estate Enterprises (中國房地產百強企業貢獻人物), Charity Special Contribution Award of China (中國公益事業特別貢獻獎), Award for Excellence in the 20th Anniversary of China Guangcai Program Outstanding Contribution Award (光彩事業20周年突出貢獻獎), Top 10 People for commerce and community in Fujian (閩商公益十大人物) and "Tribute to 40th Anniversary of China Reform and Opening Up, Top 40 in 40 Years in the Real Estate Industry in China" (致敬中國改革開放40週年中國房地產40年40人時代人物), 11<sup>th</sup> Chinese Charity Award "Personal Contributor with Excellent Contribution to Charity in Areas Like Poverty Alleviation Efforts" and "Personal Contributor with Excellent Contribution to Charity in Areas Like Combat Against COVID-19" (第十一屆中華慈善獎「在脫貧攻堅等慈善領域作出突出貢獻的捐贈個人」和「在抗擊新冠肺炎疫情慈善領域作出突出貢獻的捐贈個人」). Mr. Hoi is the father of Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, an executive Director and a non-executive Director, respectively.

**HOI Wa Fong**, aged 48, is an executive Director and chief executive officer of the Company. He is primarily responsible for the overall management of the business operations of the Group. Mr. Hoi Wa Fong is a member of the remuneration committee of the Company, and is also a director of certain subsidiaries of the Company. Mr. Hoi Wa Fong is a member of All-China Federation of Returned Overseas Chinese, a director of China Overseas Friendship Association, the vice chairman of China Real Estate Chamber of Commerce, the vice-chairman of the Fujian Youth Federation and a council member of Fudan University. He graduated from the school of management of Xiamen University and received an EMBA degree from the Cheung Kong Graduate School of Business. He received a DBA degree from Singapore Management University in June 2021. He started to work as an intern in Xiamen Powerlong Group in 1999 and joined the Group upon graduation from Xiamen University in 2003. He held various positions of various Group companies including vice general manager, general manager, vice president, chief vice president and chief executive officer. Mr. Hoi Wa Fong is currently an executive director and chairman of the board of directors of Powerlong CM, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 9909) and a subsidiary of the Company. He was awarded Annual Leaders in the Real Estate Industry in the PRC, Most Influential People in the Real Estate Industry in the PRC, Outstanding Individual Among Returned Overseas Chinese and Family Members, Top 10 Gold-Medal CEO of China Real Estate Listed Companies (中國房地產上市公司十大金牌CEO), Top 30 CEO in the Real Estate Industry in China (中國地產年度CEO 30強), China Commercial Real Estate Industry Outstanding Contribution Award (中國商業地產行業傑出貢獻獎), China Real Estate Achiever (中國房地產功勳人物), China Commercial Property Industry Leader (中國商業地產行業領軍人物), Achiever in Fostering the Building of Socialism with Chinese Characteristics (促進中國特色社會主義建設功勳人物), and so forth. Mr. Hoi Wa Fong is the son of Mr. Hoi Kin Hong, an executive Director and chairman of the Board and the brother of Ms. Hoi Wa Fan, a non-executive Director.

## DIRECTORS AND SENIOR MANAGEMENT

**XIAO Qing Ping**, aged 77, is an executive Director and the special assistant to the chairman of the Board of Directors of the Company. Mr. Xiao is primarily responsible for assisting the chairman of the Board on the formulation of the Group's overall strategy, investment decisions and related tasks. He was an officer of Jinjiang Bureau of Land Administration from 1997 to 1999. He has over 34 years of experience in administration management. He joined Xiamen Powerlong Group in October 2001 as vice president and head of administration. In November 2007, he resigned from his position in Xiamen Powerlong Group and joined the Group as an executive Director. He graduated from China Textile Political Distance Learning College in 1988, majoring in economic management.

**ZHANG Hong Feng**, aged 58, is an executive Director, and an executive president and the president of the real estate group of the Company. Mr. Zhang is fully responsible for the operation and management of the real estate group and its subsidiary real estate companies. Mr. Zhang was a department manager of Tianyu Real Estate Company (天宇房地產公司), an assistant to the general manager of Anbao Real Estate Development Company Limited (安寶房地產開發有限公司), a deputy general manager of the real estate centre of Xiamen Powerlong Group, an executive director of Suzhou Powerlong Real Estate Development Company Limited (蘇州寶龍房地產發展有限公司), an executive director of Suqian Powerlong Property Development Company Limited (宿遷寶龍置業發展有限公司), a general manager of Suqian Powerlong Commercial Property Management Company Limited (宿遷寶龍商業物業管理有限公司), a general manager of Tianjin Powerlong City Company, a regional deputy general manager of the southern region, a general manager of project management centre, a vice president and a general manager of companies in other provinces and regions of the Company, a vice president of the Company and a general manager of operation management centre of the Company. He was responsible for the operation platform and the person-in-charge of operation management centre, cost control centre and technology development centre of the Company. He obtained a bachelor's degree in industrial electrical automation from Guangxi University in July 1989 and received an EMBA from Tongji University in December 2015. He joined the Company in December 2004 and was appointed as an executive Director on 14 October 2015.

### NON-EXECUTIVE DIRECTOR

**HOI Wa Fan**, aged 50, is a non-executive Director. Ms. Hoi is a director of Xiamen Powerlong Group. Since 2010, she has been a managing director of Companhia de Construc ao e Investimento Predialpou Long, Limitada (寶龍集團發展有限公司(澳門)) and is responsible for the overall management and business development of Companhia de Construc ao e Investimento Predialpou Long, Limitada (寶龍集團發展有限公司(澳門)). Since 2020, Ms. Hoi has been an executive director and the secretary general of Powerlong Foundation (寶龍公益基金會). Ms. Hoi is currently a non-executive director of Powerlong CM, the shares of which are listed on the Main Board of the Stock Exchange (HK stock code: 9909) and a subsidiary of the Company. Ms. Hoi is the daughter of Mr. Hoi Kin Hong, an executive Director and chairman of the Board, sister of Mr. Hoi Wa Fong, an executive Director.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Au Yeung Po Fung**, aged 58, is an independent non-executive Director. Mr. Au Yeung joined the Company as an independent non-executive Director in August 2025. Mr. Au Yeung is the chairman of the audit committee of the Company. Mr. Au Yeung has extensive work experience in the real estate industry. He held various senior management positions in various real estate companies, including as vice president and chief financial officer of the Company from November 2007 to October 2011, as chief financial officer of Sun Hung Kai Real Estate Agency Limited, a subsidiary of Sun Hung Kai Properties Limited, from October 2011 to December 2013, as vice president and chief financial officer of Fosun Property Holdings Limited, a subsidiary of Fosun International Limited, from February 2014 to August 2014, as vice president and chief financial officer of Sansheng Holdings (Group) Co. Ltd. from August 2017 to January 2018, and as vice president of Shanghai Huadong Properties (Group) Limited from February 2019 to January 2021.

Mr. Au Yeung also possesses extensive experience in companies listed on the Stock Exchange. He is currently an independent non-executive director of Redsun Properties Group Limited (stock code: 1996), Zhongliang Holdings Group Company Limited (stock code: 2772), eBroker Group Limited (stock code: 8036) and Zhengye International Holdings Company Limited (stock code: 3363). Mr. Au Yeung served as an independent non-executive director of China LNG Group Limited (currently known as China HK Power Smart Energy Group Limited) (stock code: 931) from July 2016 to September 2019, an independent non-executive director of GR Life Style Company Limited (stock code: 108) from July 2017 to February 2020, an independent non-executive director of Shanshan Brand Management Co., Ltd. (stock code: 1749) from May 2018 to June 2021, an independent non-executive director of Sinic Holdings (Group) Company Limited (stock code: 2103, delisted in April 2023) from August 2019 to April 2023, an independent non-executive director of Sunkwan Properties Group Limited (stock code: 6900) from October 2020 to July 2024, and an independent non-executive director of Zhenro Services Group Limited (stock code: 6958) from June 2020 to January 2026.

Mr. Au Yeung graduated from The Hong Kong Polytechnic (currently known as The Hong Kong Polytechnic University) in Hong Kong in November 1990 with a bachelor's degree in business studies. He was admitted as a fellow of The Association of Chartered Certified Accountants in November 2000, a fellow of the Hong Kong Institute of Certified Public Accountants in May 2003, and a fellow of the Institute of Chartered Accountants in England and Wales in July 2015. He was also certified as a chartered financial analyst (CFA) of the CFA Institute in September 2006.

## DIRECTORS AND SENIOR MANAGEMENT

**MEI Jian Ping**, aged 66, is an independent non-executive Director. Mr. Mei joined the Company as an independent non-executive Director in June 2008. Mr. Mei is the chairman of the remuneration committee and a member of the audit committee and nomination committee of the Company. Mr. Mei has been a professor of finance at Cheung Kong Graduate School of Business since 2006. He was an assistant professor from 1990 to 1995 at New York University, and an associate professor of finance at the same university from 1996 to 2005. From 2003 to 2008, he was a visiting professor at Tsinghua University. He was a director of Cratings.com Inc. from 1999 to 2024. He has published a number of books and articles on topics related to finance. Mr. Mei received a bachelor's degree in mathematics from Fudan University in 1982, a master's degree in economics and a doctorate in economics (finance) from Princeton University in 1988 and 1990, respectively. He was also appointed as an independent non-executive director of MIE Holdings Corporation (HK stock code: 1555) and China Rundong Auto Group Limited (HK stock code: 1365, retired from office already) in 2010 and 2014 respectively. He was appointed as an independent director of Cultural Investment Holdings Co., Ltd. (SH stock code: 600715, retired from office already) in 2016, an independent director of Dazzle Fashion Co Ltd (SH stock code: 603587, retired from office already) in 2018 and an independent director of Shanghai Shentong Metro Co., Ltd. (SH stock code: 600834, retired from office already) in 2020.

**DING Zu Yu**, aged 53, is an independent non-executive Director. Mr. Ding joined the Company as an independent non-executive Director in December 2014. Mr. Ding is a member of the audit committee, remuneration committee and nomination committee of the Company. He is currently an executive director of E-House (China) Enterprise Holdings Limited (HK stock code: 2048) and the chairman of GRIC Group. In addition, he had also held various positions in China Real Estate Information Group Co., Ltd (中國房產信息集團) in the past including as a co-president and an executive director from September 2009 to April 2012. Mr. Ding is currently an independent non-executive director of Greentown Management Holdings Company Limited (HK stock code: 9979) and SCE Intelligent Commercial Management Holdings Limited (HK stock code: 606). He was an independent director of Sanxiang Co., Ltd (三湘股份有限公司) (SZ stock code: 000863) from January 2012 to May 2018. He is also currently assuming important positions in other professional associations and bodies within the PRC real estate industry. He serves as an executive principal (執行院長) of the E-House Research and Training Institute (易居研究院). He is also an executive committee member of the China Real Estate Association (中國房地產協會), an adviser on the real estate market for the China's Ministry of Housing and Urban-Rural Development (國家住房和城鄉建設部) and a committee member of the Chinese People's Political Consultative Conference of Shanghai (上海市政協委員). He was named as "Shanghai Outstanding Young Merchant" (上海傑出青年企業家) in 2012 and was named one of the "Top Ten Shanghai Young Merchants" (上海十大傑出青年企業家) for 2011 to 2012. He received his bachelor's degree in real estate economics in 1998 and his Ph.D. in economics in 2013 from the East China Normal University.

**LIU Xiao Lan**, aged 60, is an independent non-executive Director. Ms. Liu joined the Company as an independent non-executive Director in March 2024. Ms. Liu is a member of the audit committee, remuneration committee and nomination committee of the Company. She is the founder and project director of Lanyu (Shanghai) Business Consulting Center (蘭毓(上海)商務諮詢中心) which is principally engaged in the provision of business consultation services to commercial real estate enterprises. Ms. Liu is concurrently an independent non-executive director of Excellence Commercial Property & Facilities Management Group Limited (stock code: 6989) and KWG Living Group Holdings Limited (stock code: 3913), both being companies listed on the Main Board of the Stock Exchange. From September 2013 to April 2020, Ms. Liu served as the chairman of the board of Shanghai Yizhen Investment Management Co., Ltd. (上海溢臻投資管理有限公司), where she was primarily responsible for its investment decisions and strategy formulation. From March 2012 to November 2012, Ms. Liu served as the general manager at Kunshan Stereo City Investment Management Co., Ltd. (崑山立體之城投資管理有限公司), where she was primarily responsible for project investment management. Ms. Liu served as an executive Director from July 2009 to April 2012 and as a non-executive Director from April 2012 to March 2014. From May 2005 to February 2012, Ms. Liu successively served as an assistant to the chief president, and vice general manager of the real estate management center and vice president of the Company, where she was primarily responsible for assisting the president with its daily operations, establishment of management systems of the project companies and the management of commercial property management business. From May 2002 to May 2005, she served as an assistant to the general manager and the head of the branch management center at Xiamen Powerlong Information Industry Development Co., Ltd. (廈門寶龍信息產業發展有限公司), where she was primarily responsible for assisting the general manager in the daily matters of the company and all its branches across China.

Ms. Liu has been serving as a mentor of the PMBA program of E-house & Wharton Case Study and Teaching Facility (易居沃頓案例研究與教育基地) since June 2015, an economic counselor of Chengdu Skyscraper Economics Promotion Association (成都市樓宇經濟促進會) since September 2019 and a special consultant of Tianfu Institute of Building Economy (樓宇經濟天府學院) since June 2019. Ms. Liu obtained her bachelor's degree in clinical medicine from Fujian University of Traditional Chinese Medicine (福建中醫藥大學) (formerly known as Fujian Chinese Traditional Medical College (福建中醫學院)) in the PRC in July 1988. She completed the Executive Development Program (高級管理培訓) offered by Xiamen University (廈門大學) in the PRC in September 2009 and the China Advanced Management Program offered by Wharton School of University of Pennsylvania in the United States in October 2019.

## SENIOR MANAGEMENT

**KANG Hong**, aged 44, is the chief financial officer and vice president of the Company, the general manager of its financial management centre and is responsible for the overall capital operation, financing, taxation and comprehensive financial control of the Company. Mr. Kang possesses extensive experience in the financial management of real estate companies in China. Mr. Kang joined the Company as the vice president and the general manager of the financial management centre in August 2024. Prior to joining the Group, Mr. Kang held financial management related positions in various corporations. From 2005 to 2012, he assumed the roles of financial manager and financial director respectively at AP Oil International Limited (環球石油有限公司), a company headquartered in Singapore, and Rolls-Royce (Xi'an) Limited (羅爾斯-羅伊斯(西安)有限公司), an entity within a multinational group of companies headquartered in the United Kingdom. From 2013 to August 2014, Mr. Kang served as a regional deputy general finance manager at Dalian Wanda Group Co., Ltd. (大連萬達集團股份有限公司). From September 2014 to December 2016, Mr. Kang successively served as an executive deputy general manager at Sincere Property Holding Group (協信地產控股集團) and a general manager of the finance department at Tusincere Technology City Investment Group Co., Ltd. (啟迪協信科技城投資集團有限公司), a group company in the PRC co-invested by Sincere Holding Group Co., Ltd. (協信控股(集團)有限公司) ("**Sincere Holding Group**") and TusHoldings Co., Ltd. (啟迪控股股份有限公司). From the beginning of 2017 to September 2018, Mr. Kang served as an assistant president, the chief financial officer and an executive director at Chongqing Sincere Industrial Co., Ltd.

## DIRECTORS AND SENIOR MANAGEMENT

(重慶協信遠創實業有限公司), a large-scale property developer in the PRC co-invested by Sincere Holding Group and Greenland Holdings Group Company Limited (綠地控股集團有限公司). From October 2018 to May 2023, Mr. Kang served as a senior vice president at Zhenro Properties Group Limited (正榮地產集團有限公司), a company whose shares are listed on the Stock Exchange (stock code: 6158) and was responsible for matters related to domestic financial management, financing, capital and taxation. From February 2021 to July 2023, Mr. Kang served as an executive director at Zhenro Services Group Limited (正榮服務集團有限公司), a company whose shares are listed on the Stock Exchange (stock code: 6958). From October 2023 to May 2024, Mr. Kang served as a general manager of the financial management center of Hoin Real Estate Co., Ltd. (合誼地產有限公司), a subsidiary of Ansteel Group Corporation Limited (鞍鋼集團有限公司), overseeing the financial and fund management of the company. He obtained a Master of Business Administration (MBA) degree in July 2013 from the University of Birmingham in the United Kingdom. Mr. Kang is a fellow member of the Association of Chartered Certified Accountants (ACCA) and the Association of International Accountants (AIA).

**ZHANG Jun**, aged 49, is an executive vice president of the Company, the general manager of the hotel management center and general manager of the real estate group's closing management center and is responsible for overall business as well as operation and management of the hotel management center and the real estate group's closing management center. He served as the chief executive officer of Boee Real Estate Group Co., Ltd. (保億置業集團有限公司) and an assistant to president of Shanghai Forte Land Company Limited (復地(集團)股份有限公司) and a general manager of its subsidiary in Hangzhou. He obtained a master's degree in business administration from Zhejiang University and a master's degree in business administration from China Europe International Business School (CEIBS). He joined the Company in June 2016 and was the vice general manager of Powerlong Land business division, responsible for project development and operational management, and was the general manager of the Powerlong Zhejiang business division, responsible for the overall operational management of the business division.

**HUANG Yao Ming**, aged 52, is a vice president of the Company. Prior to joining the Company, he served senior positions of investment, expansion and management in various large-scale enterprises, including serving as the general manager of investment department in Huali Property Group (華立地產集團), the chief investment officer of Xianjin Group Korean Company Limited (韓國株式會社現進集團), and the vice president of Shanghai Mingbang Investment Company (上海銘邦投資公司). He obtained a bachelor's degree in real estate operation and management from Shanghai Tongji University, and was awarded a master's degree in technical economics and management by Shanghai Tongji University. He is also qualified as a China Certified Real Estate Appraiser. He joined the Company in March 2010.

**GUO Zheng**, aged 44, has served as vice president and director of the President's office, vice president and general manager of the Human Resources Administration Center of the Company, and is currently in charge of the human resources business. Prior to joining the Company, he was the director of the board office of Zhenro Properties Group Limited (正榮地產集團有限公司) (stock code: 06158.HK) and the vice president of Shinsun Real Estate Holding Group Limited (祥生地產控股集團有限公司). He obtained a bachelor's degree in Chinese language and literature from Peking University in 2002. He joined the Company in February 2021.

## JOINT COMPANY SECRETARIES

**HAI Di** is a joint company secretary and the board secretary of the Company, responsible for company secretarial issues. Ms. Hai has over 10 years of experience in company secretarial issues. She served as the compliance supervisor in the office of the secretary of the board of directors of the Group from October 2014 to August 2018, and served as the manager of company secretarial team of Shui On Land Limited, a company listed on the Main Board of the Stock Exchange (stock code: 272), from August 2018 to November 2020. Ms. Hai obtained a Master Degree in Laws from University of London and a Bachelor Degree in Laws from Xiamen University. She re-joined the Company in November 2020.

**LEUNG Wai Yan** is a joint company secretary of the Company. Ms. Leung is a manager of corporate services of Vistra Corporate Services (HK) Limited. She has over 18 years of experience in providing company secretarial services to numerous listed and private companies. Ms. Leung obtained a bachelor of business (Administrative Management) from University of South Australia and a master of laws majoring in corporate and financial law from The University of Hong Kong. She has been an associate member of The Hong Kong Chartered Governance Institute and an associate member of The Chartered Governance Institute in the United Kingdom since 2009. She was appointed as one of the joint company secretaries of the Company on 30 August 2022.

Save as otherwise disclosed, there is no relationship (including financial, business, family or other material or relevant relationship) between any members of the Board, senior management or substantial shareholders or controlling shareholders of the Company, and no other information relating to the Directors that are required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

# CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2025.

## COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company focuses on maintaining high standard of corporate governance in order to achieve sustainable development and enhance corporate performance. The Board strives for adhering to the principles of corporate governance and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more values for its Shareholders. The Board continuously reviews and improves the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimize return for Shareholders. During the year ended 31 December 2025, the Company has applied the principles and complied with all code provisions set out in part 2 of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as amended from time to time (the “CG Code”), except for the deviation from the code provision C.1.7 of the CG Code.

As stipulated in code provision C.1.7 of the CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. The director liability insurance taken out by the Company for the Directors has lapsed on 1 April 2025. Despite reasonable efforts, the Company has yet to identify a suitable director liability insurance policy with reasonable premium while providing adequate cover to the Directors. The Company will continue to seek appropriate insurance cover in this regard.

## BOARD OF DIRECTORS

The Board’s major functions and duties are to oversee the management, businesses, strategic directions and financial performance of the Group as well as to maximize the financial performance of the Group and make decisions in the best interests of the Group. The Board is also fully responsible for the formulation of business plans and strategies in relation to the business operation of the Group, including dividend policy and risk management strategies. The Board has delegated the authority and responsibilities to the management for the day-to-day operations of the Group. In addition, the Board has also established Board committees and has delegated various responsibilities to these Board committees as set out in their respective terms of reference.

In addition, the Board is responsible for performing the corporate governance duties set out in code provision A.2.1 of the CG Code. For the year ended 31 December 2025, the Board has reviewed policies and practices on corporate governance of the Company, monitored the training and continuous professional development of the Directors and senior management of the Company, ensured the Company’s policies and practices are in compliance with legal and regulatory requirements and reviewed the code of conduct applicable to the Directors and employees of the Company. The Board has also reviewed the Company’s compliance with the CG Code for the year ended 31 December 2025 and has made disclosures in this Corporate Governance Report in accordance with the CG Code.

All Directors have separate and independent access to the Company’s senior management to fulfill their duties and, upon reasonable request in appropriate circumstances, all Directors can seek independent professional advice at the Company’s expense. The Board also has access to the joint company secretaries of the Company with a view to ensuring that Board procedures and all applicable rules and regulations are followed. The Board will review the implementation and effectiveness of the above mechanisms on an annual basis to ensure independent views and input are available to the Board.

### Composition of the Board

The Board currently consists of nine members, with four executive Directors, one non-executive Director and four independent non-executive Directors. During the year ended 31 December 2025, the Company had at all times complied with Rule 3.10 and Rule 3.10A of the Listing Rules. The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making. The Board believes that the non-executive Director and independent non-executive Directors have brought their independent judgment on issues in connection with the Group’s strategies, performance, conflict of interests and management process so that the interests of all Shareholders are considered and safeguarded.

The Company has received from each of the independent non-executive Directors an annual confirmation on his/her independence pursuant to the requirements of the Listing Rules for the year ended 31 December 2025 and the Company considers them to be independent in accordance with the guidelines for assessing independence set out in Rule 3.13 of the Listing Rules.

Save as disclosed in the section headed "Directors and Senior Management" in this annual report, the Board members have no financial, business, family or other material relationships with each other as at 31 December 2025.

### Practice and conducts of meetings

Notices of regular Board meetings are served to all Directors at least 14 days before the meetings. For Board committee meetings, reasonable notice is given. An agenda and accompanying Board papers with complete and reliable information are sent to all Directors at least three days in advance of the Board meetings. Materials for Board committee meetings are sent in accordance with the terms of reference of the relevant Board committees.

The joint company secretaries of the Company are responsible for taking and keeping minutes of all Board and Board committee meetings, which record sufficient details of the matters considered by the Board and Board committees and decisions made, including any proposal raised by the Directors or dissenting views expressed. The minutes are kept by the joint company secretaries and are open for inspection by the Directors.

During the year ended 31 December 2025 and up to the date of this annual report, the Board comprises the following Directors and the attendance of each Director at the Board meetings and the general meetings of the Company held during the year ended 31 December 2025 is set out as follows:

	<b>Attendance/ Number of Board meetings held during the year</b>	<b>Attendance/ Number of general meetings held during the year</b>
<b>Executive Directors</b>		
Mr. Hoi Kin Hong (Chairman of the Board and the Nomination Committee)	5/5	1/1
Mr. Hoi Wa Fong (Chief Executive Officer)	5/5	1/1
Mr. Xiao Qing Ping	5/5	1/1
Mr. Zhang Hong Feng	5/5	1/1
Ms. Shih Sze Ni Cecilia (retired on 13 June 2025)	2/2*	1/1*
<b>Non-executive Director</b>		
Ms. Hoi Wa Fan	5/5	1/1
<b>Independent Non-executive Directors</b>		
Mr. Au Yeung Po Fung (Chairman of the Audit Committee) (appointed on 1 August 2025)	3/3 <sup>(Note)</sup>	N/A <sup>(Note)</sup>
Mr. Mei Jian Ping (Chairman of the Remuneration Committee)	5/5	1/1
Mr. Ding Zu Yu	5/5	1/1
Ms. Liu Xiao Lan	5/5	1/1
Mr. Ngai Wai Fung (resigned on 1 August 2025)	2/2**	1/1**

Note: The attendance of Mr. Au Yeung Po Fung is stated by reference to the number of Board meetings and general meetings held during his tenure as a Director.

\* The attendance of Ms. Shih Sze Ni Cecilia is stated by reference to the number of Board meetings and general meetings held during her tenure as a Director.

\*\* The attendance of Mr. Ngai Wai Fung is stated by reference to the number of Board meetings and general meetings held during his tenure as a Director.

### Appointment and re-election of Directors

The procedures and process of appointment, re-election and removal of Directors are governed by the Company's articles of association (the "**Articles of Association**"), a copy of which has been published on the Stock Exchange's website and the Company's website.

The term of appointment of each of the Directors are set out in the section headed "Report of the Directors — Directors and Directors' Service Contracts" in this annual report.

Under the Articles of Association, the Board is empowered to appoint any person as a director to fill the casual vacancy or as an additional director of the Board. The Board, with the recommendation of the nomination committee of the Company (the "**Nomination Committee**"), will consider a candidate's experience, skills, knowledge and competency and ability to fulfill duty of care and diligence and fiduciary duty with reference to the Company's nomination policy and board diversity policy, the summaries of which are set out below. All Directors appointed to fill a casual vacancy are subject to election by shareholders at the first general meeting after their appointment, and every Director, including those appointed for a specific term, are subject to retirement by rotation at least once every three years. As such, no Director has a term of appointment longer than three years.

### Nomination Policy and Process for Nominating Directors

The Company has in place a nomination policy (the "**Nomination Policy**") which sets out the selection criteria and procedures to be adopted when considering candidates to be appointed or re-elected as Directors. The Nomination Policy aims to facilitate and regulate the process for nominating suitable candidates to the Board.

Pursuant to the Nomination Policy, the Nomination Committee shall identify suitable board candidates and make recommendation to the Board, after assessing a number of factors of a candidate, including but not limited to, character for integrity, accomplishment, experience and reputation in the real estate and other related industries, commitment in respect of available time and attention to the Company's business, independence of proposed independent non-executive Directors and diversity in all aspects. The Board shall have the final decision in relation to its nomination of any candidates to stand for election at a general meeting.

The Nomination Committee will review the Nomination Policy and recommend revision, as appropriate, to the Board for consideration and approval.

### Board Diversity Policy

The Board has adopted a board diversity policy (the "**Board Diversity Policy**") setting out the approach to achieve diversity on the Board and any measurable objectives that the Company has set for implementing the policy. The Company considered diversity of board members can be achieved through consideration of a number of aspects and measurable objectives, including but not limited to gender, age, ethnicity, language, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates is based on a range of diversified perspectives. The ultimate decision will be made upon the merits of the selected candidates and their contribution to the Board.

The Nomination Committee will review the Board Diversity Policy at least annually and recommend revision, as appropriate, to the Board for consideration and approval.

The Board currently comprises nine Directors, of which two Directors are female and seven Directors are male, and two Directors are within the age group of 41-50 whereas seven Directors are within the age group of over 51. With reference to the qualifications and working experience of the Directors, the Board is of the view that it has an appropriate mix of skills, experience and diversity that are relevant to the Company's strategy, governance and business.

The Board targets to maintain at least the current level of female representation. The Company will ensure that gender diversity is taken into account when recruiting staff members of mid to senior level and ensure that sufficient resources are available for providing appropriate trainings and career development to develop a pipeline of potential successors to the Board and maintain gender diversity.

### Workforce Diversity

The gender ratio in the workforce (including senior management) for the year ended 31 December 2025 is approximately 60:40. The Board considers that the gender diversity at workforce level of the Group is appropriately balanced. Further details of the composition of the Group's workforce are set out in the Environmental, Social and Governance Report of the Group for the year ended 31 December 2025 to be published on the websites of the Company and the Stock Exchange in accordance with the Listing Rules. The Group advocates equal and diversified human resources management and encourages gender diversity across its workplace. The Group has in place training programmes to nurture its employees and cultivate entrepreneurial talent, and to develop a broad and diverse pool of skilled and experienced employees. The Group will continue to seek opportunities to increase the proportion of female employees.

During the year ended 31 December 2025, the Board was not aware of any mitigating factors or circumstances which make achieving gender diversity across the workforce (including senior management) more challenging or less relevant.

### Directors' Responsibilities for the Financial Statements

The Directors acknowledged their responsibilities for preparation of the consolidated financial statements for the financial year ended 31 December 2025 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year ended 31 December 2025.

### Going Concern Basis

For the year ended 31 December 2025, the Group incurred a loss attributable to owners of the Company of approximately RMB5,887 million. As at 31 December 2025, the Group recorded net current liabilities of approximately RMB21,019 million and had borrowings in total of approximately RMB55,055 million, out of which approximately RMB34,223 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,242 million.

These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing and have considered the Group's cash flow projections prepared by management for a period of not less than 12 months from the end of reporting period. The plans and measures formulated to mitigate the liquidity pressure and to improve the financial position of the Group are set out in note 2.1(iii) to the consolidated financial statements. The Directors, taking into account the plans and measures set out in note 2.1(iii) to the consolidated financial statements, are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2025 on a going concern basis. The statement of the external auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

The Audit Committee and the Board agree with the Management's position and basis of assessment on major judgmental areas, and are of the view that, on the basis of successful execution of the Plans and Measures, the Group expects to be able to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the Audit Committee and the Board are of the view that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The Management will also continue to consider taking other appropriate actions to address the Going Concern Issue.

## CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Hoi Kin Hong is the chairman of the Board and Mr. Hoi Wa Fong is the chief executive officer of the Company. Responsibilities between the chairman of the Board and the chief executive officer of the Company are clearly divided and segregated to ensure a balance of power and authority and to reinforce their independence and accountability.

Mr. Hoi Kin Hong, being the chairman of the Board, is responsible for providing leadership to the Board and ensuring that the Board functions effectively, that the Directors receive adequate information which is complete and reliable in a timely manner, and that all the Directors are properly briefed on issues to be proposed at Board meetings. The chairman of the Board also encourages Directors to participate actively and to make a full contribution to the Board so that the Board acts in the best interests of the Group.

Mr. Hoi Wa Fong, being the chief executive officer of the Company, is responsible for the daily operations of the Group, execution of business policies, strategies, objectives and plans as formulated and adopted by the Board and leading the management of the Group.

## INDUCTION AND CONTINUING DEVELOPMENT OF DIRECTORS

Each newly appointed Director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of directors' responsibilities and obligations under the Listing Rules and the relevant statutory requirements.

Directors are continually updated on the latest statutory and regulatory regime and the business environment to facilitate the discharge of their responsibilities. Continual briefing and professional development trainings for the Directors will be arranged by the Company as necessary.

During the year ended 31 December 2025, the Company arranged professional training to Directors by way of seminar. The training is summarized as follows:

Title of seminar: The Newly Amended Listing Rules: Essentials for Directors on Corporate Governance and Compliance Requirements

Date of seminar: 18 December 2025

Presenter: Mr. Wang Ping Hui of SWCS Corporate Services Group (Hong Kong) Limited

Directors attended: Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping, Mr. Zhang Hong Feng, Ms. Hoi Wa Fan, Mr. Au Yeung Po Fung, Mr. Mei Jian Ping, Mr. Ding Zu Yu, Ms. Liu Xiao Lan

Mr. Au Yeung Po Fung was appointed as an independent non-executive Director on 1 August 2025. Mr. Au Yeung has confirmed that he (i) has obtained the legal advice referred to in Rule 3.09D of the Listing Rules on 24 July 2025, and (ii) understands his obligations as a director of a listed issuer under the Listing Rules.

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as the code of conduct for dealings in securities of the Company by the Directors. Specific enquiry has been made of all Directors and all Directors have confirmed that they had complied with the required standard as set out in the Model Code throughout the year ended 31 December 2025.

To comply with code provision C.1.3 of the CG Code, relevant employees who are likely to be in possession of unpublished inside information of the Group or its securities due to their offices or employment, are also subject to compliance with written guidelines no less exacting than the Model Code.

During the year ended 31 December 2025, no incident of non-compliance with the Model Code and the written guidelines by the Directors and the relevant employees was noted by the Company to date.

## BOARD COMMITTEES

During the year ended 31 December 2025, the Board had three Board committees, namely the audit committee (the “**Audit Committee**”), the remuneration committee (the “**Remuneration Committee**”) and the Nomination Committee, for overseeing particular aspects of the Company’s affairs. All Board committees are established with defined written terms of reference approved by the Board which set out the Board committees’ respective duties. Terms of reference of the Board committees are reviewed from time to time to cope with the latest amendments of the Listing Rules and the needs of the Company, and are available on the Stock Exchange’s website and the Company’s website.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, may seek independent professional advice in appropriate circumstances at the Company’s expense.

## AUDIT COMMITTEE

During the year ended 31 December 2025, the Audit Committee comprised all independent non-executive Directors:

Mr. Au Yeung Po Fung (Chairman of the Audit Committee) (appointed on 1 August 2025)  
 Mr. Mei Jian Ping  
 Mr. Ding Zu Yu  
 Ms. Liu Xiao Lan

Terms of reference of the Audit Committee were established pursuant to the requirements under Rule 3.21 of the Listing Rules and code provision D.3.3 of the CG Code. The primary duties of the Audit Committee are to:

- review the financial statements and reports, and consider any significant or unusual items raised by the external auditor before submission to the Board;
- review and monitor the relationship with the external auditor of the Company by reference to the work performed by the external auditor, their fees and terms of engagement, and make recommendations to the Board on the appointment, re-appointment and removal of external auditor;
- review the adequacy and effectiveness of the Company’s financial controls, internal control system, risk management system and the associated procedures; and
- develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board.

The Audit Committee provides supervision over the risk management and internal control systems of the Group and the effectiveness of the internal audit function of the Company, and reports to the Board on any material issues and makes recommendations to the Board.

During the year ended 31 December 2025, the Audit Committee held four meetings to discuss and review the financial results of the Group for the year ended 31 December 2024 and the interim results of the Group for the six months ended 30 June 2025 and the related reports of the Company. The chief financial officer of the Company and representatives of the external auditor of the Company attended the meetings regarding the preparation of the consolidated financial statements of the Company for the year ended 31 December 2024 on a going concern basis. The Audit Committee discussed with the Company's management and external auditor, and had no disagreement with the accounting treatment adopted by the Company. In addition, the Audit Committee (i) reviewed the effectiveness of the internal audit function of the Company to make recommendations to improve the Group's risk management and internal control systems; (ii) reviewed the independence and objectivity of the Company's external auditor and their remuneration, and made recommendation to the Board in respect of the re-appointment and appointment of the Company's external auditor; (iii) reviewed the continuing connected transactions of the Group; and (iv) considered the 2025 annual audit communication plan and audit strategy overview follow-up presented by the external auditor.

Attendance of individual members of the Audit Committee at the meetings held during the year ended 31 December 2025 is set out as follows:

Audit Committee Members	Attendance/ Number of Audit Committee meetings held during the year
Mr. Au Yeung Po Fung (appointed on 1 August 2025)	2/2 <sup>(Note)</sup>
Mr. Mei Jian Ping	4/4
Mr. Ding Zu Yu	4/4
Ms. Liu Xiao Lan	4/4
Mr. Ngai Wai Fung (resigned on 1 August 2025)	2/2*

Note: The attendance of Mr. Au Yeung Po Fung is stated by reference to the number of Audit Committee meetings held during his tenure as an Audit Committee member.

\* The attendance of Mr. Ngai Wai Fung is stated by reference to the number of Audit Committee meetings held during his tenure as an Audit Committee member.

## REMUNERATION COMMITTEE

During the year ended 31 December 2025, the Remuneration Committee comprised four members, the majority of which were independent non-executive Directors:

Mr. Mei Jian Ping (Chairman of the Remuneration Committee)  
 Mr. Hoi Wa Fong  
 Mr. Ding Zu Yu  
 Ms. Liu Xiao Lan

The Remuneration Committee has adopted written terms of reference in accordance with Rule 3.26 of the Listing Rules and prepared by reference to the requirements under code provision E.1.2 of the CG Code. The primary functions of the Remuneration Committee are to (i) make recommendations to the Board in relation to the remuneration policy and structure of all Directors and senior management, and to establish a formal and transparent procedure for assessing performance of the Directors and determining the remuneration policy in respect of the Directors and senior management of the Company; (ii) make recommendations, if any, on the remuneration packages for the Directors and senior management of the Company; and (iii) review and approve management's remuneration proposals with reference to the Group's corporate goal and objectives from time to time.

During the year ended 31 December 2025, the Remuneration Committee held one meeting to (i) review the remuneration policy and structure of the Company; and (ii) review and consider the remuneration packages for the Directors and senior management of the Company.

Attendance of individual members of the Remuneration Committee at the meeting held during the year ended 31 December 2025 is set out as follows:

<b>Remuneration Committee members</b>	<b>Attendance/ Number of Remuneration Committee meeting held during the year</b>
Mr. Mei Jian Ping	1/1
Mr. Hoi Wa Fong	1/1
Mr. Ding Zu Yu	1/1
Ms. Liu Xiao Lan	1/1

## NOMINATION COMMITTEE

During the year ended 31 December 2025, the Nomination Committee comprised four members, the majority of which were independent non-executive Directors:

Mr. Hoi Kin Hong (Chairman of the Nomination Committee)  
 Mr. Mei Jian Ping  
 Mr. Ding Zu Yu  
 Ms. Liu Xiao Lan

The Nomination Committee has adopted written terms of reference prepared by reference to the requirements under code provision B.3.1 of the CG Code. The primary functions of the Nomination Committee are to (i) review the structure, size and composition of the Board; (ii) identify individuals suitably qualified to become members of the Board and make recommendations on selection of individuals nominated for directorships; (iii) make recommendations to the Board on appointment or reappointment of Directors and succession planning for Directors; (iv) assess the independence of independent non-executive Directors; and (v) review the Nomination Policy and the Board Diversity Policy from time to time and as appropriate.

The Nomination Committee will assess the candidate based on criteria incumbent for acting as a Director such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities as a Director. The recommendations of the Nomination Committee will then be put to the Board for decision.

During the year ended 31 December 2025, the Nomination Committee held one meeting to (i) review the structure, size and composition of the Board; (ii) make recommendation to the Board in respect of the re-appointment of Directors; (iii) assess the independence of the independent non-executive Directors; and (iv) review the Nomination Policy and Board Diversity Policy, to ensure that it is in compliance with the Listing Rules and the CG Code.

The Nomination Committee considered that the Group achieved the objectives of the Board Diversity Policy for the year ended 31 December 2025.

Attendance of individual members of the Nomination Committee at the meeting held during the year ended 31 December 2025 is set out as follows:

<b>Nomination Committee members</b>	<b>Attendance/ Number of Nomination Committee meeting held during the year</b>
Mr. Hoi Kin Hong	1/1
Mr. Mei Jian Ping	1/1
Mr. Ding Zu Yu	1/1
Ms. Liu Xiao Lan	1/1

## RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges its responsibility in maintaining sound and effective internal control and risk management systems in order to safeguard the Group's assets and shareholders' interests, and reviewing the effectiveness of the Company's internal control and risk management systems at least annually so as to ensure that internal control and risk management systems in place are adequate and cover all material controls, including financial, operational and compliance controls. The internal control and risk management systems of the Company are designed to manage rather than eliminate the risk of failure to achieve business objectives of the Group, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group's internal control and risk management systems include a well-established organizational structure with clearly defined lines of responsibility and authority. The day-to-day departmental operations are entrusted to the individual department which is accountable for its own conduct and performance and is required to operate its own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Board from time to time. Each department is also required to keep the Board informed of the process used to identify, evaluate and manage significant risks, and of material developments of the department's business and implementation of the policies and strategies set by the Board on a regular basis.

At the same time, the Company has established a supervisory department that performs internal audit function of the Company (the "**Supervisory Department**"). The Supervisory Department is particularly responsible for risk management, review and audit of the finance and operations of the Group regularly. The purpose of the work of the Supervisory Department is to ensure the adequacy and effectiveness of the internal control and risk management systems of the Group. For shortcomings of the Group's internal controls and accounting procedures which the external auditor has identified and reported to the Company, the Company would pay full attention to the recommendations made by the external auditor and make appropriate improvements.

The Supervisory Department reports to the Audit Committee and the Board annually based on the implementation of the risk management and internal control systems. The Audit Committee monitors the risk management and internal control systems of the Group and reports to the Board for any material matters and makes recommendations to the Board.

The Board has conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management for the year ended 31 December 2025. The assessment was made by discussions with the management of the Company, its external and internal auditors and the review performed by the Audit Committee. The Board believes that the existing internal control and risk management systems are adequate and effective.

In addition, the Company has in place anti-corruption and whistle-blowing policies to raise anti-corruption awareness within the Group. The Board will conduct regular review of the implementation and effectiveness of such policies to uphold integrity and continually reinforce the organisation values of acting lawfully, ethically and responsibly.

## DISSEMINATION OF INSIDE INFORMATION

The Group has in place a framework for the disclosure of inside information by reference to the Guidelines on Disclosure of Inside Information issued by the Securities and Futures Commission. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in an appropriate and timely manner, such as steps to ascertain sufficient details, conduct internal assessment of the matter and its likely impact on the Company, seek professional advice where required and verification of the facts. Before the information is fully disclosed to the public, any persons who possess the knowledge of such information must ensure strict confidentiality and must not deal in any of the Company's securities.

## ANNUAL REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The remuneration of the Directors and senior management of the Company is determined in accordance with the Company's remuneration policy and structure.

The Remuneration Committee is responsible for reviewing the Group's emolument policy and structure for all the Directors and senior management of the Group, which were determined having regard to the Group's operating results, individual performance of the Directors and senior management and comparable market practices. Further details of the Directors' remuneration policy is set out in the paragraphs headed "Directors' Remuneration" in the Report of the Directors of this annual report.

Pursuant to code provision E.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2025 is set out as below:

Annual remuneration by band	Number of individuals
RMB800,001 and above	12
RMB600,001 to RMB800,000	–
RMB600,000 and below	1

Details of the remuneration of the Directors for the year ended 31 December 2025 are set out in note 41 to the financial statements. No Director has waived or has agreed to waive any emoluments during the year ended 31 December 2025.

During the year ended 31 December 2025, no director or any of the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office. Also, the Group did not pay consideration to any third parties for making available directors' services during the year.

## EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of external auditor of the Company about his reporting responsibilities on the Group's consolidated financial statements for the year ended 31 December 2025 is set out in the section headed "Independent Auditor's Report" in this annual report.

During the year ended 31 December 2025, the total fee paid/payable to the external auditor of the Company in respect of audit services and non-audit services is set out as follows:

Services rendered	(RMB million)
Audit services:	
Annual audit (including the review of interim results under Hong Kong Standard on Review Engagements 2410)	4.9
Non-audit services:	
Consulting services	0.7

## JOINT COMPANY SECRETARIES

Ms. Hai Di is the board secretary of the Company and Ms. Leung Wai Yan is a manager of corporate services of Vistra Corporate Services (HK) Limited. The primary contact person of Ms. Leung at the Company is Ms. Hai.

During the year ended 31 December 2025, Ms. Hai Di and Ms. Leung Wai Yan have undertaken not less than 15 hours of relevant professional training, respectively, in compliance with Rule 3.29 of the Listing Rules.

## SHAREHOLDER RELATIONS

The Company has in place a shareholders' communication policy. The Company believes that by adopting a policy of disclosing clear and relevant information to the Shareholders through publication of announcements, notices, circulars, interim and final reports in a timely manner, the Company is able to establish an effective and appropriate relationship with its Shareholders. Further, the Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong by post. To enhance the Company's transparency, other information of the Company is also published on the Company's website at <http://www.powerlong.com>. In addition to publication of information, the annual general meeting of the Company provides a forum for communication between Shareholders and the Directors. The chairman of the Board endeavours to personally chair the annual general meeting to ensure Shareholders' views are communicated to the Board. In addition to the chairman of the Board, the chairmen of the Board committees, or in their absence, other members of the respective Board committees, are available to answer any queries that Shareholders may have. The chairman of the Board will propose separate resolutions for each issue to be considered at the annual general meetings. The annual general meeting proceedings are reviewed from time to time to ensure that the Company follows the best corporate governance practices and Shareholders' rights are preserved. Notice of annual general meeting is delivered to all Shareholders at least 21 days prior to the date of the meeting, setting out details of each proposal and other relevant information. At the beginning of the meeting, the procedures for demanding and conducting a poll will be explained by the chairman of the meeting. Poll results are posted on the Company's website after the conclusion of the general meetings.

During the year ended 31 December 2025, the Company maintained sufficient contact details for Shareholders to put forward enquiries to the Board. In addition, the Company held an annual general meeting on 13 June 2025 at which Shareholders were able to communicate their views with the chairman of the Board. Corporate communications were published on the websites of the Company and the Stock Exchange in a timely manner. Based on the above, the Board considers the Company's shareholders' communication policy to be effective for the year ended 31 December 2025.

## PROCEDURES FOR SHAREHOLDERS TO REQUISITION AND CONVENE AN EXTRAORDINARY GENERAL MEETING (INCLUDING PROPOSING A RESOLUTION AT AN EXTRAORDINARY GENERAL MEETING)

Any one or more Shareholders holding at the date of deposit of the requisition not less than 10% of the voting rights, on a one vote per share basis, of the issued shares of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by a written requisition signed by the Eligible Shareholders concerned (the "**Requisition**"), to require the Board to convene an extraordinary general meeting, and/or to put any resolution so requisitioned to vote at such extraordinary general meeting.

Eligible Shareholder(s) who wish(es) to requisition the Board to convene an extraordinary general meeting for the purpose of proposing a resolution at the extraordinary general meeting must deposit the Requisition at the principal place of business of the Company in Hong Kong at Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong, for the attention of the joint company secretaries or via e-mail at the e-mail address of the Company at [boardteam@powerlong.com](mailto:boardteam@powerlong.com).

The Requisition must state clearly the names of the Eligible Shareholder(s) concerned, specify the objects of the meeting, and be signed by the Eligible Shareholder(s) concerned. The Eligible Shareholder(s) must prove their shareholding(s) in the Company to the satisfaction of the Company.

The Company will check the Requisition and the identity(ies) and the shareholding(s) of the Eligible Shareholder(s) will be verified with the Company's Hong Kong branch share registrar. If the Requisition is found to be proper and in order and in compliance with the Company's memorandum of association (the "**Memorandum**") and Articles of Association, the Board will within 21 days of the date of deposit of the Requisition, proceed duly to convene an extraordinary general meeting to be held within a further 21 days, for the purpose of putting any resolution(s) proposed by the Eligible Shareholder(s) to vote at such extraordinary general meeting. However, if the Requisition has been verified as not in order and not in compliance with the Memorandum and Articles of Association, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not convene an extraordinary general meeting and will not put any resolution(s) proposed by the Eligible Shareholder(s) to vote at any such extraordinary general meeting or any other general meeting of the Company.

If within 21 days of the date of deposit of the Requisition, the Board has not advised the Eligible Shareholder(s) that the Requisition is not in order and not in compliance with the Memorandum and Articles of Association, and the Board has failed to proceed to convene an extraordinary general meeting, the Eligible Shareholder(s) themselves (or any one or more of the Eligible Shareholders who hold(s) more than one-half of the total voting rights of all the Eligible Shareholders who signed the Requisition) may proceed to convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which general meetings may be convened by the Board in accordance with the Memorandum and Articles of Association, provided that the extraordinary general meeting so convened must be held before the expiration of three months from the date of deposit of the Requisition. All reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

## CHANGE IN CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2025, there was no change in the constitutional documents of the Company.

On 30 March 2026, the Board proposed to amend the existing Memorandum and Articles of Association to, among others, reflect the Stock Exchange's proposals and related rule amendments concerning (a) the introduction of a treasury shares regime; (b) the further expansion of the paperless listing regime and other rule amendments (including the use of electronic means for the giving and receipt of shareholder instructions); and (c) the implementation of an uncertificated securities market. For details, please refer to the announcement of the Company dated 30 March 2026 and the circular of the Company dated 28 April 2026.

## INVESTOR RELATIONS OVERVIEW

As a responsible listed company, the Company is committed to maintaining dynamic communications with its Shareholders and investors. The Company regularly updates the investors about the latest operations and financial performance of the Group through company website, corporate newsletters, site visits, one-on-one meetings, bank conferences and international roadshows.

Shareholders, investors and the media can make enquiries to the Company through the following means:

By post:	8/F, Powerlong Tower, 1399 Xinzhen Road, Minhang District, Shanghai, China Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue, Causeway Bay, Hong Kong
Attention:	Mr. Shi Jiankai
By email:	ir@powerlong.com

# REPORT OF THE DIRECTORS

The Directors are pleased to present their 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. Its subsidiaries are principally engaged in property development, property investment, commercial operational services and residential property management services, and other property development related services. Details of the principal activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

## RESULTS

The business review and financial review of the Group for the year ended 31 December 2025 are set out in the section headed "Management Discussion and Analysis" in this annual report.

The results of the Group for the year ended 31 December 2025 are set out on pages 74 to 176 of this annual report.

## DIVIDEND

The Board resolved not to recommend the payment of any final dividend for the year ended 31 December 2025.

## DIVIDEND POLICY

The Company has in place a dividend policy. Any declaration of dividends will depend upon a number of factors including the Group's earnings and financial conditions, operation requirements, capital requirements and any other conditions that any other Directors may deem or are relevant and will be subject to the approval of the Shareholders. There can be no assurance that dividends of any amount will be declared or distributed in any given year.

There is no arrangement under which a Shareholder has waived or agreed to waive any dividend.

## RESERVES

Details of movement in the reserves of the Group and the Company for the year ended 31 December 2025 are set out in the consolidated statement of changes in equity and in note 40(a) to the consolidated financial statements, respectively.

As at 31 December 2025, the Company has no distributable reserve (2024: same).

## SHARE CAPITAL

Details of movements in the share capital of the Group during the year ended 31 December 2025 are set out in note 20 to the consolidated financial statements.

## DEBENTURES

During the year ended 31 December 2025, the Company did not issue any debentures.

## EQUITY-LINKED AGREEMENTS

On 10 October 2025, the Company and members of an ad hoc group of holders of the Scheme Debt entered into the RSA in relation to the Restructuring. Pursuant to the RSA, subject to the relevant scheme of arrangement becoming effective, the Company would distribute to the Scheme Creditors certain scheme consideration, including, amongst other things, mandatory convertible bonds that are convertible into ordinary shares of the Company. For details, please refer to the Company's announcements dated 13 October 2025, 28 November 2025 and 19 December 2025.

Save as disclosed above, the Company has not entered into any and had no subsisting equity-linked agreement for the year ended 31 December 2025.

## PENSION SCHEMES

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans 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 Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Schemes Ordinance, which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

As at 31 December 2025, the Group did not have any forfeited contributions that were utilised to reduce the level of contributions under its defined contribution scheme.

## PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights over shares of the Company under the Articles of Association or the laws of Cayman Islands where the Company is incorporated.

## FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on pages 177 to 178 of this annual report.

## BORROWINGS

Particulars of borrowings of the Company and the Group as at 31 December 2025 are set out in note 23 to the consolidated financial statements.

## PROPERTY AND EQUIPMENT

Details of property and equipment of the Group are set out in note 6 to the consolidated financial statements.

## BUSINESS REVIEW

A review of the business of the Group during the year and a discussion of the Group's future business development are set out in the Chairman's Statement on pages 4 to 8 of this annual report. Description of possible risks and uncertainties facing the Company is set out in the Management Discussion and Analysis on pages 28 to 36 of this annual report. Particulars of important events affecting the Company that have occurred since the end of the financial year ended 31 December 2025 are set out in note 42 to the consolidated financial statements.

## ENVIRONMENTAL PROTECTION AND COMPLIANCE WITH LAWS AND REGULATIONS

The Group is committed to supporting environmental sustainability. Being a property developer and city complex operator in the PRC, the Group is subject to various environmental laws and regulations set by the PRC national, provincial and municipal governments. These include regulations on air and noise pollution and discharge of waste and water into the environment. Further details of the Group's environmental policies and performance will be set out in the Environmental, Social and Governance Report of the Group for the year ended 31 December 2025 to be published on the websites of the Company and the Stock Exchange in accordance with the Listing Rules.

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During the year ended 31 December 2025, the Group had complied with relevant laws and regulations that have significant impact on the operations of the Group. Further, any changes in applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

## RELATIONSHIP WITH STAKEHOLDERS

The Group recognizes that employees, customers and business partners are keys to its sustainable development. The Group is committed to establishing a close and caring relationship with its employees, providing quality services to its customers and enhancing cooperation with its business partners.

The Company provides a fair and safe workplace, promotes diversity to its staff, provides competitive remuneration and benefits and career development opportunities based on their merits and performance. The Group also puts ongoing efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Group understands that it is important to maintain good relationship with customers and provide the products in a way that satisfies needs and requirements of the customers. The Group enhances the relationship by continuous interaction with customers to gain insight on the changing market demand for products so that the Group can respond proactively. The Group has also established procedures in place for handling customers' complaints to ensure customers' complaints are dealt with properly in a timely manner.

The Group is also dedicated to developing good relationship with suppliers and contractors as long-term business partners to ensure stability of the Group's business. The Group reinforces business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery.

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors of the Company during the year ended 31 December 2025 and up to the date of this annual report are as follows:

### Executive Directors

Mr. Hoi Kin Hong (Chairman)  
 Mr. Hoi Wa Fong (Chief executive officer)  
 Mr. Xiao Qing Ping  
 Ms. Shih Sze Ni Cecilia (retired on 13 June 2025)  
 Mr. Zhang Hong Feng

### Non-executive Director

Ms. Hoi Wa Fan

### Independent Non-executive Directors

Mr. Ngai Wai Fung (resigned on 1 August 2025)  
 Mr. Au Yeung Po Fung (appointed on 1 August 2025)  
 Mr. Mei Jian Ping  
 Mr. Ding Zu Yu  
 Ms. Liu Xiao Lan

In accordance with Article 16.18 of the Company's Articles of Association, one-third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years. Accordingly, Mr. Hoi Wa Fong and Mr. Zhang Hong Feng, being executive Directors, and Mr. Mei Jian Ping, being an independent non-executive Director, will retire from office as Directors by rotation at the forthcoming annual general meeting to be convened and held on 12 June 2026 (the "**Annual General Meeting**"). Mr. Hoi Wa Fong, Mr. Zhang Hong Feng and Mr. Mei Jian Ping, being eligible, have offered themselves for re-election as Directors at the Annual General Meeting.

Mr. Au Yeung Po Fung was appointed by the Board as an independent non-executive Director on 1 August 2025. Pursuant to Article 16.2 of the Articles of Association, he will hold office as independent non-executive Director until the Annual General Meeting, and being eligible, he will offer himself for re-election as independent non-executive Director at the Annual General Meeting.

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong, Mr. Xiao Qing Ping and Mr. Zhang Hong Feng, the executive Directors and Ms. Hoi Wa Fan, the non-executive Director, have entered into service contracts with the Company for a term of three years commencing from 14 October 2024 to 13 October 2027. Mr. Mei Jian Ping, Mr. Ding Zu Yu and Ms. Liu Xiao Lan, the independent non-executive Directors, have entered into letters of appointment with the Company for a term of three years commencing from 14 October 2024 to 13 October 2027. Mr. Au Yeung Po Fung, the independent non-executive Director, has entered into a letter of appointment with the Company for a term of three years commencing from 1 August 2025 to 31 July 2028. None of the Directors, including Directors being proposed for re-election at the forthcoming Annual General Meeting, has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

## DIRECTORS' REMUNERATION

The Remuneration Committee considers and recommends to the Board on the remuneration and other benefits paid by the Company to the Directors. The remuneration of all Directors is subject to regular review by the Remuneration Committee to ensure that the levels of their remuneration and compensation are appropriate and will be determined in accordance with the Company's remuneration policy and structure.

Details of Directors' remuneration are set out in note 41 to the consolidated financial statements.

## MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2025.

## DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 38 to the consolidated financial statements and in the section headed "Connected Transactions" below, there was no other transaction, arrangement or contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2025.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2025 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's listed securities.

## DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan, being the Directors, are interested in certain companies engaged in the hotel operation business, which is ancillary to the Company's core business, namely, commercial property development and operation. The hotels operated by such companies are Xiamen Powerlong Hotel (廈門寶龍大酒店) and Jinjiang Powerlong Hotel (晉江寶龍大酒店). These two hotels are operated independently and in individual mode different from that of the Group, while the hotels included in the Group's development projects are developed as part of the large-scale and multifunctional commercial complexes. As such, there are no actual or potential competition between these two hotels and the hotels included in the Group's development projects. Details of Xiamen Powerlong Hotel and Jinjiang Powerlong Hotel are set out in the prospectus of the Company dated 25 September 2009 (the "**Prospectus**"). As at 31 December 2025, there were no changes in the above information as disclosed in the Prospectus.

Saved as disclosed above, as at 31 December 2025, none of the Directors or their respective close associates had interests in businesses which compete or are likely to compete, either directly or indirectly, with the business of the Group pursuant to the Listing Rules.

Each of Skylong Holdings Limited, Sky Infinity Holdings Limited, Walong Holdings Limited, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan has undertaken to the Company that, subject to the exceptions mentioned in the Prospectus, they will not engage in, and shall procure that their controlled affiliates (other than members of the Company) will not engage in any property development and hotel operation business in China. Details of the deed of non-competition (the "**Deed of Non-competition**") in favour of the Company are set out in the Prospectus.

The Company has received from Skylong Holdings Limited, Sky Infinity Holdings Limited, Walong Holdings Limited, Mr. Hoi Kin Hong, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan an annual confirmation that it/he/she had fully complied with its/his/her obligations under the Deed of Non-competition.

## INDEMNITY AND INSURANCE PROVISIONS

The Articles of Association provides that every Director shall be entitled to be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. Such provisions were in force during the course of the financial year ended 31 December 2025 and remained in force as of the date of this annual report. Please refer to page 44 of this annual report for further details on the director liability insurance taken out by the Company for the Directors.

## DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2025, the interests and short positions of each Director and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")) which (i) were recorded in the register required to be kept by the Company under section 352 of the SFO; or (ii) were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### (1) Long position in the shares and the underlying shares of the Company

Name of Directors	Number of ordinary shares					Approximate percentage of interests to the issued share capital of the Company (Note 1)
	Personal interests	Interests of spouse	Interests of controlled corporation	Other interests	Total	
Mr. Hoi Kin Hong	–	2,800,000	–	1,825,071,000 (Note 2)	1,827,871,000	44.15%
Mr. Hoi Wa Fong	–	503,400	–	597,568,000 (Note 3)	598,071,400	14.44%
Mr. Xiao Qing Ping	911,700	–	–	–	911,700	0.02%
Mr. Zhang Hong Feng	184,300	–	–	–	184,300	0.004%
Ms. Hoi Wa Fan	61,470,000	–	226,623,000 (Note 4)	–	288,093,000	6.96%

Notes:

- These percentages have been compiled based on the total number of issued shares (i.e. 4,140,403,000 shares) as at 31 December 2025.
- These shares are held by Skylong Holdings Limited, which is wholly-owned by Skylong Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Skylong Trust, a discretionary trust of which Mr. Hoi Kin Hong is the settlor. Pursuant to the SFO, Mr. Hoi Kin Hong is deemed to be interested in the shares held under the Skylong Trust.
- These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares held under the Sky Infinity Trust.
- These shares are held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd, which are wholly and beneficially owned by Ms. Hoi Wa Fan. Pursuant to the SFO, Ms. Hoi Wa Fan is deemed to be interested in the shares held by Walong Holdings Limited and Mantong (HK) Trading Co., Ltd.

**(2) Long position in the shares of associated corporations of the Company**

Name of Directors	Name of associated corporation	Number of ordinary shares				Total	Approximate percentage of interests to the issued share capital of the Company (Note 1)
		Personal interests	Interests of spouse	Interests of controlled corporation	Other interests		
Mr. Hoi Wa Fong	Powerlong CM	–	–	17,442,000 (Note 2)	1,500,000 (Note 3)	18,942,000	2.95%

Notes:

1. These percentages have been compiled based on the total number of issued shares of Powerlong CM (i.e. 642,900,000 shares) as at 31 December 2025.
2. Huihong Management (PTC) Limited (“**Huihong Management**”), the trustee of Huihong Trust, is wholly owned by Mr. Hoi Wa Fong. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong CM held by Huihong Management.
3. These shares are held by Sky Infinity Holdings Limited, which is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor. Pursuant to the SFO, Mr. Hoi Wa Fong is deemed to be interested in the shares of Powerlong CM held under the Sky Infinity Trust.

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

## SUBSTANTIAL SHAREHOLDERS' INTERESTS

As at 31 December 2025, the interests or short positions of the persons or corporations, other than a Director or chief executive of the Company, in the shares and underlying shares of the Company, 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 interests	Total number of ordinary shares and underlying shares (Note 1)	Approximate percentage of interests in the Company (Note 2)
TMF (Cayman) Ltd. (Notes 3 and 4)	Trustee	2,422,639,000	58.51%
Skylong Family Limited (Note 3)	Interest in controlled corporation	1,825,071,000	44.08%
Skylong Holdings Limited (Note 3)	Beneficial owner	1,825,071,000	44.08%
Sky Infinity Family Limited (Note 4)	Interest in controlled corporation	597,568,000	14.43%
Sky Infinity Holdings Limited (Note 4)	Beneficial owner	597,568,000	14.43%
Wason Holdings Limited	Beneficial owner	249,523,000	6.03%
Walong Holdings Limited	Beneficial owner	209,444,000	5.06%

Notes:

- All the interests represent long positions.
- These percentages have been compiled based on the total number of issued shares (i.e. 4,140,403,000 shares) as at 31 December 2025.
- Skylong Holdings Limited is wholly-owned by Skylong Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Skylong Trust, a discretionary trust of which Mr. Hoi Kin Hong is the settlor.
- Sky Infinity Holdings Limited is wholly-owned by Sky Infinity Family Limited, which is in turn 100% owned by TMF (Cayman) Ltd. in its capacity as the trustee of the Sky Infinity Trust, a discretionary trust of which Mr. Hoi Wa Fong is the settlor.

Save as disclosed above, as at 31 December 2025, the Directors are not aware of any other person or corporation, other than a Director or chief executive of the Company, who had any interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

## CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

There was no other contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its holding company was a party and in which a controlling shareholder had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year ended 31 December 2025.

## PURCHASE, SALE OR REDEMPTION OF THE GROUP'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during the year ended 31 December 2025. As at 31 December 2025, the Company did not hold any treasury shares.

## CONNECTED TRANSACTIONS

Certain related party transactions set out in note 38 to the consolidated financial statements also constituted connected transactions of the Company under Chapter 14A of the Listing Rules (including certain transaction which are exempted from the connected transaction requirements under Rule 14A.76(1) of the Listing Rules). The following transactions are the non-exempted connected transactions of the Group during the year ended 31 December 2025, which are required to be disclosed in accordance with Chapter 14A of the Listing Rules and for which the requirements under Chapter 14A have been complied with.

### Continuing Connected Transactions

(1) *Security Service Agreement with Fujian Ping An*

On 1 July 2010, the Company and Fujian Ping An Security Devices and Network Co., Ltd. ("**Fujian Ping An**") entered into a security service agreement (the "**Security Service Agreement**") for a term from 1 July 2010 to 31 December 2012. Pursuant to the Security Service Agreement, Fujian Ping An agreed to provide certain security intelligentization system services (the "**Security Services**") to the Group. Upon expiry of the term of the Security Service Agreement, the parties entered into a renewal agreement on 28 December 2012 for an extension of the term to 31 December 2015 (the "**2013 Security Service Agreement**"), further entered into a renewal agreement on 28 December 2015 for a further extension of the term to 31 December 2018 (the "**2016 Security Service Agreement**"), further entered into a renewal agreement on 27 December 2018 for a further extension of the term to 31 December 2021 (the "**2019 Security Service Agreement**"), further entered into a renewal agreement on 28 December 2021 for a further extension of the term to 31 December 2024 (the "**2022 Security Service Agreement**") and further entered into a renewal agreement on 1 October 2024 for a further extension of the term to 31 December 2027 (the "**2025 Security Service Agreement**"). Details of the Security Service Agreement, 2013 Security Service Agreement, 2016 Security Service Agreement, 2019 Security Service Agreement, 2022 Security Service Agreement and 2025 Security Service Agreement are set out in the announcements of the Company dated 1 July 2010, 28 December 2012, 28 December 2015, 27 December 2018, 28 December 2021 and 1 October 2024 respectively.

Fujian Ping An was owned as to 80% by Mr. Cai Guo Liang. Mr. Cai Guo Liang is a relative of Mr. Hoi Wa Fong, an executive Director and a substantial shareholder of the Company. Fujian Ping An was therefore an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2025 Security Service Agreement constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the 2025 Security Service Agreement, it was expected that the transaction amounts of the Group for each of the three years ending 31 December 2027 would not exceed RMB85,000,000, RMB85,000,000 and RMB83,000,000 respectively. For the year ended 31 December 2025, the actual total amount of transactions conducted under the 2025 Security Service Agreement was RMB14,812,000, which did not exceed the annual cap for the year ended 31 December 2025 of RMB85,000,000.

(2) *Digitalization Service Agreement with Shanghai Yueshang*

On 17 April 2020, the Company entered into a digitalization service agreement (the “**Digitalization Service Agreement**”) with 悦商科技(上海)有限公司 (Yueshang Technology (Shanghai) Co., Ltd.\*) (formerly known as 上海悦商信息科技有限公司 (Shanghai Yueshang Information Technology Co., Ltd.\*), (“**Shanghai Yueshang**”). Shanghai Yueshang agreed that it will provide digitalization technology services (the “**Digitalization Services**”) to the Group for a term of three years with retrospective effect from 1 January 2020 and ending on 31 December 2022 (both days inclusive). Upon expiration of the terms of the Digitalization Service Agreement, renewal agreements were entered into among the parties on 28 December 2022 for a term ending 31 December 2025 (the “**2023 Digitalization Service Agreement**”) and another renewal agreements were entered into among the parties on 1 December 2025 for a term ending 31 December 2028 (the “**2026 Digitalization Service Agreement**”). For details of the Digitalization Service Agreement, the 2023 Digitalization Service Agreement and the 2026 Digitalization Service Agreement, please refer to the announcements of the Company dated 17 April 2020, 6 May 2020, 28 December 2022 and 1 December 2025.

Shanghai Yueshang was owned as to 33.8% by Mr. Hoi Wa Fong, an executive Director and a substantial shareholder of the Company, and as to 8.3% by Shanghai Jiashang Digital Technology Company Limited, a non-wholly-owned subsidiary of the Company, with the remaining 57.9% interests being owned by other independent third parties. Shanghai Yueshang was therefore an associate of Mr. Hoi Wa Fong and hence a connected person at the listed issuer level of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2023 Digitalization Service Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Pursuant to the 2023 Digitalization Service Agreement, it was expected that the transaction amount of the Group for each of the three years ending 31 December 2025 would not exceed RMB50,100,000, RMB57,500,000 and RMB61,000,000, respectively. For the year ended 31 December 2025, the actual total amount of transactions conducted under the 2023 Digitalization Service Agreement was RMB9,744,000, which did not exceed the annual cap for the year ended 31 December 2025 of RMB61,000,000.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company confirmed that the aforesaid continuing connected transactions during the year ended 31 December 2025 have been entered into: (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or on terms no less favorable to the Group than terms available to or from independent third parties; and (c) in accordance with the relevant agreements governing the respective transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

Save as disclosed above, as at 31 December 2025, there were no other related party transactions or continuing related party transactions set out in note 38 to the consolidated financial statements which falls under the definition of “connected transaction” or “continuing connected transaction” and are subject to the disclosure requirements in accordance with Chapter 14A of the Listing Rules. Further, the Company has complied with all applicable disclosure requirements in relation to the aforesaid connected transaction and continuing connected transactions in accordance with Chapter 14A of the Listing Rules.

In accordance with Rule 14A.56 of the Listing Rules, the Company’s auditor was engaged to report on the Group’s continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information” and with reference to Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants. The auditor of the Company has provided a letter to the Board confirming that nothing has come to its attention that caused it to believe that the continuing connected transactions (i) have not been approved by the Board; (ii) were not, in all material aspects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (iii) were not entered into, in all material aspects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the cap.

## DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

### Facility Agreement dated 8 July 2019

On 8 July 2019, the Company as the borrower, entered into a facility agreement (the “**July 2019 Facility Agreement**”) with a group of lenders in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US\$200,000,000 (which includes an accordion feature) (the “**2019 Term Loan Facility**”), the repayment period of which was subsequently extended by 24 months. Pursuant to the 2019 Term Loan Facility, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial ownership of not less than 40% of the entire issued share capital of the Company; and (iii) maintain management control of the Company. Details of the 2019 Term Loan Facility are set out in the announcement of the Company dated 8 July 2019.

### Facility Agreement dated 13 May 2020

On 13 May 2020, the Company as the borrower, Industrial and Commercial Bank of China (Macau) Limited (“**ICBC Macau**”) as the arranger, ICBC Macau and the financial institutions set out therein, as the original lenders and ICBC Macau as the agent, and other parties thereto, entered into a facility agreement (the “**May 2020 Facility Agreement**”) in relation to a 42-month term dual currency triple tranche loan facility in an amount of up to US\$200 million equivalent (which includes incremental facilities) (the “**May 2020 Term Loan Facility**”). Pursuant to the May 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 13 May 2020 for further details of the May 2020 Term Loan Facility.

### Facility Agreement dated 30 June 2020

On 30 June 2020, the Company as the borrower, China CITIC Bank International Limited, The Bank of East Asia, Limited and The Hongkong and Shanghai Banking Corporation Limited (“**HSBC**”) as the mandated lead arranger and bookrunner, the financial institutions set out therein, as the original lenders and HSBC as the agent, and other parties thereto, entered into a facility agreement (the “**June 2020 Facility Agreement**”) in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US\$300 million equivalent (which includes incremental facilities) (the “**June 2020 Term Loan Facility**”). Pursuant to the June 2020 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 30 June 2020 for further details of the June 2020 Term Loan Facility.

### Facility Agreement dated 9 July 2021

On 9 July 2021, the Company as the borrower, The Bank of East Asia Limited, Macau Branch and Luso International Banking Limited (“**Luso Bank**”) as the mandated lead arranger and coordinator, the financial institutions set out therein, as the original lenders and Luso Bank as the agent, and other parties thereto, entered into a facility agreement (the “**July 2021 Facility Agreement**”) in relation to a 42-month term dual currency triple tranche loan facility in an amount of up to US\$200 million equivalent (which includes incremental facilities) (the “**July 2021 Term Loan Facility**”). Pursuant to the July 2021 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 9 July 2021 for further details of the July 2021 Term Loan Facility.

### Facility Agreement dated 9 August 2021

On 9 August 2021, the Company as the borrower, Bank of China (Hong Kong) Limited, Bank of Communications (Hong Kong) Limited, The Bank of East Asia Limited and HSBC as the mandated lead arranger and coordinator, the financial institutions set out therein as the original lenders and HSBC as the agent, and other parties thereto, entered into a facility agreement (the “**August 2021 Facility Agreement**”) in relation to a 42-month term dual currency dual tranche loan facility in an amount of up to US\$210 million equivalent (which includes incremental facilities) (the “**August 2021 Term Loan Facility**”). Pursuant to the August 2021 Facility Agreement, it is an event of default, among other things, if the Company does not comply with the undertaking to procure that Mr. Hoi Kin Hong and Mr. Hoi Wa Fong, in aggregate, (i) remain as the single largest shareholder of the Company; (ii) maintain (directly or indirectly) beneficial equity interest of not less than 40% of the total issued shares of the Company; and (iii) maintain management control of the Company. Please refer to the announcement of the Company dated 9 August 2021 for further details of the August 2021 Term Loan Facility.

As at 31 December 2025, each of the July 2019 Facility Agreement, the May 2020 Facility Agreement, the June 2020 Facility Agreement, the July 2021 Facility Agreement and the August 2021 Facility Agreement subsisted, which triggered the disclosure obligation under Rule 13.21 of the Listing Rules.

## CORPORATE GOVERNANCE

The Company is committed to the establishment of good corporate governance practices and procedures with a view to enhancing investors’ confidence to the Company and the Company’s accountability. Information on the corporate governance practices adopted by the Company is set out in the “Corporate Governance Report” on pages 44 to 55 of this annual report. The Company will continue to review and monitor its corporate governance practices to ensure compliance with the CG Code.

## SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2025 and up to the date of this annual report, the Company has maintained a sufficient public float of more than 25% of the Company’s total number of issued shares as required under the Listing Rules.

## MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, the aggregate sales attributable to the Group’s five largest customers were less than 30% of the Group’s total sales, and the aggregate purchases attributable to the Group’s five largest suppliers were less than 30% of the Group’s total purchases.

None of the Directors, their close associates (as defined in the Listing Rules) or any Shareholder (who to the knowledge of the Directors owns more than 5% of the number of issued shares of the Company) had any interest in any of the five largest customers or suppliers of the Group.

## DONATIONS

Charitable and other donations made by the Group during the year ended 31 December 2025 amounted to approximately RMB21,000 (2024: approximately RMB246,000).

## AUDITOR

References are made to the announcements of the Company dated 24 March 2022, 3 September 2024 and 28 October 2024.

With effect from 24 March 2022, PricewaterhouseCoopers (“**PwC**”) resigned as the auditor of the Company and Elite Partners CPA Limited (“**Elite Partners**”) was appointed by the Board to fill the casual vacancy following the resignation of PwC. Elite Partners was reappointed as the auditor of the Company by the Shareholders at the annual general meetings of the Company held on 16 June 2023 and 14 June 2024, respectively.

With effect from 3 September 2024, Elite Partners resigned as the auditor of the Company. The Board resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of KTC Partners CPA Limited (“**KTC Partners**”) as the new auditor of the Company with effect from 28 October 2024 to fill the casual vacancy following the resignation of Elite Partners.

Save as disclosed above, there was no change in the external auditor of the Company for the three years preceding the date of this annual report.

The consolidated financial statements for the year ended 31 December 2025 have been audited by KTC Partners who shall retire at the forthcoming Annual General Meeting. A resolution will be proposed at the forthcoming Annual General Meeting for the re-appointment of KTC Partners as the auditor of the Company.

On behalf of the Board

**Hoi Kin Hong**  
*Chairman*

Hong Kong, 30 March 2026

# INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2025

## To the Shareholders of Powerlong Real Estate Holdings Limited

*(incorporated in the Cayman Islands with limited liability)*

### OPINION

We have audited the consolidated financial statements of Powerlong Real Estate Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 74 to 176, which comprise the consolidated balance sheet as at 31 December 2025, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

### BASIS FOR OPINION

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

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2.1 to the consolidated financial statements that the Group incurred a loss attributable to owners of the Company of approximately RMB5,887 million. As at 31 December 2025, the Group recorded net current liabilities of approximately RMB21,019 million and had borrowings in total of approximately RMB55,055 million, out of which approximately RMB34,223 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,242 million. As at 31 December 2025, the Group had certain indebtedness, including senior notes, corporate bonds, commercial mortgage backed securities and bank and other borrowings, with an aggregated carrying amount of approximately RMB23,569 million that were defaulted or cross defaulted. These conditions, along with the current situation as set forth in note 2.1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

## KEY AUDIT MATTERS (CONTINUED)

Key Audit Matters	How our audit addressed the Key Audit Matter
<p><b>Valuation of investment properties</b></p> <p>Refer to Notes 4(d) and 7 to the consolidated financial statements</p> <p>The Group's investment properties are stated at fair value. As at 31 December 2025, the Group's investment properties amounted to RMB74,528 million, which represents 44% of the Group's total assets, and the fair value losses on investment properties for the year ended 31 December 2025 amounted to RMB4,193 million.</p> <p>Independent external valuations were obtained for certain of the Group's investment properties (including completed and under construction) in order to support management's estimates. The valuations of investment properties are dependent on certain key estimates and assumptions that require significant management judgement, including term yields and reversionary yields, fair market rents and fair market prices. The valuations of investment properties under construction are also dependent upon the estimated costs to complete.</p> <p>We paid significant attention to this area due to the material balance and fair value loss of investment properties to the Group's consolidated financial statements and the estimation of the valuations of investment properties subject to high degree of estimation uncertainty. The inherent risk in relation to this area is considered significant due to critical judgement involved in determining the critical estimates and assumptions used in the valuations.</p>	<p>Our procedures in relation to management's valuation of investment properties included:</p> <ul style="list-style-type: none"> <li>(i) We obtained an understanding of the Management's internal control and assessment process of the valuations of investment properties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors, such as complexity, subjectivity, changes and susceptibility to management bias or fraud;</li> <li>(ii) We evaluated the competence, capabilities and objectivity of the independent external valuers;</li> <li>(iii) We assessed the appropriateness of methodologies used and the reasonableness of the key estimates and assumptions applied in the valuations, including term yields and reversionary yields, fair market rents and fair market prices. We compared the term yields, reversionary yields, market rents and market prices used in the valuations to our internally developed benchmarks, which are based on our recent experience and market research in the locations and segments of the Group's investment properties. We have also conducted a sensitivity analysis over the key assumptions;</li> <li>(iv) We checked the accuracy and relevance of the input data used in the valuations;</li> <li>(v) For investment properties under construction, we assessed the reasonableness of management's estimates of costs to complete by checking the total budgeted construction costs against the signed contracts with vendors and actual construction costs of similar properties and tested the actual costs incurred up to date.</li> </ul>

## OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

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

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

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

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

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

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

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

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

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

### **KTC Partners CPA Limited**

*Certified Public Accountants (Practising)*

Chow Yiu Wah, Joseph

Audit Engagement Director

Practising Certificate Number P04686

Hong Kong, 30 March 2026

# CONSOLIDATED BALANCE SHEET

As at 31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	6	5,162,387	6,284,630
Investment properties	7	74,527,594	77,269,444
Intangible assets		3,059	4,282
Goodwill		20,640	20,640
Investments accounted for using the equity method	16	6,502,082	8,565,449
Deferred income tax assets	24	2,290,353	2,409,599
Financial assets at fair value through other comprehensive income	15	46,462	47,963
		<b>88,552,577</b>	94,602,007
<b>Current assets</b>			
Properties under development	9	23,800,969	44,714,925
Completed properties held for sale	10	19,058,916	15,023,720
Contract assets		192,883	159,738
Trade receivables	11	1,374,947	1,477,684
Other receivables	12	23,430,217	23,230,120
Prepayments	13	3,424,675	3,450,176
Prepaid taxes		1,449,149	1,813,757
Financial assets at fair value through profit or loss	14	10,110	9,373
Restricted cash	18	1,872,738	1,431,604
Cash and cash equivalents	19	5,368,987	6,103,770
		<b>79,983,591</b>	97,414,867
<b>Total assets</b>		<b>168,536,168</b>	192,016,874
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	20	36,779	36,779
Other reserves	21	1,759,271	2,167,906
Retained earnings		24,930,156	30,831,900
		<b>26,726,206</b>	33,036,585
<b>Non-controlling interests</b>		<b>13,428,491</b>	16,362,094
<b>Total equity</b>		<b>40,154,697</b>	49,398,679

CONSOLIDATED BALANCE SHEET

As at 31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	23	20,832,253	31,541,550
Lease liabilities	8	515,898	1,181,343
Deferred income tax liabilities	24	6,030,331	6,802,609
		<b>27,378,482</b>	39,525,502
<b>Current liabilities</b>			
Borrowings	23	34,222,683	26,179,508
Trade and other payables	25	39,497,965	39,520,893
Contract liabilities	26	9,466,485	20,024,086
Current income tax liabilities	27	17,731,624	17,298,802
Lease liabilities	8	84,232	69,404
		<b>101,002,989</b>	103,092,693
<b>Total liabilities</b>		<b>128,381,471</b>	142,618,195
<b>Total equity and liabilities</b>		<b>168,536,168</b>	192,016,874

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

The consolidated financial statements on pages 74 to 176 were approved and authorised for issue by the Board of Directors on 30 March 2026 and were signed on its behalf by:

**Hoi Kin Hong**  
Director

**Hoi Wa Fong**  
Director

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

		2025	2024
	Notes	RMB'000	RMB'000
Revenue	5	22,637,190	25,757,351
Cost of sales	28	(21,333,392)	(23,410,105)
<b>Gross profit</b>		<b>1,303,798</b>	2,347,246
Fair value losses on investment properties – net	7	(4,193,334)	(3,326,616)
Selling and marketing costs	28	(418,428)	(667,954)
Administrative expenses	28	(1,112,647)	(1,169,936)
Net impairment losses on financial assets		(226,177)	(258,264)
Other income and gains – net	30	64,204	423,597
<b>Operating loss</b>		<b>(4,582,584)</b>	(2,651,927)
Finance costs – net	31	(1,038,036)	(1,994,601)
Share of losses of investments accounted for using the equity method	16	(663,469)	(13,400)
<b>Loss before income tax</b>		<b>(6,284,089)</b>	(4,659,928)
Income tax expense	32	(560,777)	(838,524)
<b>Loss for the year</b>		<b>(6,844,866)</b>	(5,498,452)
<b>Other comprehensive income/(expense)</b>			
<i>Items that may be reclassified to profit or loss</i>			
Currency translation differences	21	17	5,024
<i>Items that will not be reclassified to profit or loss</i>			
Changes in the fair value of financial assets at fair value through other comprehensive income, net of tax	21	(1,126)	(1,769)
<b>Total other comprehensive (expense)/income for the year, net of tax</b>		<b>(1,109)</b>	3,255
<b>Total comprehensive loss for the year</b>		<b>(6,845,975)</b>	(5,495,197)
<b>(Loss)/profit attributable to:</b>			
Owners of the Company		(5,886,744)	(5,765,033)
Non-controlling interests		(958,122)	266,581
		<b>(6,844,866)</b>	(5,498,452)
<b>Total comprehensive (loss)/income attributable to:</b>			
Owners of the Company		(5,887,853)	(5,761,778)
Non-controlling interests		(958,122)	266,581
		<b>(6,845,975)</b>	(5,495,197)
Loss per share for loss attributable to owners of the Company for the year (expressed in RMB cents per share) – Basic and Diluted	33	(142.2)	(139.2)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company					
	Share capital	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000 (Note 20)	RMB'000 (Note 21)	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2025</b>						
Balance at 1 January 2025	36,779	2,167,906	30,831,900	33,036,585	16,362,094	49,398,679
Comprehensive (expense)/income:						
Loss for the year	-	-	(5,886,744)	(5,886,744)	(958,122)	(6,844,866)
Other comprehensive (expense)/income for the year						
– Changes in the fair value of financial assets at fair value through other comprehensive income	-	(1,126)	-	(1,126)	-	(1,126)
– Currency translation differences	-	17	-	17	-	17
Total comprehensive (loss)/income for the year	-	(1,109)	(5,886,744)	(5,887,853)	(958,122)	(6,845,975)
Transactions with owners:						
– Dividends	-	-	-	-	(217,226)	(217,226)
– Changes in ownership interests in subsidiaries without change of control	-	(427,057)	-	(427,057)	610,867	183,810
– Employee share award scheme	-	4,531	-	4,531	1,157	5,688
– Capital withdrawn by non-controlling interests	-	-	-	-	(2,104,150)	(2,104,150)
– Disposal of subsidiaries	-	-	-	-	(266,129)	(266,129)
Total transactions with owners	-	(422,526)	-	(422,526)	(1,975,481)	(2,398,007)
– Transfer to statutory reserve	-	15,000	(15,000)	-	-	-
Balance at 31 December 2025	36,779	1,759,271	24,930,156	26,726,206	13,428,491	40,154,697

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2025

	Attributable to owners of the Company				Holders of Perpetual Capital Instruments	Non- controlling interests	Total equity
	Share capital	Other reserves	Retained earnings	Total			
	RMB'000 (Note 20)	RMB'000 (Note 21)	RMB'000	RMB'000			
<b>Year ended 31 December 2024</b>							
Balance at 1 January 2024	36,779	2,181,992	36,249,392	38,468,163	578,942	16,271,735	55,318,840
Comprehensive (expense)/income:							
(Loss)/profit for the year	-	-	(5,765,033)	(5,765,033)	-	266,581	(5,498,452)
Other comprehensive (expense)/income for the year							
– Changes in the fair value of financial assets at fair value through other comprehensive income	-	(1,769)	-	(1,769)	-	-	(1,769)
– Currency translation differences	-	5,024	-	5,024	-	-	5,024
Total comprehensive (loss)/income for the year	-	3,255	(5,765,033)	(5,761,778)	-	266,581	(5,495,197)
Transactions with owners:							
– Dividends (Note 40(a))	-	-	352,990	352,990	-	(128,793)	224,197
– Changes in ownership interests in subsidiaries without change of control	-	21,044	-	21,044	-	(26,083)	(5,039)
– Employee share award scheme	-	(43,834)	-	(43,834)	-	(21,346)	(65,180)
– Transfer to borrowings (Note 23(b))	-	-	-	-	(578,942)	-	(578,942)
Total transactions with owners	-	(22,790)	352,990	330,200	(578,942)	(176,222)	(424,964)
– Transfer to statutory reserve	-	5,449	(5,449)	-	-	-	-
Balance at 31 December 2024	36,779	2,167,906	30,831,900	33,036,585	-	16,362,094	49,398,679

The above consolidated statement of change in equity should be read in conjunction with the accompanying notes.

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

		2025	2024
	Note	RMB'000	RMB'000
<b>Cash flows from operating activities</b>			
Cash generated from operations	35	4,566,705	4,750,517
PRC corporate income tax paid		(291,625)	(296,796)
PRC land appreciation tax paid		(235,893)	(434,187)
Interest paid		(1,030,055)	(2,305,735)
<b>Cash generated from operating activities</b>		<b>3,009,132</b>	<b>1,713,799</b>
<b>Cash flows from investing activities</b>			
Net cash inflow in disposal of subsidiaries		153,897	–
Purchases of property and equipment		(129,397)	(176,436)
Purchases of intangible assets		(1,213)	(148)
Payments of construction fee and land use right of investment properties		(1,317,233)	(3,164,148)
Proceeds from disposal of property and equipment		541,600	193,205
Proceeds from disposal of investment properties		153,953	71,350
Proceeds from disposal of financial assets at fair value through profit or loss		2,300	119,239
Proceeds from disposal of joint ventures and associates		40,000	–
Dividend received from joint ventures and associates		674,035	254,787
Investments in joint ventures and associates		(26,324)	(351,802)
Cash advances made to joint ventures, associates and non-controlling interests		(3,395,360)	(1,569,177)
Collection of cash advances from joint ventures, associates and non-controlling interests		3,931,728	4,268,704
Interest received		49,648	79,430
Decreased/(increased) in bank deposit		(5,195)	109
<b>Cash generated from/(used in) investing activities</b>		<b>672,439</b>	<b>(274,887)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2025

		2025	2024
	Note	RMB'000	RMB'000
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		–	235,552
Repayments of borrowings		(2,187,795)	(2,212,168)
Restricted cash released from borrowings		13,915	1,494
Cash advances from parties controlled by ultimate controlling shareholders		318,368	1,201,634
Cash advances from joint ventures, associates and non-controlling interests		1,012,202	1,359,611
Repayment of cash advances to parties controlled by ultimate controlling interests		(324,839)	(840,174)
Repayments of cash advances to joint ventures, associates and non-controlling interests		(3,136,098)	(2,553,238)
Proceeds from disposal of partial interests in subsidiaries to non-controlling interests		183,810	9,961
Purchases of partial interests in subsidiaries from non-controlling interests		–	(15,000)
Dividends paid		(217,226)	(128,793)
Principal elements and interest expenses of lease payments		(76,680)	(130,090)
<b>Cash used in financing activities</b>		<b>(4,414,343)</b>	<b>(3,071,211)</b>
Decrease in cash and cash equivalents		(732,772)	(1,632,299)
Cash and cash equivalents at beginning of year	19	6,103,770	7,734,844
Effects of foreign exchange rate changes on cash and cash equivalents		(2,011)	1,225
<b>Cash and cash equivalents at end of the year</b>	19	<b>5,368,987</b>	<b>6,103,770</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

## 1 GENERAL INFORMATION

Powerlong Real Estate Holdings Limited (the “Company”) was incorporated in the Cayman Islands on 18 July 2007 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of the Company’s registered office is P.O. Box 309, Uglan House, Grand Cayman, KY1-1104, Cayman Islands. The Company’s principal activity is investment holding. The Company and its subsidiaries (together, the “Group”) are principally engaged in property development, property investment, provision of commercial operational services, provision of residential property management services and other property development related services in the People’s Republic of China (the “PRC”).

In the opinion of the directors of the Company, the Company’s immediate holding company is Skylong Holdings Limited, and its ultimate holding company is Skylong Family Limited, both of which are companies incorporated in the British Virgin Islands. The ultimate controlling shareholder of the Company is Mr. Hoi Kin Hong, the Chairman and an executive director of the Company.

The Company has been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 14 October 2009.

These consolidated financial statements are presented in thousand Renminbi (“RMB’000”), unless otherwise stated.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION

### 2.1 Basis of preparation

- (i) *Compliance with HKFRS Accounting Standards, disclosures required by the Stock Exchange and Hong Kong Companies Ordinance (“HKCO”)*

These consolidated financial statements of the Group have been prepared in accordance with all applicable HKFRS Accounting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and by the HKCO.

- (ii) *Historical cost convention*

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets measured at fair value and investment properties which are carried at fair value.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.1 Basis of preparation (continued)

(iii) *Going concern basis*

For the year ended 31 December 2025, the Group incurred a loss attributable to owners of the Company of approximately RMB5,887 million. As at 31 December 2025, the Group recorded net current liabilities of approximately RMB21,019 million and had borrowings in total of approximately RMB55,055 million, out of which approximately RMB34,223 million was included in current liabilities, while its total cash (including cash and cash equivalents and restricted cash) amounted to approximately RMB7,242 million. As at 31 December 2025, the Group had certain indebtedness, including senior notes, corporate bonds, commercial mortgage backed securities and bank and other borrowings, with an aggregated carrying amount of approximately RMB23,569 million that were defaulted or cross defaulted, details of which are set out in note 23 to the consolidated financial statements.

These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, the directors of the Company (the "Directors") have given careful consideration to the future liquidity and performance of the Group and the Group's available sources of financing and have considered the Group's cash flow projections prepared by management for a period of not less than 12 months from the end of the reporting period. The following plans and measures are formulated with the objective to mitigate the liquidity pressure of the Group:

- On 10 October 2025, the Company entered into a restructuring support agreement ("RSA") with an ad hoc group of holders ("AHG") of the various existing notes issued or guaranteed by the Company with aggregate principal amount of approximately RMB15,301 million and the existing loans entered into or guaranteed by the Group with aggregate principal amount of approximately RMB4,419 million (collectively referred to as the "Scheme Debt") to the restructuring of the Scheme Debt ("Restructuring") for a holistic management solution for the Company's offshore indebtedness ("Holistic Solution"), which consists of one or a combination of different options at the selection of the creditors of the Company with respect to the Scheme Debt ("Scheme Creditors") for the satisfaction of the restructuring consideration, with an objective to address the current liquidity issues. As at 19 December 2025 (being the date of the extended consent fee deadline), holders of over 85.48% of the Scheme Debt have submitted letters to accede to the RSA.

Under the terms and conditions in connection with the Restructuring, one of the options for satisfaction of the restructuring consideration involves, amongst other things, the disposal or pledge of the shares of Powerlong Commercial Management Holdings Limited, a subsidiary of the Company, the shares of which are listed on the Stock Exchange (stock code: 9909) ("Powerlong CM") by the Company to fund, fully or partially, a total cash amount of US\$40 million. On 27 January 2026, the wholly owned subsidiary of the Company, Powerlong Real Estate (BVI) Holdings Limited (the "Seller"), entered into the share purchase agreement (the "Agreement") with Prime Capital Investment Limited relating to the disposal of the 160,725,000 shares in the issued share capital of Powerlong CM (the "Target Shares") for the disposal by the Seller of the Target Shares, on and subject to the terms and conditions set out in the Agreement, at an aggregate consideration of HK\$360,827,625 (the "Proposed Disposal"). The Proposed Disposal was duly passed by the shareholders at the extraordinary general meeting held on 18 March 2026.

In addition, at the convening hearing held on 17 March 2026, the High Court of the Hong Kong Special Administrative Region has directed the Company to convene a meeting of the Scheme Creditors for the purpose of approving (with or without modification) a proposed scheme of arrangement under sections 670, 673 and 674 of the Companies Ordinance (Cap.622) to be made between the Company and the Scheme Creditors.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.1 Basis of preparation (continued)

(iii) *Going concern basis (continued)*

- A restructuring proposal for six onshore corporate bonds and assets-backed securities issued by Shanghai Powerlong Industrial Development (Group) Co. Ltd, a subsidiary of the Company, has been considered and approved at a meeting of the relevant bondholders in January 2026.
- 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. The Group will also continue to 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;
- The Group will continue to seek for suitable opportunities to dispose of its equity interest in certain project development companies to generate additional cash inflows. The Group's properties are predominantly located in higher tier cities that make them relatively more attractive to potential buyers and retain a higher value in current market conditions; and
- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

Taking into account the above plans and measures, the Directors are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2025 on a going concern basis.

Nevertheless, the Group's ability to continue as a going concern depends, among other things, on (i) the successful implementation of the offshore Restructuring and the Holistic Solution pursuant to the RSA and the related scheme of arrangement, including completion of the Proposed Disposal of shares in Powerlong CM; (ii) the successful implementation of the approved restructuring proposals for the Group's onshore corporate bonds and asset backed securities; (iii) the execution of the Group's sales and pre-sales strategies and its ability to accelerate cash collection from property sales and other receivables; and (iv) the Group's continued ability to dispose of selected project interests and to implement cost-control and capital expenditure reduction measures to preserve liquidity.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable 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 of the Group for the year ended 31 December 2025.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.1 Basis of preparation (continued)

- (iv) *New and amendment to HKFRS Accounting Standards that is mandatorily effective for the current year*

In the current year, the Group has applied the following amendment to HKFRSs Accounting Standards issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time, which is mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21	Lack of Exchangeability
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The application of the amendment to HKFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

- (v) *Amendments to HKFRS Accounting Standards that are not mandatory for the current year*

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

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2026

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2027

<sup>3</sup> No mandatory effective date yet determined but available for adoption

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

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.1 Basis of preparation (continued)

- (v) *Amendments to HKFRS Accounting Standards that are not mandatory for the current year (continued)*

#### HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.2 Subsidiaries

#### 2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) 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.

(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 recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS. Acquisition-related costs are expensed as incurred.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.2 Subsidiaries (continued)

#### 2.2.1 Consolidation (continued)

(a) Business combinations (continued)

If the business combination is achieved in stages, 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.

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 profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised 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 to the Group's accounting policies.

(b) 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 in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured 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. It means the amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.2 Subsidiaries (continued)

#### 2.2.2 *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.

### 2.3 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. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost. Under the equity method, the investment is initially recognised 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. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

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 is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the 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 recognise 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 to 'share of results of investments accounted for using the equity method' in the statement of comprehensive income.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.3 Associates (continued)

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. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated statement of comprehensive income. 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 is reclassified to consolidated statement of comprehensive income where appropriate.

### 2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments 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. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of identifiable assets and liabilities of the joint venture is accounted for as goodwill. 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.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 2.5 Segment reporting

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

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.6 Foreign currency translation

(a) *Functional and presentation currency*

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

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within 'Finance costs – net'. All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'Other income and gains – net'.

Changes in the fair value of debt securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial 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 gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

(c) *Group entities*

The results and financial positions of 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:

- assets and liabilities for each balance sheet of the group entities are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated statement of comprehensive income of the group entities 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
- all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.7 Property and equipment

Property and equipment are stated at historical cost less depreciation and any impairment loss. 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 profit or loss during the financial period in which they are incurred.

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

Buildings	20-40 years
Motor vehicles	4-5 years
Furniture, fitting and equipment	3-25 years
Right-of-use assets	2-70 years
Leasehold improvements	5-20 years

Furniture, fittings and equipment include assets received in the form of free store fit outs are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other income and gains – net' in the consolidated statement of comprehensive income.

Assets under construction are stated at historical cost less any impairment loss. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of land use rights during the construction period, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land and commercial buildings held under leases are accounted for as investment properties when the rest of the definition of an 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, representing open market value determined at each balance sheet date by external valuer. Property that is being constructed or developed for future use as investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flows 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.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

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 conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.8 Investment properties (continued)

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 profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values of investment property are recognised as 'Fair value gains on investment properties – net' in the consolidated statement of comprehensive income.

Completed properties held for sale are transferred to investment properties when it is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

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

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and charged directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

### 2.9 Goodwill

Goodwill is measured as described in Note 2.2.1(a). Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.10 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### 2.11 Financial assets

#### 2.11.1 Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, 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 other comprehensive income ("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.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.11 Financial assets (continued)

#### 2.11.2 Recognition and measurement

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.

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.

#### (a) Debt instruments

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

- **Amortised cost:** Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are classified as and measured at amortised cost. A gain or loss on a debt investment measured at amortised cost which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is recognised using the effective interest method.
- **FVOCI:** Financial 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 classified as and measured at FVOCI. Movements in the carrying amount of these financial assets are taken through other comprehensive income, except for the recognition of impairment losses or reversals, interest income 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 other comprehensive income is reclassified from equity to profit or loss and recognised in "Other income and gains – net" in the consolidated income statement. Interest income from these financial assets is recognised using the effective interest method. Foreign exchange gains and losses are presented in "Finance (costs)/income – net" and impairment losses or reversals are presented in "Other income and gains – net".

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.11 Financial assets (continued)

#### 2.11.2 Recognition and measurement (continued)

##### (a) Debt instruments (continued)

- FVPL: Financial assets that do not meet the criteria for amortised cost or FVOCI are classified as and measured at fair value through profit or loss. A gain or loss on a debt investment measured at fair value through profit or loss which is not part of a hedging relationship is recognised in profit or loss and presented in "Other income and gains – net" for the period in which it arises.

##### (b) Equity investments

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

Changes in the fair value of financial assets at fair value through profit or loss are recognised as 'Other income and gains – net' in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

#### 2.11.3 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

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 11 for further details.

Impairment on other financial assets at amortised cost is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is 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 legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

### 2.13 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of property comprises cost of land use rights, construction costs, borrowing costs on qualifying assets, and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond a normal operating cycle.

### 2.14 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 and other 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.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.15 Contract assets and liabilities and costs for obtaining contracts

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. Contract assets are transferred to trade receivables when the rights become unconditional. 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. Contract liabilities are recognised as revenue when the Group performs under the contract.

The Group recognises the incremental costs of obtaining a contract with a customer within contract assets if the Group expects to recover those costs.

### 2.16 Cash and cash equivalents and restricted cash

Cash and cash equivalent includes cash in hand and at banks and deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less.

Bank deposits which are restricted to use are included in 'Restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

### 2.17 Share capital

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

Where any group entity purchases the Company's shares (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company until the shares are cancelled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, and is included in equity attributable to owners of the Company.

### 2.18 Perpetual Capital Instruments

Perpetual capital instruments with no contracted obligation to repay its principal or with contractual right to delay the payment of any distribution are classified as part of equity. Perpetual capital instruments which have contractual obligation to repay are classified as a debt instrument.

### 2.19 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables 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 and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.20 Borrowings and borrowing costs

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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 end of the reporting period.

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 capitalisation.

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

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, 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.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries 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 considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) *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. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised 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 utilised.

Deferred income tax is provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, 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 when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is 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 utilised.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.21 Current and deferred income tax (continued)

(c) *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 taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

### 2.22 Employee benefits

(a) *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 benefit plans organised 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 administered 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"), which is a defined contribution retirement scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income. 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 retirement schemes are expensed as incurred.

(b) *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 employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.23 Share-based payments

Share-based compensation benefits are provided to employees via the employee share incentive scheme.

#### *Share incentive scheme*

Equity-settled share-based payment transactions are share-based payment arrangement in which the Group received goods or services as consideration for its own equity instrument. The Group might receive goods or services but have no obligation to settle the transaction with the supplier, as the settlement will be made by a shareholder or another group entity, this transaction is also equity-settled share-based payment transaction.

For an equity-settled share-based payment transaction, the fair value of equity instrument granted is recognised as an employee benefits expense with a corresponding increase in equity.

During the vesting periods, the Group revises its estimates of the number of award shares that are expected to ultimately vest based on the vesting conditions at the end of each reporting period. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to employee share-based compensation expense in the current year, with a corresponding adjustment to the employee share-based capital reserve.

### 2.24 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.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.25 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties and rendering of 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*

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 the period 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 that best depict the Group's performance in satisfying the performance obligation.

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

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is accepted by the customer, or deemed as accepted according to the contract, whichever is earlier, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property.

#### (b) *Investment and operation of commercial properties*

Revenues from investment and operation of commercial properties mainly include property lease income and revenues from hotel operations.

##### Property lease income

Property lease income from properties letting under operating leases is recognised on a straight-line basis over the term of the lease.

##### Hotel operations

Revenues from hotel operations are recognised in the accounting period in which the related services are rendered.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.25 Revenue recognition (continued)

(c) *Property management services*

Revenues from rendering of property management services are recognised in the accounting period in which the related services are rendered.

*Financing components*

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

### 2.26 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets, see Note 30 below.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in 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, see Note 31 below. Any other interest income is included in other income.

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).

### 2.27 Dividend income

Dividends are received from financial assets measured at FVPL and FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established.

### 2.28 Leases

Leases are recognised as a right-of-use asset (included in "Property and equipment" (Note 6) and "Investment properties" (Note 7)) 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.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.28 Leases (continued)

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 payments that are based on an index or a rate,
- amounts expected to be payable by the lessee under residual value guarantees,
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee 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 determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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.

If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the Group entities use that rate as a starting point to determine the incremental borrowing rate.

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.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.28 Leases (continued)

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.

The right-of-use asset which was recognised as investment properties is carried at fair value at each reporting date after initial recognition and others being included in property and equipment is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis over the lease term.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 8). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

### 2.29 Dividend distribution

Dividend distribution to the owners of the Company is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the owners of the Company.

## 2 BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS AND MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

### 2.30 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently 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 less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

### 2.31 Earnings per share

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 3.1 Financial risk factor

(a) *Market risk*

(i) Foreign exchange risk

The Group's businesses are principally conducted in RMB. As at 31 December 2025, major non-RMB assets and liabilities are cash and cash equivalents, restricted cash, financial assets at FVOCI, financial assets at FVPL, other payables and borrowings, which are denominated in Macanese Pataca ("MOP\$"), Hong Kong dollar ("HK\$") or US dollar ("US\$"). Fluctuation of the exchange rate of RMB against MOP\$, HK\$ or US\$ could affect the Group's results of operations. The Group has not entered into any forward exchange contract to hedge its exposure to foreign exchange risk.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the respective balance sheet dates are as follows:

	2025	2024
	RMB'000	RMB'000
Financial assets		
– MOP\$	165	–
– HK\$	22,335	32,923
– US\$	245,383	184,813
	<b>267,883</b>	217,736
Financial liabilities		
– MOP\$	497,130	509,726
– HK\$	7,143,617	7,165,094
– US\$	17,344,390	16,731,801
	<b>24,985,137</b>	24,406,621

The aggregate net foreign exchange recognised in profit or loss were:

	2025	2024
	RMB'000	RMB'000
Net foreign exchange gains/(losses) included in other income and gains/(losses)	31,047	(81,345)
Net exchange gains/(losses) on foreign currency borrowings included in finance costs	578,442	(409,726)
Total net foreign exchange gains/(losses) recognised in profit before income tax for the year	<b>609,489</b>	(491,071)

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(a) *Market risk (continued)*

(i) Foreign exchange risk (continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated financial items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% strengthened/weakened in RMB against the relevant currencies, the effect of post tax profit and net asset for the year is as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Increase/(decrease) in profit for the year:		
5% strengthened in RMB against the relevant currencies		
– MOP\$	24,848	25,486
– HK\$	356,064	356,609
– US\$	854,950	827,349
	<b>1,235,862</b>	1,209,444
5% weakened in RMB against the relevant currencies		
– MOP\$	(24,848)	(25,486)
– HK\$	(356,064)	(356,609)
– US\$	(854,950)	(827,349)
	<b>(1,235,862)</b>	(1,209,444)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

The Group's exposure to changes in interest rates is mainly attributable to its long-term borrowings. As at 31 December 2025, long-term borrowings of the Group bearing floating interest rates amounted to RMB24,374,873,000 (2024: RMB26,239,795,000). If interest rates on borrowings at floating rates as at 31 December 2025 had been 50 basis point higher/lower with all other variables held constant, interest charges for the year would increase/decrease by RMB121,874,000 (2024: RMB131,199,000), most of which would have been capitalised in qualified assets.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(a) *Market risk (continued)*

(iii) Price risk

The Group is exposed to equity securities price risk in connection with the financial assets at FVOCI and financial assets at FVPL held by the Group. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements. If the price of equity securities the Group invested in had been 5% higher/lower, post tax loss for the year ended 31 December 2025 would decrease/increase by RMB505,500 (2024: decrease/increase by RMB468,500), as a result of more/less fair value gain on financial assets at fair value through profit or loss. Other comprehensive income would have been approximately RMB1,742,000 higher/lower (2024: RMB1,799,000 higher/lower).

(b) *Credit risk*

The Group is exposed to credit risk in relation to its contract assets, trade and other receivables, bank balances and restricted cash. The carrying amounts of contract assets, trade and other receivables, restricted cash, bank balances represent the Group's maximum exposure to credit risk in relation to financial assets.

Cash transactions are limited to high-credit-quality institutions. Deposits are only placed with reputable banks.

For trade receivables arisen from sales of properties, the Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has set up policies to ensure follow-up action is taken to recover overdue debts. The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 50% to 70% of the total purchase price of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is minimal. During the year ended 31 December 2025, the Group recognised reversal of impairment loss on trade receivables of approximately RMB88,185,000 (2024: impairment losses of approximately RMB227,755,000). Detailed disclosure of these guarantees is made in Note 36.

For trade receivables arisen from lease of properties, the Group has policies in place to ensure that rental contracts are entered into only with lessees with an appropriate credit history, and the Group monitors the credit quality of receivables on an ongoing basis. Deposits may be withheld by the Group in part or in whole if receivables due from the tenant are not settled or in case of other breaches of contract. The Group also regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment losses are made for irrecoverable amounts.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(b) *Credit risk (continued)*

For other receivables, management makes periodic collective assessments as well as assessment on the recoverability of other receivables based on historical settlement records and past experience. The directors believe that there is no material credit risk inherent in the Group's outstanding balance of other receivables.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

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

The Group accounts for its credit risk by appropriately providing for expected credit 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.

(i) 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 all trade receivables and contract assets.

To measure the expected credit losses of trade receivables and contract assets, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days of initial recognition.

The expected loss rate of contract assets is assessed to be low and no loss allowance provision is made for contract assets during the period. The loss allowance provision of trade receivables as at 31 December 2025 is set out in Note 11.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(b) *Credit risk (continued)*

(ii) Other receivables

Other financial assets at amortised cost include other receivables from third parties and related parties. The Group has assessed that the expected credit losses for these receivables under the 12 months expected losses method.

For amounts due from related parties that are receivable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. As the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting date, the expected credit loss is likely to be immaterial. For other categories of other receivables have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term, the Group considered them to have low credit risk, and thus the loss allowance is immaterial.

(c) *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through an adequate amount of available financing, including proceeds from pre-sale of properties, committed credit facilities, short-term and long-term borrowings. Due to the dynamic nature of the underlying businesses, the Group's finance department maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and flexibility in funding through available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include control on investment in land bank, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing. The Group will pursue such options basing on its assessment of relevant future costs and benefits.

The table below details the Group's remaining contractual maturity for its financial liabilities. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factor (continued)

(c) Liquidity risk (continued)

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December 2025</b>					
Borrowings	36,969,699	4,335,122	10,653,396	9,733,724	61,691,941
Trade and other payables (Note (a))	38,062,394	-	-	-	38,062,394
Lease liabilities	115,244	60,916	151,909	558,160	886,229
	<b>75,147,337</b>	<b>4,396,038</b>	<b>10,805,305</b>	<b>10,291,884</b>	<b>100,640,564</b>
<b>At 31 December 2024</b>					
Borrowings	29,264,216	10,903,795	14,735,486	11,518,883	66,422,380
Trade and other payables (Note (a))	38,228,359	-	-	-	38,228,359
Lease liabilities	153,051	130,008	306,664	1,324,317	1,914,040
	<b>67,645,626</b>	<b>11,033,803</b>	<b>15,042,150</b>	<b>12,843,200</b>	<b>106,564,779</b>

Note:

(a) It represents payables excluding salaries payables and other tax payables.

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.2 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 owners 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 owners, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents (Note 19) and less guarantee deposits for bank borrowings included in restricted cash (Note 18(b)). Total borrowings comprise senior notes, corporate bonds, commercial mortgage backed securities, assets-backed securities, bank borrowings and other borrowings (Note 23). Total capital is calculated as total equity as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2025 and 2024 are as follows:

	2025	2024
	RMB'000	RMB'000
Total borrowings (Note 23)	55,054,936	57,721,058
Less: cash and cash equivalents (Note 19)	(5,368,987)	(6,103,770)
Less: guarantee deposits for bank borrowings (Note 18(b))	(11,818)	(25,733)
Net debt	49,674,131	51,591,555
Total equity	40,154,697	49,398,679
Total capital	89,828,828	100,990,234
Gearing ratio	55.3%	51.1%

#### 3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- 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).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2025 and 2024.

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
<b>At 31 December 2025</b>				
Financial assets:				
Financial assets at fair value through profit or loss (Note 14)	111	–	9,999	10,110
Financial assets at fair value through other comprehensive income (Note 15)	–	–	46,462	46,462
Total	111	–	56,461	56,572
<b>At 31 December 2024</b>				
Financial assets:				
Financial assets at fair value through profit or loss (Note 14)	112	–	9,261	9,373
Financial assets at fair value through other comprehensive income (Note 15)	–	–	47,963	47,963
Total	112	–	57,224	57,336

There were no transfers between levels during the year. There was no significant financial liabilities measured at fair value as at 31 December 2025 (31 December 2024: nil).

(a) *Financial instruments in level 1*

As at 31 December 2025, the Group's financial assets at fair value through profit or loss which are listed securities in Hong Kong, their fair value is based on their quoted market prices at the end of the reporting period. 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. These financial assets at fair value through profit or loss are included in level 1. The quoted market price used for financial assets held by the Group is the current bid price.

(b) *Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) 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.

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

### 3 FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.3 Fair value estimation (continued)

(c) *Financial instruments in level 3*

The fair value of financial instruments included in level 3 is disclosed in Note 15.

The judgements and estimates made in determining the fair value of the Group's non-financial assets that are recognised and measured at fair value (representing the investment properties) have been disclosed in Notes 4(d) and 7.

The Group also has a number of financial instruments which are not measured at fair value in the balance sheet. For the majority of these instruments, the fair values are not materially different to their carrying amounts, since the interest receivables and payables is either close to current market rates or the instruments are short-term in nature.

### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements used in preparing these consolidated financial statements are evaluated and 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 the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

#### (a) Income taxes and deferred taxation

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

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

#### (b) PRC land appreciation taxes

The Group is subject to land appreciation taxes in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its PRC land appreciation taxes calculation and payments with most of local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these PRC land appreciation taxes 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 taxation and tax provisions in the years in which such taxes have been finalised with local tax authorities.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

### (c) Recoverability of trade and other receivables

The management assesses the recoverability of trade and other receivables individually with reference to the past repayment history as well as subsequent settlement status. Allowances are applied to these receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and the impairment charge in the period in which such estimate has been changed.

### (d) Fair value of investment properties

The Group assesses the fair value of its completed investment properties and investment properties under construction based on assessments determined by an independent and professional qualified valuer.

The best evidence of fair value of completed investment properties is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

- (i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;
- (ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- (iii) discounted cash flows projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Investment properties under construction are carried at fair value when is considered to be reliably measurable. In order to evaluate whether the fair value of an investment property under development can be determined reliably, management considers certain factors, please refer to Note 2.8.

Management, after consulting independent qualified valuer, considers that the fair value of investment properties under construction as at 31 December 2025 can be measured at a reasonable accurate level. Therefore, these investment properties under construction as at 31 December 2025 were measured at fair value.

The fair value gains/(losses) from completed investment properties and investment properties under construction are disclosed in Note 7.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 5 SEGMENT INFORMATION

The executive directors, as the chief operating decision-makers (“CODM”) of the Group, review the Group’s internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports. The Group is organised into four business segments: property development, property investment, commercial operation and residential property management, and other property development related businesses. Other property development related businesses are mainly operations of hotels. As the CODM considers most of the Group’s consolidated revenue and results are attributable to the market in the PRC and the Group’s consolidated assets are substantially located in the PRC, no geographical information is presented.

There is no single customer contributing over 10% of total sales of the Group for both years.

Revenue consists of sales of properties, rental income of investment properties, income from provision of commercial operational services and residential property management services and other property development related businesses which mainly comprises income from hotel operations and the provision of consultation services. Revenue of the year consists of the following:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Sales of properties		
Commercial properties	2,677,539	3,201,078
Residential properties	14,855,065	17,342,633
	<b>17,532,604</b>	20,543,711
Rental income of investment properties	1,828,222	1,907,744
Income from provision of commercial operational services and residential property management services	2,384,713	2,386,694
Income of other property development related businesses	891,651	919,202
	<b>22,637,190</b>	25,757,351
Revenue from contracts with customers		
– At a point in time	17,839,101	20,873,233
– Over time	2,969,867	2,976,374
Timing of revenue recognition	20,808,968	23,849,607
Revenue from other sources – rental income	1,828,222	1,907,744
	<b>22,637,190</b>	25,757,351

## 5 SEGMENT INFORMATION (CONTINUED)

- (a) Segment results represent the performance for each segment without fair value gains/(losses) on financial assets, unallocated operating costs (including unallocated salary expenses, legal and professional fee) and finance costs – net and income tax expense. The segment results and other segment items for the year ended 31 December 2025 are as follows:

	Property development	Property investment	Commercial operation and residential property management	Other property development related businesses	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	17,532,604	2,065,210	2,607,608	897,901	23,103,323
Inter-segment revenue	–	(236,988)	(222,895)	(6,250)	(466,133)
Revenue from external customers	17,532,604	1,828,222	2,384,713	891,651	22,637,190
Segment (loss)/gain	(2,623,759)	(2,506,297)	411,994	(102,565)	(4,820,627)
Fair value gains on financial assets at fair value through profit or loss					3,037
Unallocated operating costs					(428,463)
Finance cost – net					(1,038,036)
Loss before income tax					(6,284,089)
Income tax expense					(560,777)
Loss for the year					(6,844,866)
Amounts included in the measure of segments results:					
Depreciation and amortisation recognised as expenses	47,429	–	18,866	213,087	279,382
Fair value losses on investment properties – net (Note 7)	–	4,124,439	68,895	–	4,193,334
Impairment losses on properties under development and completed properties held for sale – net	5,937,983	–	–	–	5,937,983
Share of post-tax losses of joint ventures	491,913	–	14	–	491,927
Share of post-tax losses/(profit) of associates	172,322	–	–	(780)	171,542

## 5 SEGMENT INFORMATION (CONTINUED)

### (a) (continued)

The segment results and other segment items included in the profit for the year ended 31 December 2024 are as follows:

	Property development	Property investment	Commercial operation and residential property management	Other property development related businesses	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross segment revenue	20,543,711	2,150,525	2,617,305	922,638	26,234,179
Inter-segment revenue	–	(242,781)	(230,611)	(3,436)	(476,828)
Revenue from external customers	20,543,711	1,907,744	2,386,694	919,202	25,757,351
Segment (loss)/profit	(455,466)	(1,769,332)	253,415	(295,417)	(2,266,800)
Fair value losses on financial assets at fair value through profit or loss					(621)
Unallocated operating costs					(397,906)
Finance cost – net					(1,994,601)
Loss before income tax					(4,659,928)
Income tax expense					(838,524)
Loss for the year					(5,498,452)
Amounts included in the measure of segments results:					
Depreciation and amortisation recognised as expenses	107,836	–	11,813	242,803	362,452
Fair value losses on investment properties – net (Note 7)	–	3,224,888	101,728	–	3,326,616
Impairment losses on properties under development and completed properties held for sale – net	5,333,846	–	–	–	5,333,846
Share of post-tax losses/(profits) of joint ventures	65,232	–	(36)	–	65,196
Share of post-tax (profits) of associates	(51,302)	–	–	(494)	(51,796)

Sales between segments are carried out in accordance with the terms of the underlying agreements. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of comprehensive income.

## 5 SEGMENT INFORMATION (CONTINUED)

(b) Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2025 and capital expenditure for the year then ended are as follows:

	Property development	Property investment	Commercial operation and residential property management	Other property development related businesses	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	70,480,442	72,905,454	5,901,030	11,352,809	(5,147,367)	155,492,368
Other assets						13,043,800
Total assets						168,536,168
Segment assets include: <i>Investments accounted for using the equity method:</i>						
– Interests in joint ventures	3,450,184	–	993	–	–	3,451,177
– Interests in associates	3,013,906	–	–	36,999	–	3,050,905
Segment liabilities	33,457,320	2,588,885	2,326,693	5,627,614	(5,147,367)	38,853,145
Other liabilities						89,528,326
Total liabilities						128,381,471
Amounts included in the measure of segment assets:						
Capital expenditure (note(a))	12,807	2,412,848	3,850	105,288	–	2,534,793

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For the year ended 31 December 2025

## 5 SEGMENT INFORMATION (CONTINUED)

### (b) (continued)

Segment assets, liabilities and interests in joint ventures and associates as at 31 December 2024 and capital expenditure for the year then ended are as follows:

	Property development	Property investment	Commercial operation and residential property management	Other property development related businesses	Elimination	Group
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Segment assets	92,882,080	75,290,007	5,982,795	11,140,498	(7,105,163)	178,190,217
Other assets						13,826,657
Total assets						192,016,874
Segment assets include: <i>Investments accounted for using the equity method:</i>						
– Interests in joint ventures	4,489,869	–	807	–	–	4,490,676
– Interests in associates	4,038,553	–	–	36,220	–	4,074,773
Segment liabilities	46,338,948	2,491,915	2,581,534	5,772,116	(7,105,163)	50,079,350
Other liabilities						92,538,845
Total liabilities						142,618,195
Amounts included in the measure of segment assets:						
Capital expenditure (note(a))	29,164	3,123,580	11,771	194,382	–	3,358,897

Note:

- (a) Capital expenditure consists of additions to property and equipment (Note 6) and investment properties (Note 7).

## 5 SEGMENT INFORMATION (CONTINUED)

Segment assets are reconciled to total assets as follows:

	2025	2024
	RMB'000	RMB'000
Segment assets	<b>155,492,368</b>	178,190,217
Other assets		
– Prepaid taxes	<b>1,449,149</b>	1,813,757
– Deferred income tax assets	<b>2,290,353</b>	2,409,599
– Unallocated cash and cash equivalents and restricted cash	<b>63,463</b>	70,320
– Other receivables from related parties (Note 38(d))	<b>9,107,697</b>	9,392,729
– Unallocated property and equipment	<b>61,994</b>	62,024
– Other corporate assets	<b>14,572</b>	20,892
– Financial assets at fair value through other comprehensive income	<b>46,462</b>	47,963
– Financial assets at fair value through profit or loss	<b>10,110</b>	9,373
Total assets	<b>168,536,168</b>	192,016,874

Segment liabilities are reconciled to total liabilities as follows:

	2025	2024
	RMB'000	RMB'000
Segment liabilities	<b>38,853,145</b>	50,079,350
Other liabilities		
– Current income tax liabilities	<b>17,731,624</b>	17,298,802
– Deferred income tax liabilities	<b>6,030,331</b>	6,802,609
– Current borrowings	<b>34,222,683</b>	26,179,508
– Non-current borrowings	<b>20,832,253</b>	31,541,550
– Other payables to related parties (Note 38(d))	<b>7,536,251</b>	8,897,216
– Other corporate liabilities	<b>3,175,184</b>	1,819,160
Total liabilities	<b>128,381,471</b>	142,618,195

The amounts provided to the CODM with respect to total assets and liabilities are measured in a manner consistent with that of the consolidated financial statements. These assets and liabilities are allocated based on the operations of the segment.

Segment assets consist primarily of property and equipment, investment properties, intangible assets, properties under development, completed properties held for sale, contract assets, receivables and cash and cash equivalents other than prepaid taxes, deferred income tax assets, unallocated cash and cash equivalents and restricted cash, other receivables from related parties, unallocated property and equipment, other corporate assets, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss.

Segment liabilities consist of operating liabilities other than current income tax liabilities, deferred income tax liabilities, current borrowings, non-current borrowings, other payables to related parties, dividend payables to non-controlling interests and other corporate liabilities.

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For the year ended 31 December 2025

## 6 PROPERTY AND EQUIPMENT

	Leasehold improvements	Assets under construction	Buildings	Motor vehicles	Furniture, fitting and equipment	Land use rights	Total
	RMB'000	RMB'000 (Note i)	RMB'000 (Note ii)	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2025</b>							
Opening net book amount	37,278	1,376,663	2,603,223	2,587	88,899	2,175,980	6,284,630
Additions	1,939	101,226	-	16	4,292	14,472	121,945
Transfer to investment properties (Note 7)	-	(189,307)	-	-	-	(67,928)	(257,235)
Transfers to Completed properties held for sale	-	(156,767)	-	-	-	(18,347)	(175,114)
Disposals	-	-	(235,990)	(487)	(2,146)	(295,900)	(534,523)
Depreciation/amortisation charges	(14,649)	-	(199,393)	(165)	(6,506)	(56,603)	(277,316)
Closing net book amount	24,568	1,131,815	2,167,840	1,951	84,539	1,751,674	5,162,387
<b>At 31 December 2025</b>							
Cost	48,255	1,131,815	4,083,838	38,778	357,661	2,280,769	7,941,116
Accumulated depreciation/amortisation	(23,687)	-	(1,915,998)	(36,827)	(273,122)	(529,095)	(2,778,729)
Net book amount	24,568	1,131,815	2,167,840	1,951	84,539	1,751,674	5,162,387

	Leasehold improvements	Assets under construction	Buildings	Motor vehicles	Furniture, fitting and equipment	Land use rights	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2024</b>							
Opening net book amount	35,066	1,277,807	3,028,887	3,163	110,098	2,156,444	6,611,465
Additions	8,416	98,856	-	18	7,893	120,134	235,317
Disposals	-	-	(160,854)	(223)	(4,367)	(36,875)	(202,319)
Depreciation/amortisation charges	(6,204)	-	(264,810)	(371)	(24,725)	(63,723)	(359,833)
Closing net book amount	37,278	1,376,663	2,603,223	2,587	88,899	2,175,980	6,284,630
<b>At 31 December 2024</b>							
Cost	46,316	1,376,663	4,361,007	40,059	359,458	2,631,777	8,815,280
Accumulated depreciation/amortisation	(9,038)	-	(1,757,784)	(37,472)	(270,559)	(455,797)	(2,530,650)
Net book amount	37,278	1,376,663	2,603,223	2,587	88,899	2,175,980	6,284,630

Notes:

- (i) Assets under construction mainly comprises of costs incurred on construction of hotels not yet completed at the end of each reporting period.
- (ii) Buildings mainly comprise of hotel buildings.

## 6 PROPERTY AND EQUIPMENT (CONTINUED)

Depreciation/amortisation charges were included in the following categories in the consolidated statement of comprehensive income:

	2025	2024
	RMB'000	RMB'000
Cost of sales	<b>240,397</b>	317,397
Selling and marketing costs	<b>3</b>	343
Administrative expenses	<b>36,916</b>	42,093
	<b>277,316</b>	359,833

Land use rights comprise cost of acquiring rights to use for certain land with lease periods from 40 to 70 years (2024: same), which are all located in the PRC, mainly for hotel buildings and other self-use buildings. The Group has obtained the land use right certificates for all leasehold lands.

As at 31 December 2025, property and equipment (comprising land use rights and buildings) with a net book amount of RMB1,339,154,000 (2024: RMB1,507,822,000) were pledged as collateral for the Group's borrowings (Note 23).

Borrowing costs of RMB79,476,000 (2024: RMB118,169,000) have been capitalised in assets under construction for the year ended 31 December 2025.

The capitalisation rate of borrowings for the year ended 31 December 2025 was 4.66% (2024: 5.25%).

## 7 INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction	Total
	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2025</b>			
Opening net book amount	66,358,759	10,910,685	77,269,444
Additions	–	2,412,848	2,412,848
Transfers from property and equipment (Note 6)	257,235	–	257,235
Transfers to Completed properties held for sale	–	(154,243)	(154,243)
Transfers	1,446,067	(1,446,067)	–
Fair value losses – net	(3,902,763)	(290,571)	(4,193,334)
Derecognised upon disposal of a subsidiary	(352,224)	–	(352,224)
Disposals	(712,132)	–	(712,132)
At 31 December 2025	63,094,942	11,432,652	74,527,594

	Completed investment properties	Investment properties under construction	Total
	RMB'000	RMB'000	RMB'000
<b>Year ended 31 December 2024</b>			
Opening net book amount	67,614,472	11,332,367	78,946,839
Additions	–	3,123,580	3,123,580
Transfers	1,841,722	(1,841,722)	–
Fair value losses – net	(3,062,845)	(263,771)	(3,326,616)
Disposals	(34,590)	(1,439,769)	(1,474,359)
At 31 December 2024	66,358,759	10,910,685	77,269,444

The following amounts have been recognised in the consolidated statement of comprehensive income:

	2025	2024
	RMB'000	RMB'000
Rental income (Note 5)	1,828,222	1,907,744
Direct operating expenses arising from investment properties that generate rental income	(242,550)	(312,532)
Direct operating expenses arising from investment properties that do not generate rental income	(60,842)	(83,756)

## 7 INVESTMENT PROPERTIES (CONTINUED)

Investment properties as at 31 December 2025 are held in the PRC on leases between 10 to 50 years (2024: 10 to 50 years). Investment properties include right-of-use assets (Note 8).

Borrowing costs of RMB475,350,000 (2024: RMB475,531,000) have been capitalised in investment properties under construction for the year ended 31 December 2025. The capitalisation rate of borrowings for the year ended 31 December 2025 was 4.66% (2024: 5.25%).

As at 31 December 2025, investment properties of RMB34,064,548,000 (2024: RMB37,225,304,000) were pledged as collateral for the Group's borrowings (Note 23).

The fair value of the investment properties are expected to be realised through rental income. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties.

### (i) Fair value hierarchy

The fair values of investment properties under construction and completed investment properties were determined by reference to valuations carried out by independent professionally qualified valuers, including Savills Valuation and Professional Services (China) Limited, who hold recognised relevant professional qualification and have recent experience in the locations segments of the investment properties valued. The revaluation gains or losses are included in 'fair value (losses)/gains on investment properties – net' in the statement of comprehensive income.

As at 31 December 2025 and 2024, as certain of significant inputs used in the determination of fair value of investment properties were arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value measurement hierarchy.

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. No transfers to or out of fair value hierarchy levels during the year.

### (ii) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2025 and 2024 by independent professionally qualified valuers. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuers at least once every six months, in line with the Group's reporting dates.

At each financial year end, the finance department:

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

## 7 INVESTMENT PROPERTIES (CONTINUED)

### (iii) Valuation techniques

Completed investment properties comprise commercial properties and carparks. For commercial properties, fair values are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's 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.

For carparks, valuations are determined using the direct comparison methods. The direct comparison method is based on comparing the property to be valued directly with other comparable properties, which have recently transacted. Given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the selling price such as property size, locations.

Fair values of the investment properties under development are generally derived using the residual method based on capitalising the rental income that would be generated from the investment property in its completed form and deducting development costs together with developer's profit and risk margins from the estimated capital value of the proposed development assuming completed as at the date of valuation.

The Group has also used the sale comparison approach by making reference to the sales transactions or asking price evidences of comparable properties as available in the market to cross check the valuation result.

Fair values of the right-of-use assets of commercial properties held under leases are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's 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.

There were no changes to the valuation techniques during the year.

## 7 INVESTMENT PROPERTIES (CONTINUED)

### (iii) Valuation techniques (continued)

	Property Category	Fair value at 31 December 2025	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value	
RMB'000							
Completed investment properties	Commercial properties	56,189,458	Term and reversionary method	Term yields	4.0%-6.0%	The higher the term yields, the lower the fair value, and vice versa	
				Reversionary yields	5.0%-6.5%	The higher the reversionary yields, the lower the fair value, and vice versa	
				Market rents (RMB/square meter/month)	12-510	The higher the market rents, the higher the fair value, and vice versa	
	Car parks	6,905,484	Direct comparison	Market price (RMB/per car park)	45,000-180,000	The higher the market price, the higher the fair value, and vice versa	
Investment properties under construction	Commercial properties	10,757,480	Residual method	Market rents (RMB/square meter/month)	52-148	The higher the market rents, the higher the fair value, and vice versa	
				Reversionary yields	6.0%	The higher the reversionary yields, the lower the fair value, and vice versa	
				Budgeted construction costs to be incurred (RMB/sq.m)	804-1,920	The higher the budgeted construction costs to be incurred, the lower the fair value, and vice versa	
				Developer's profit (%)	3.0%-10.0%	The higher the developer's profit, the lower the fair value, and vice versa	
		Car parks	675,172	Residual method	Market price (RMB/per car park)	78,000-143,000	The higher the market price, the higher the fair value, and vice versa
	Budgeted construction costs to be incurred (RMB/sq.m)				1,623-2,024	The higher the budgeted construction costs to be incurred, the lower the fair value, and vice versa	
				Developer's profit (%)	3.0%-10.0%	The higher the developer's profit, the lower the fair value, and vice versa	

## 7 INVESTMENT PROPERTIES (CONTINUED)

### (iii) Valuation techniques (continued)

	Property Category	Fair value at 31 December 2024	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
RMB'000						
Completed investment properties	Commercial properties	59,017,239	Term and reversionary method	Term yields	4.5%-5.5%	The higher the term yields, the lower the fair value, and vice versa
				Reversionary yields	5.5%-6.0%	The higher the reversionary yields, the lower the fair value, and vice versa
				Market rents (RMB/square meter/month)	25-377	The higher the market rents, the higher the fair value, and vice versa
	Car parks	7,341,520	Direct comparison	Market price (RMB/per car park)	50,000-280,000	The higher the market price, the higher the fair value, and vice versa
Investment properties under construction	Commercial properties	10,167,846	Residual method	Market rents (RMB/square meter/month)	74-148	The higher the market rents, the higher the fair value, and vice versa
				Reversionary yields	5.5%	The higher the reversionary yields, the lower the fair value, and vice versa
				Budgeted construction costs to be incurred (RMB/sq.m)	264-1,914	The higher the budgeted construction costs to be incurred, the lower the fair value, and vice versa
				Developer's profit (%)	5.0%-10.0%	The higher the developer's profit, the lower the fair value, and vice versa
	Car parks	742,839	Residual method	Market price (RMB/per car park)	60,000-180,000	The higher the market price, the higher the fair value, and vice versa
				Budgeted construction costs to be incurred (RMB/sq.m)	65-2,741	The higher the budgeted construction costs to be incurred, the lower the fair value, and vice versa
Developer's profit (%)				5.0%-10.0%	The higher the developer's profit, the lower the fair value, and vice versa	

## 8 LEASES

### (i) Amounts recognised in the consolidated balance sheet relating to leases that have been included in property and equipment and investment properties are as follows

	2025	2024
	RMB'000	RMB'000
<b>Right-of-use assets:</b>		
Property and equipment	1,756,739	2,186,044
– Land use rights	1,751,674	2,175,980
– Other properties	5,065	10,064
Investment properties	443,344	874,900
– Completed	443,344	874,900
	<b>2,200,083</b>	<b>3,060,944</b>
<b>The maturity analysis of lease liabilities:</b>		
– Less than 1 year	84,232	69,404
– Between 1 and 2 years	31,617	67,706
– Between 2 and 5 years	73,504	136,108
– Over 5 years	410,777	977,529
	<b>600,130</b>	<b>1,250,747</b>

The drop in rights-of-use assets and lease liabilities during the year ended 31 December 2025 was mainly due to the derecognition of certain right-of-use assets and their corresponding lease liabilities upon disposal of a subsidiary.

### (ii) Amounts recognised in the consolidated statement of comprehensive income relating to leases

	2025	2024
	RMB'000	RMB'000
<b>Depreciation charges</b>		
– Land use rights (Note 6)	(56,603)	(63,723)
– Other properties	(4,658)	(7,990)
	<b>(61,261)</b>	<b>(71,713)</b>
Fair value losses relating to investment properties	68,895	101,728
Interest expense (included in finance cost)	35,447	173,598
Expense relating to short-term leases (included in cost of goods sold and administrative expenses) (Note 28)	69,963	33,311
Expense relating to variable leases payments not included in lease liabilities (included in cost of goods sold)	64,113	23,514
Total cash outflows for lease payments (including principal elements and relevant interest expenses)	<b>146,643</b>	<b>163,401</b>

## 9 PROPERTIES UNDER DEVELOPMENT

	2025	2024
	RMB'000	RMB'000
Properties under development include:		
– Construction costs and capitalised expenditures	5,703,575	14,164,090
– Interests capitalised	3,237,129	5,580,836
– Land use rights	14,860,265	24,969,999
	<b>23,800,969</b>	44,714,925

The properties under development are all located in the PRC and expected to be completed within an operating cycle. The normal operating cycle of the Group's property development generally ranges from 2 to 3 years. The relevant land use rights in the PRC are on leases of 40 to 70 years.

As at 31 December 2025, the impairment loss on properties under development to net realisable value amounted to RMB5,697,849,000 (2024: RMB3,447,179,000).

As at 31 December 2025, properties under development of approximately RMB10,876,965,000 (2024: RMB18,409,268,000) were pledged as collateral for the Group's borrowings (Note 23).

The capitalisation rate of borrowings for the year ended 31 December 2025 was 4.66% (2024: 5.25%).

## 10 COMPLETED PROPERTIES HELD FOR SALE

The completed properties held for sale are all located in the PRC.

As at 31 December 2025, the impairment loss on completed properties held for sale to net realisable value amounted to RMB10,792,869,000 (2024: RMB7,459,319,000).

As at 31 December 2025, completed properties held for sale of approximately RMB7,342,816,000 (2024: RMB3,496,791,000) were pledged as collateral for the Group's borrowings (Note 23).

## 11 TRADE RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Trade receivables (Note (a))	1,747,777	1,952,254
– Third parties	1,685,995	1,886,774
– Related parties (Note 38(d))	61,782	65,480
Less: loss allowance (Note (b))	(372,830)	(474,570)
	<b>1,374,947</b>	1,477,684

**11 TRADE RECEIVABLES (CONTINUED)**

- (a) The majority of the Group's revenue are derived from sales of properties, rental income, commercial operation and residential property management and other property development business. Proceeds in respect of sales of properties, rental income, commercial operation and property management and other property development business are to be received in accordance with the terms of related agreements.

The breakdown of trade receivables as at the respective balance sheet date is as follows:

	2025	2024
	RMB'000	RMB'000
Proceed receivable from sales of properties	962,520	1,060,121
Income receivable from property rental, commercial operation and residential property management and other property development business	785,257	892,133
	<b>1,747,777</b>	<b>1,952,254</b>

The ageing analysis of trade receivables as at the respective balance sheet date is as follows:

	2025	2024
	RMB'000	RMB'000
Within 90 days	374,960	499,512
Over 90 days and within 180 days	211,598	356,482
Over 180 days and within 365 days	407,840	402,385
Over 365 days	753,379	693,875
	<b>1,747,777</b>	<b>1,952,254</b>

- (b) The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2025, a provision of RMB372,830,000 was made against the gross amounts of trade receivables (2024: RMB474,570,000).

The closing loss allowance for trade receivables reconcile to the opening loss allowance as follows:

	2025	2024
	RMB'000	RMB'000
At 1 January	474,570	313,462
Provision for impairment	28,730	235,560
Receivables written off during the year as uncollectible	(13,555)	(66,647)
Reversal of impairment (Note i)	(116,915)	(7,805)
At 31 December	<b>372,830</b>	<b>474,570</b>

Note:

- (i) Reversal of impairment of approximately RMB116,915,000 was recognised during the year ended 31 December 2025 as the Group has received settlements from those customers during the year.
- (c) As at 31 December 2025 and 2024, the fair value of trade receivables approximated their carrying amounts. The maximum exposure to credit risk of the trade receivables at the reporting date was the carrying value of each class of receivables. The Group has retained the legal titles of the properties sold to these customers before the trade receivables are settled.
- (d) The Group's trade receivables are mainly denominated in RMB.

## 12 OTHER RECEIVABLES

	2025	2024
	RMB'000	RMB'000
Deposits for acquisition of land use rights	56,500	56,500
Other receivables from:	23,953,148	23,576,793
– Related parties (Note 38(d))	9,107,697	9,392,729
– Non-controlling interests (Note (c))	8,253,444	8,549,176
– Other amounts due from third parties (Note (d))	6,592,007	5,634,888
Less: loss allowance	(579,431)	(403,173)
	<b>23,430,217</b>	23,230,120

- (a) The Group's other receivables are mainly denominated in RMB.
- (b) As at 31 December 2025 and 2024, other receivables from related parties are interest-free and repayable on demand.
- (c) Other receivables represent cash advances made to non-controlling interests, which are unsecured, interest free and repayable on demand.
- (d) Other receivables from third parties mainly consist of deposits for construction projects.
- (e) The carrying amounts of other receivables approximate their fair values. The maximum exposure to credit risk of the other receivables at the reporting date was the carrying value of each class of receivables.

## 13 PREPAYMENTS

	2025	2024
	RMB'000	RMB'000
Acquisition of land use rights (Note (a))	2,368,670	2,375,065
Others (Note (b))	1,056,005	1,075,111
	<b>3,424,675</b>	3,450,176

- (a) Prepayments for land acquisitions are made in accordance with the payment terms as stipulated in the land acquisition contracts.
- (b) Included in others was RMB684,972,000 for prepayments for properties under development as at 31 December 2025 (2024: RMB689,822,000).

## 14 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at FVPL comprise equity investments that are held for trading and equity investments for which the Group has not elected to recognise fair value gains and losses through other comprehensive income.

	2025	2024
	RMB'000	RMB'000
Opening amounts as at 1 January	9,373	117,889
Fair value gains/(losses) (Note 30)	3,037	(621)
Disposals	(2,300)	(107,895)
Closing amounts as at 31 December	10,110	9,373
Less: non-current portion	–	–
Current portion of financial assets at fair value through profit or loss	10,110	9,373

Financial assets at FVPL comprise the following individual investments:

	2025	2024
	RMB'000	RMB'000
Hong Kong listed equity securities	104	106
Investment fund	10,006	9,267
	10,110	9,373

Information about the fair value estimation is provided in Note 3.3.

Analysis of the sensitivity of the assets to foreign exchange and price risk is set out in Note 3.1.

## 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

### (a) Classification and measurement

Financial assets at 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 long-term strategic investments and the Group considers this classification to be more relevant.

	2025	2024
	RMB'000	RMB'000
Opening amounts as at 1 January	47,963	50,322
Net losses recognised in other comprehensive income	(1,501)	(2,359)
Closing amounts as at 31 December	46,462	47,963

## 15 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME (CONTINUED)

### (a) Classification and measurement (continued)

Equity investments at FVOCI comprise the following individual investments:

	2025	2024
	RMB'000	RMB'000
Non-current unlisted securities:		
– Other unlisted equity investments	46,462	47,963
	<b>46,462</b>	<b>47,963</b>

Note: In the opinion of the directors of the Company, the cost of other unlisted equity investments approximate its fair value and is an appropriate estimate of fair value.

### (b) Fair value, impairment and risk exposure

Information about the fair value estimation is provided in Note 3.3.

Analysis of the sensitivity of the assets to foreign exchange and price risk is set out in Note 3.1.

## 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

There was no associate nor joint venture of the Group as at 31 December 2025 and 2024 which, in the opinion of the executive directors, are individually material to the Group. For those individually immaterial associates and joint ventures that are accounted for using the equity method, amounts recognised in the consolidated balance sheet and the profit or loss are set out as below:

	2025	2024
	RMB'000	RMB'000
Investments in joint ventures	3,451,177	4,490,676
Investments in associates	3,050,905	4,074,773
	<b>6,502,082</b>	<b>8,565,449</b>

## 16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

The (losses)/profits recognised in the statement of comprehensive income are as follows:

	2025	2024
	RMB'000	RMB'000
Joint ventures (Note (a))	(491,927)	(65,196)
Associates (Note (b))	(171,542)	51,796
	<b>(663,469)</b>	<b>(13,400)</b>

### (a) Joint ventures

	2025	2024
	RMB'000	RMB'000
Balance as at 1 January	4,490,676	5,560,278
Additions	20,532	244,230
Withdrawal	(99,820)	(930,239)
Dividends declared	(442,770)	(247,954)
Disposals	(24,473)	(74,441)
Share of losses – net	(491,927)	(65,196)
Currency translation differences	17	5,024
Elimination of unrealised profits	(1,058)	(1,026)
Balance as at 31 December	<b>3,451,177</b>	<b>4,490,676</b>

The contingent liabilities relating to the Group's financial guarantee provided for the joint ventures are disclosed in Note 36. There is no commitment relating to the Group's interests in the joint ventures.

### (b) Associates

	2025	2024
	RMB'000	RMB'000
Balance as at 1 January	4,074,773	4,003,382
Additions	5,792	107,572
Withdrawal	(577,026)	(81,144)
Dividend declared	(231,265)	(6,833)
Transfer to subsidiaries	(49,827)	–
Share of (losses)/profits – net	(171,542)	51,796
Balance as at 31 December	<b>3,050,905</b>	<b>4,074,773</b>

The contingent liabilities relating to the Group's financial guarantee provided for the associates are disclosed in Note 36. There is no commitment relating to the Group's interests in the associates.

## 17 FINANCIAL INSTRUMENTS BY CATEGORY

The Group holds the following financial instruments:

### Financial assets

	2025	2024
	RMB'000	RMB'000
Financial assets at amortised cost:	<b>31,990,389</b>	32,186,678
Trade receivables	<b>1,374,947</b>	1,477,684
Other receivables excluding deposits	<b>23,373,717</b>	23,173,620
Restricted cash	<b>1,872,738</b>	1,431,604
Cash and bank balances	<b>5,368,987</b>	6,103,770
Financial assets at FVOCI	<b>46,462</b>	47,963
Financial assets at FVPL	<b>10,110</b>	9,373
	<b>32,046,961</b>	32,244,014

### Financial liabilities

	2025	2024
	RMB'000	RMB'000
Financial liabilities at amortised cost:		
Borrowings	<b>55,054,936</b>	57,721,058
Trade and other payables excluding other tax and salaries payables	<b>38,062,394</b>	38,228,359
Lease liabilities	<b>600,130</b>	1,250,747
	<b>93,717,460</b>	97,200,164

## 18 RESTRICTED CASH

	2025	2024
	RMB'000	RMB'000
Guarantee deposits for construction projects (Note (a))	<b>1,638,004</b>	1,224,084
Guarantee deposits for bank acceptance notes	<b>32,359</b>	34,350
Guarantee deposits for bank borrowings (Note (b))	<b>11,818</b>	25,733
Bank deposits	<b>43,343</b>	38,148
Others	<b>147,214</b>	109,289
	<b>1,872,738</b>	1,431,604
Denominated in:		
– RMB	<b>1,872,738</b>	1,431,604
	<b>1,872,738</b>	1,431,604

**18 RESTRICTED CASH (CONTINUED)**

- (a) In accordance with relevant documents issued by local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place certain amount of presale proceeds of properties at designated bank accounts as guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant property projects when approval from the local State-Owned Land and Resource Bureau is obtained. The remaining balances of the deposits will be released after completion of related pre-sold properties or issuance of the real estate ownership certificate of the properties, whichever is the earlier.
- (b) As at 31 December 2025, the Group has placed cash deposits of approximately RMB11,818,000 (2024: RMB25,733,000) with designated banks as security for bank borrowings (Note 23).

**19 CASH AND BANK BALANCES**

	2025	2024
	RMB'000	RMB'000
Cash at bank and in hand:		
– Denominated in RMB	5,266,939	6,058,404
– Denominated in HK\$	19,501	29,799
– Denominated in US\$	82,382	15,511
– Denominated in MOP	165	56
	<b>5,368,987</b>	<b>6,103,770</b>

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

**20 SHARE CAPITAL**

	Number of ordinary shares	Share capital	Total
		RMB'000	RMB'000
<b>Authorised:</b>			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<b>30,000,000,000</b>		
<b>Issued and fully paid:</b>			
As at 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	<b>4,140,403,000</b>	<b>36,779</b>	<b>36,779</b>

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## 21 OTHER RESERVES

	Merger reserve	Currency exchange revaluation reserves	Statutory reserves	Share-based compensation reserves	Revaluation reserves	Capital injection by non- controlling interests	Transaction with non- controlling interests	Total
	RMB'000 (Note (a))	RMB'000 (Note (b))	RMB'000 (Note (c))	RMB'000 (Note (d))	RMB'000 (Note (b))	RMB'000	RMB'000	RMB'000
Balance at 1 January 2025	337,203	3,229	134,591	124,428	86,951	1,224,449	257,055	2,167,906
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	(427,057)	(427,057)
Change in fair value of financial assets at FVOCI, net of tax	-	-	-	-	(1,126)	-	-	(1,126)
Share award scheme – value of employee service	-	-	-	4,531	-	-	-	4,531
Currency translation differences	-	17	-	-	-	-	-	17
Transfer to statutory reserves	-	-	15,000	-	-	-	-	15,000
Balance at 31 December 2025	337,203	3,246	149,591	128,959	85,825	1,224,449	(170,002)	1,759,271
Balance at 1 January 2024	337,203	(1,795)	129,142	168,262	88,720	1,224,449	236,011	2,181,992
Changes in ownership interests in subsidiaries without change of control	-	-	-	-	-	-	21,044	21,044
Change in fair value of financial assets at FVOCI, net of tax	-	-	-	-	(1,769)	-	-	(1,769)
Share award scheme – value of employee service	-	-	-	(43,834)	-	-	-	(43,834)
Currency translation differences	-	5,024	-	-	-	-	-	5,024
Transfer to statutory reserves	-	-	5,449	-	-	-	-	5,449
Balance at 31 December 2024	337,203	3,229	134,591	124,428	86,951	1,224,449	257,055	2,167,906

### (a) Merger reserve

The merger reserve represents the aggregate nominal value of the share capital/paid-in capital of the subsidiaries acquired by the Company from the controlling shareholders less the consideration paid to the controlling shareholders pursuant to the reorganisation undertaken in 2007 for preparation of listing of the Company on the Stock Exchange.

## 21 OTHER RESERVES (CONTINUED)

### (b) Other comprehensive income

	Year ended 31 December 2025		
	Currency exchange revaluation reserves	Revaluation reserves	Total other comprehensive income
	RMB'000	RMB'000	RMB'000
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	17	–	17
Items that will not be reclassified subsequently to profit or loss:			
Fair value losses on financial assets at FVOCI – gross (Note 15)	–	(1,501)	(1,501)
Tax charge – deferred income tax	–	375	375
<b>Total other comprehensive income – net of tax</b>	<b>17</b>	<b>(1,126)</b>	<b>(1,109)</b>

	Year ended 31 December 2024		
	Currency exchange revaluation reserves	Revaluation reserves	Total other comprehensive income
	RMB'000	RMB'000	RMB'000
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	5,024	–	5,024
Items that will not be reclassified subsequently to profit or loss:			
Fair value losses on financial assets at FVOCI – gross (Note 15)	–	(2,359)	(2,359)
Tax charge – deferred income tax	–	590	590
<b>Total other comprehensive income – net of tax</b>	<b>5,024</b>	<b>(1,769)</b>	<b>3,255</b>

#### *Financial assets at FVOCI*

The Group has elected to recognise changes in the fair value of certain investments in equity securities in other comprehensive income, as explained in Note 2.11. These changes are accumulated within the FVOCI reserve within equity. The Group will transfer amounts from this reserve to retained earnings when the relevant equity securities are derecognised.

### (c) Statutory reserves

Pursuant to the relevant laws and regulations in the PRC and the provision of the articles of association of the Group's subsidiaries, the Group's subsidiaries which are registered in the PRC are required to transfer 10% of their after-tax profits (after offsetting prior year losses) calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of their registered capitals. Depending on the natures, the reserve funds can be used to set off accumulated losses of the subsidiaries or distribute to owners in form of bonus issue.

## 21 OTHER RESERVES (CONTINUED)

### (d) Employee share award schemes

Powerlong CM, a subsidiary of the Group, was listed on the Stock Exchange on 30 December 2019 (the "listing").

On 10 September 2020, Powerlong CM adopted a share award scheme (the "2020 Share Award Scheme") with Tricor Trust (Hong Kong) Limited as the trustee.

On 24 November 2020, Powerlong CM granted 11,250,000 awarded shares under the 2020 Share Award Scheme to Mr. Chen Deli, an executive Director and the chief executive officer of Powerlong CM. The awarded shares will be transferred to Mr. Chen Deli after the relevant vesting conditions are fulfilled. Under the terms of the 2020 Shares Award Scheme, when the vesting conditions are fulfilled, the awarded shares shall be vested 50% in June 2023 and 50% in June 2025 respectively. In June 2023, 5,625,000 awarded shares were vested.

On 1 November 2024, Mr. Chen resigned from his position as an executive Director and the chief executive officer of Powerlong CM. Under the terms of the 2020 Share Award Scheme, the remaining 5,625,000 awarded shares which were not yet vested as at that date will no longer be transferred to Mr. Chen. The 11,250,000 awarded shares have an aggregate nominal value of HK\$112,500 and a fair value of HK\$226,688,000 (equivalent to approximately RMB192,446,000) based on the price of HK\$20.15 on grant date. For the year ended 31 December 2025, an expense of RMB Nil was recognised in relation to the 2020 Share Award Scheme (2024: RMB16,881,000), and expense of RMB Nil was reversed in relation to the cancellation of Mr. Chen's unvested awards of 5,625,000 awarded shares (2024: RMB84,405,000).

On 31 December 2020, Powerlong CM announced that Huihong Management (PTC) Limited ("Huihong Management"), a company wholly-owned by Mr. Hoi Wa Fong who is one of the executive directors of the Company, adopted a share award scheme (the "Huihong Share Award Scheme") for the purpose of granting incentive shares (that are held by Huihong Management as trustee of the Huihong Share Award Scheme) to eligible persons, including the key management of Powerlong CM and its subsidiaries and persons who made special contribution to Powerlong CM, to recognise the contribution of, and to motivate and incentivise the relevant eligible persons.

On 21 September 2022, as the grant date, Powerlong CM has resolved to transfer, and the eligible grantees have to pay a purchase price of RMB1.1111 per share for, certain Incentive Shares upon the terms and subject to the conditions under the Huihong Share Award Scheme. These Incentive Shares shall be transferred to the eligible grantees after the relevant vesting conditions are fulfilled.

Under the terms of the Huihong Share Award Scheme, when the vesting conditions are fulfilled, the Incentive Shares shall be vested 100%. As at 31 December 2025, total number of 27,558,000 Incentive Shares were purchased by and transferred to the grantees (as at 31 December 2024: 21,428,000 shares). For the year ended 31 December 2025, an expense of RMB5,688,000 was recognised in relation to the Huihong Share Award Scheme (2024: RMB2,344,000).

## 22 PERPETUAL CAPITAL INSTRUMENTS

	Principal	Distribution	Total
	RMB'000	RMB'000	RMB'000
Balance as at 1 January 2024	500,000	78,942	578,942
Transfer to borrowings (Note 23(b))	(500,000)	(78,942)	(578,942)
Balance as at 31 December 2024 and 2025	–	–	–

The perpetual capital instruments which represent the corporate bonds, "19 Powerlong MTN002" with a principal amount of RMB500,000,000 at a coupon rate of 10.05% per annum, do not have maturity date and the distribution payments can be deferred at the discretion of the Company. Therefore, the perpetual capital instruments were classified as equity instruments and recorded as part of equity in the consolidated balance sheet as at 1 January 2024.

Due to the early maturity of the instrument on 9 April 2024, triggered by cross default protection clauses, the perpetual capital instrument was reclassified as a debt instrument during the year ended 31 December 2024 and classified as borrowings as at 31 December 2025 and 2024.

## 23 BORROWINGS

	2025	2024
	RMB'000	RMB'000
Borrowings included in non-current liabilities:		
Senior notes (Note (a))	15,301,100	15,638,997
Corporate bonds (Note (b))	6,339,995	6,298,743
Commercial mortgage backed securities (Note (c))	2,112,135	2,123,840
Assets-backed securities	206,762	206,749
Bank borrowings (Note (d))	28,602,010	31,005,152
– secured	28,514,217	30,915,141
– unsecured	87,793	90,011
Other borrowings – secured (Note (e))	2,478,634	2,392,417
Less: current portion of non-current borrowings	(34,208,383)	(26,124,348)
	20,832,253	31,541,550
Borrowings included in current liabilities:		
Other borrowings-secured (Note (e))	14,300	55,160
Add: Current portion of long-term borrowings	34,208,383	26,124,348
	34,222,683	26,179,508
Total borrowings	55,054,936	57,721,058

## 23 BORROWINGS (CONTINUED)

### (a) Senior notes

As at 31 December 2025, senior notes of RMB15,301,100,000 (2024: RMB15,638,997,000) were listed on the Singapore Exchange Securities Trading Limited which contain various early redemption options. The options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above early redemption options was insignificant as at 31 December 2025 and 2024.

The Group's senior notes are guaranteed and secured by pledges of certain subsidiaries and non-PRC joint ventures.

As disclosed in the Group's announcement dated 29 November 2023, interest in the amount of US\$15,916,250 (equivalent to approximately RMB111,872,000) on the 5.95% Senior Notes due April 2025 (ISIN: XS2250030090) issued by the Group was due and payable on 30 October 2023. The non-payment of the interest would result in an event of default under the terms of certain senior notes issued by the Group. The total amount of senior notes in default or cross-default was RMB15,301,100,000 (2024: RMB15,638,997,000) as at 31 December 2025.

### (b) Corporate bonds

As at 31 December 2025, corporate bonds of RMB5,829,902,293 (2024: RMB5,821,390,000) are with the issuer's option to raise the coupon rate and the investor's option to sell back the bonds at the end of the second, third, fourth or fifth years. The options embedded in the corporate bonds are regarded as embedded derivatives not closely related to the host contract. The directors of the Company consider that the fair value of the above options was insignificant as at 31 December 2025 and 2024.

As disclosed in the announcement of Shanghai Powerlong Industrial Development Co., Ltd. ("Shanghai Powerlong"), a subsidiary of the Group, dated 27 February 2024, on 27 February 2024, Shanghai Powerlong failed to fully repay as scheduled the principal amount of RMB35 million that fell due on 27 February 2024 and the interest corresponding to the aforesaid principal amount during the period from 27 August 2023 to 26 February 2024 of the first tranche of medium term notes of 2020 (Bond name: 20 寶龍 MTN001; bond code: 102001657). The non-payment would result in an event of default under the terms of certain corporate bonds issued by Shanghai Powerlong. The total amount of corporate bonds in default or cross-default was RMB2,047,500,000 (2024: RMB2,047,500,000) as at 31 December 2025.

Included in corporate bands are the perpetual capital instruments, representing the corporate bonds "19 Powerlong MTN002" with a principal amount of RMB500,000,000 at a coupon rate of 10.05% per annum. The perpetual capital instruments do not have maturity date and the distribution payments can be deferred at the discretion of the Company. As detailed in Note 22, the perpetual capital instrument was reclassified from equity instrument to debt instrument during the year ended 31 December 2024 and classified as borrowings as at 31 December 2025 and 2024 as triggered by cross default clause.

### (c) As disclosed in the announcement of Shanghai Powerlong dated 12 November 2025, as at 6 November 2025, Shanghai Powerlong failed to pay interest of Dongya Qianhai - Baolong Real Estate Commercial No.1 Asset-backed Special Plan on schedule and failed to redeem the put principal on time. The non-payment would result in an event of default under the terms of the Commercial mortgage backed security issued by Shanghai Powerlong. The total amount of Commercial mortgage backed securities in default was RMB721,130,000 as at 31 December 2025 (31 December 2024: nil).

## 23 BORROWINGS (CONTINUED)

### (d) Bank borrowings

As at 31 December 2025, bank borrowings of RMB28,514,217,000 (2024: RMB30,915,141,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 9), completed properties held for sale (Note 10) and restricted cash (Note 18); the secured bank borrowings of RMB6,419,270,000 (2024: RMB6,573,264,000) were additionally guaranteed by certain related parties (Note 38(b)(iii)).

As at 31 December 2025, the principal amount of certain bank borrowings of the Group had not been repaid on time, which together with the default or cross-default of offshore bonds issued by the Group, constituted default or cross-default of certain bank borrowings amounting to RMB5,286,605,000 (2024: RMB4,943,622,000) in total.

### (e) Other borrowings

As at 31 December 2025, borrowings from other non-bank financial institutions of RMB2,492,934,000 (2024: RMB2,447,577,000) were secured by property and equipment (Note 6), investment properties (Note 7), properties under development (Note 9) and completed properties held for sale (Note 10).

As at 31 December 2025, the Group had defaulted in the timely repayment of the principal amount of certain other borrowings, which constituted defaults on certain other borrowings in the total amount of RMB212,879,000 (2024: RMB254,039,000).

### (f) The maturity of the borrowings is as follows:

	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 31 December 2025</b>					
Senior notes	15,301,100	–	–	–	15,301,100
Corporate bonds	2,640,469	1,055,469	2,644,057	–	6,339,995
Commercial mortgage backed securities	2,112,135	–	–	–	2,112,135
Assets-backed securities	20,330	84,745	101,687	–	206,762
Bank borrowings	12,036,107	2,090,024	6,500,421	7,975,458	28,602,010
Other borrowings	2,112,542	250,392	–	130,000	2,492,934
	<b>34,222,683</b>	<b>3,480,630</b>	<b>9,246,165</b>	<b>8,105,458</b>	<b>55,054,936</b>
<b>As at 31 December 2024</b>					
Senior notes	15,638,997	–	–	–	15,638,997
Corporate bonds	2,047,500	–	4,251,243	–	6,298,743
Commercial mortgage backed securities	79,041	1,323,669	–	721,130	2,123,840
Assets-backed securities	–	–	206,749	–	206,749
Bank borrowings	7,718,036	6,456,068	8,062,991	8,768,057	31,005,152
Other borrowings	695,934	1,733,593	18,050	–	2,447,577
	<b>26,179,508</b>	<b>9,513,330</b>	<b>12,539,033</b>	<b>9,489,187</b>	<b>57,721,058</b>

## 23 BORROWINGS (CONTINUED)

(g) The effective interest rates of borrowings are as follows:

	2025	2024
Senior notes	7.33%	7.34%
Corporate bonds	6.88%	6.92%
Commercial mortgage backed securities	5.24%	6.59%
Assets-backed securities	6.40%	6.51%
Bank and other borrowings	4.39%	4.94%

## 24 DEFERRED INCOME TAX

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	2025	2024
	RMB'000	RMB'000
Deferred income tax assets		
To be realised after more than 12 months	2,447,915	3,499,515
To be realised within 12 months	1,101,027	355,006
	<b>3,548,942</b>	3,854,521
Offset against deferred income tax liabilities	<b>(1,258,589)</b>	(1,444,922)
Net deferred income tax assets	<b>2,290,353</b>	2,409,599
Deferred income tax liabilities		
To be realised after more than 12 months	<b>(6,254,154)</b>	(7,728,490)
To be realised within 12 months	<b>(1,034,766)</b>	(519,041)
	<b>(7,288,920)</b>	(8,247,531)
Offset against deferred income tax assets	<b>1,258,589</b>	1,444,922
Net deferred income tax liabilities	<b>(6,030,331)</b>	(6,802,609)
	<b>(3,739,978)</b>	(4,393,010)

The net movements on the deferred income tax are as follows:

	2025	2024
	RMB'000	RMB'000
At 1 January	<b>(4,393,010)</b>	(4,851,374)
Recognised in income tax expense (Note 32)	<b>652,657</b>	457,774
Tax charge relating to components of other comprehensive income (Note 21(b))	<b>375</b>	590
At 31 December	<b>(3,739,978)</b>	(4,393,010)

## 24 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

### Deferred income tax assets

	Temporary difference on unrealised profit of inter-company transactions	Tax losses	Lease liabilities	Allowance for inventories	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	859,040	1,060,102	329,892	1,446,966	158,521	3,854,521
Credited to the income tax expense	(27,799)	(74,294)	(179,860)	5,610	(29,236)	(305,579)
At 31 December 2025	831,241	985,808	150,032	1,452,576	129,285	3,548,942
At 1 January 2024	895,540	1,730,585	348,599	867,361	129,993	3,972,078
Credited to the income tax expense	(36,500)	(670,483)	(18,707)	579,605	28,528	(117,557)
At 31 December 2024	859,040	1,060,102	329,892	1,446,966	158,521	3,854,521

## 24 DEFERRED INCOME TAX (CONTINUED)

### Deferred income tax liabilities

	Excess of carrying amount of land use right over the tax bases	Temporary difference on revaluation gains of investment properties	Temporary difference on revaluation of financial assets at FVOCI	Temporary difference on right-of-use assets	Withholding tax on profit to be distributed in future	Temporary difference on interest capitalisation	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	(1,011,266)	(5,399,670)	67,690	(245,728)	-	(1,356,923)	(301,634)	(8,247,531)
Tax credited/(charged) to the income tax expense	1,209	1,095,325	-	129,030	-	(256,223)	(11,105)	958,236
Tax charge relating to components of other comprehensive income	-	-	375	-	-	-	-	375
At 31 December 2025	(1,010,057)	(4,304,345)	68,065	(116,698)	-	(1,613,146)	(312,739)	(7,288,920)
At 1 January 2024	(1,019,252)	(6,199,571)	67,100	(190,355)	(79,000)	(1,079,650)	(322,724)	(8,823,452)
Tax credited/(charged) to the income tax expense	7,986	799,901	-	(55,373)	79,000	(277,273)	21,090	575,331
Tax charge relating to components of other comprehensive income	-	-	590	-	-	-	-	590
At 31 December 2024	(1,011,266)	(5,399,670)	67,690	(245,728)	-	(1,356,923)	(301,634)	(8,247,531)

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related benefit through the future taxable profits is probable. The Group did not recognise deferred income tax assets of RMB2,549,298,000 (2024: RMB1,851,446,000) in respect of losses amounting to RMB10,197,192,000 (2024: RMB7,405,785,000) that can be carried forward against future taxable income. The tax losses could be carried forward for a maximum of five years.

Tax losses will expire in the following years:

Year	RMB'000
2026	788,001
2027	1,121,961
2028	3,378,397
2029	2,831,063
2030	2,077,770
	<u>10,197,192</u>

## 25 TRADE AND OTHER PAYABLES

	2025	2024
	RMB'000	RMB'000
Trade payables (Note (a))	<b>11,034,352</b>	11,599,907
– Related parties (Note 38(d))	<b>19,662</b>	23,704
– Third parties	<b>10,866,162</b>	11,414,899
– Notes payable – third parties	<b>148,528</b>	161,304
Other payables and accruals	<b>21,697,605</b>	22,228,862
– Related parties (Note 38(d))	<b>7,536,251</b>	8,897,216
– Non-controlling interests	<b>5,160,916</b>	3,826,267
– Third parties (Note (b))	<b>9,000,438</b>	9,505,379
Payables for retention fee	<b>810,630</b>	810,978
Value-added tax received in advance from customers	<b>853,604</b>	1,692,865
Interest payable	<b>3,728,422</b>	1,950,039
Payables for acquisition of land use rights	<b>22,079</b>	23,517
Other tax payables	<b>1,351,273</b>	1,214,725
	<b>39,497,965</b>	39,520,893

- (a) The ageing analysis of trade payables as at 31 December 2025 and 2024 based on invoice date is as follows:

	2025	2024
	RMB'000	RMB'000
Within 90 days	<b>4,048,309</b>	6,110,914
Over 90 days and within 180 days	<b>2,270,458</b>	2,812,376
Over 180 days and within 365 days	<b>1,875,733</b>	2,032,526
Over 365 days	<b>2,839,852</b>	644,091
	<b>11,034,352</b>	11,599,907

- (b) Amounts represent mainly cash advances from independent third parties for joint development projects and deposits from property purchasers.
- (c) Group's trade and other payables were mainly denominated in RMB, except for the interest payables of RMB1,893,852,000 and RMB419,537,000 (2024: RMB984,595,000 and RMB233,457,000), which were denominated in US\$ and HK\$ respectively.
- (d) The fair value of trade and other payables approximate their carrying amounts.

## 26 CONTRACT LIABILITIES

	2025	2024
	RMB'000	RMB'000
Contract liabilities		
– Related parties (Note 38(d))	24,706	23,578
– Third parties	9,441,779	20,000,508
	<b>9,466,485</b>	<b>20,024,086</b>

Contract liabilities mainly represent the proceeds received from pre-sales of properties.

### (a) Revenue recognised in relation to contract liabilities

The following table set out the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	13,744,807	17,860,244

### (b) Unsatisfied performance obligations

The amount of unsatisfied performance obligation is approximately the same as the balance of contract liabilities, which are expected to be recognised in 1 to 3 years as of 31 December 2025 and 31 December 2024.

## 27 CURRENT INCOME TAX LIABILITIES

The current income tax liabilities are analysed as follows:

	2025	2024
	RMB'000	RMB'000
Current income tax liabilities		
– PRC corporate income tax payable	9,558,674	9,400,630
– PRC land appreciation tax payable	8,172,950	7,898,172
	<b>17,731,624</b>	<b>17,298,802</b>

**28 EXPENSES BY NATURE**

	2025	2024
	RMB'000	RMB'000
Cost of properties sold (Note (a))	<b>18,661,714</b>	20,657,747
Staff costs (including directors' emoluments)	<b>1,332,292</b>	1,426,548
Employee benefit expenditure – including directors' emoluments	<b>1,424,165</b>	1,586,828
Less: capitalised in properties under development, investment properties under construction and construction in progress	<b>(91,873)</b>	(160,280)
Advertising costs	<b>286,388</b>	578,629
Subcontracting costs	<b>537,790</b>	519,335
Hotel operations expenses	<b>410,282</b>	416,187
Depreciation and amortisation	<b>279,382</b>	362,452
– Property and equipment (Note 6)	<b>220,713</b>	296,110
– Right-of-use assets (Note 6)	<b>56,603</b>	63,723
– Intangible assets	<b>2,066</b>	2,619
Utilities	<b>273,258</b>	289,938
Office related expenses	<b>31,998</b>	56,124
Donations	<b>21</b>	246
Expense relating to short-term leases (included in cost of goods sold and administrative expenses) (Note 8(ii))	<b>69,963</b>	33,311
Auditor's remuneration	<b>5,591</b>	3,400

- (a) During the year ended 31 December 2025, impairment losses on properties under development and completed properties held for sale – net of RMB5,937,983,000 (2024: RMB5,333,846,000) have been charged to "Cost of properties sold".

**29 STAFF COSTS**

	2025	2024
	RMB'000	RMB'000
Wages and salaries	<b>1,150,895</b>	1,341,483
Pension costs – statutory pension	<b>215,909</b>	252,865
Share award scheme – value of employee service (Note (a))	<b>5,688</b>	(65,180)
Other staff welfare and benefits	<b>51,673</b>	57,660
	<b>1,424,165</b>	1,586,828
Less: capitalised in properties under development, investment properties under construction and construction in progress	<b>(91,873)</b>	(160,280)
	<b>1,332,292</b>	1,426,548

- (a) During the year ended 31 December 2024, the reversal of share award scheme expense was mainly due to the resignation of Mr. Chen (Note 21 (d)).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 29 STAFF COSTS (CONTINUED)

#### (a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year included three (2024: three) directors whose emoluments are reflected in the analysis presented in Note 41. The aggregate amounts of emoluments of the other two (2024: two) highest paid individuals for the years ended 31 December 2025 and 2024 are set out below:

	2025	2024
	RMB'000	RMB'000
Wages and salaries	2,699	2,252
Retirement scheme contributions	406	294
Discretionary bonus	–	270
	<b>3,105</b>	<b>2,816</b>

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands (in HK\$)		
HK\$1,000,001 to HK\$1,500,000	1	1
HK\$1,500,001 to HK\$2,000,000	1	1

During the year ended 31 December 2025, no emolument was paid by the Group to any of the directors or the highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of offices (2024: nil).

#### (b) Pensions – defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income, with a maximum cap per employee per month.

### 30 OTHER INCOME AND GAINS/(LOSSES) – NET

	2025	2024
	RMB'000	RMB'000
Exchange gains/(losses) – net (Note (a))	31,047	(81,345)
Gains/(losses) on disposal of joint ventures and associates	15,527	(74,441)
Fair value gains/(losses) on financial assets at fair value through profit or loss	3,037	(621)
Gains on disposal of subsidiaries	75,351	–
(Losses)/gains on disposal of property and equipment	(33,537)	84,675
(Losses)/gains on disposal of investment properties	(37,843)	500,091
Others	10,622	(4,762)
	<b>64,204</b>	<b>423,597</b>

- (a) Amount mainly represents the net losses on translation of foreign currency financial assets and liabilities from foreign currency into RMB at the prevailing year-end exchange rate. It does not include the exchange gain or loss of translation of borrowings which are included in the “finance costs – net” (Note 31).

### 31 FINANCE COSTS – NET

	2025	2024
	RMB'000	RMB'000
Interest expense:		
Borrowings	3,207,070	3,565,932
Lease liabilities	35,447	173,598
	<b>3,242,517</b>	<b>3,739,530</b>
Less: finance costs capitalised	(1,576,391)	(2,075,225)
Foreign exchange (gains)/losses on financing activities – net	(578,442)	409,726
Finance costs	<b>1,087,684</b>	<b>2,074,031</b>
Interest income of bank deposits	(49,648)	(79,430)
Finance costs – net	<b>1,038,036</b>	<b>1,994,601</b>

### 32 INCOME TAX EXPENSE

	2025	2024
	RMB'000	RMB'000
Current income tax:		
PRC corporate income tax	573,386	826,681
PRC land appreciation tax	640,048	469,617
	<b>1,213,434</b>	<b>1,296,298</b>
Deferred income tax:		
PRC corporate income tax	(651,893)	(452,926)
PRC land appreciation tax	(764)	(4,848)
	<b>(652,657)</b>	<b>(457,774)</b>
	<b>560,777</b>	<b>838,524</b>

### 32 INCOME TAX EXPENSE (CONTINUED)

The tax charge on other comprehensive income has been disclosed in Note 21(b).

The income tax on the loss before income tax of the Group differs from the theoretical amount that would arise using the enacted tax rate of the home country of the respective group entities as follows:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
Loss before income tax	<b>(6,284,089)</b>	(4,659,928)
Calculated at applicable corporate income tax rate	<b>(1,555,705)</b>	(1,149,062)
Effect of expenses not deductible for income tax	<b>353,633</b>	522,573
Effect of income not subject to income tax	<b>(24,623)</b>	(23,594)
Share of losses of investments accounted for using the equity method	<b>165,867</b>	3,350
Tax losses for which no deferred income tax asset was recognised	<b>1,213,960</b>	1,295,682
Utilisation of tax losses previously not recognised	<b>(71,818)</b>	(159,002)
PRC land appreciation tax deductible for PRC corporate income tax purposes	<b>(159,821)</b>	(116,192)
	<b>(78,507)</b>	373,755
PRC land appreciation tax	<b>639,284</b>	464,769
	<b>560,777</b>	838,524

#### PRC corporate income tax

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for both years, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in Mainland China is 25%.

#### PRC withholding income tax

According to the new Corporate Income Tax Law of the PRC, starting from 1 January 2008, a withholding tax of 10% will be levied on the immediate holding companies outside the PRC when their PRC subsidiaries declare dividend out of profits earned after 1 January 2008. A lower 5% withholding tax rate may be applied when the immediate holding companies of the PRC subsidiaries are established in Hong Kong according to the tax treaty arrangements between the PRC and Hong Kong.

## 32 INCOME TAX EXPENSE (CONTINUED)

### PRC land appreciation tax ("LAT")

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

### Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the International Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

### Hong Kong profits tax

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the Company and the Group did not have assessable profit in Hong Kong for the year. The profit of the group entities in Hong Kong is mainly derived from dividend income, which is not subject to Hong Kong profits tax.

## 33 LOSS PER SHARE

### (a) Basic

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2025	2024
Loss attributable to owners of the Company (RMB'000)	(5,886,744)	(5,765,033)
Weighted average number of ordinary shares in issue (thousand shares)	4,140,403	4,140,403
Basic loss per share (RMB cents per share)	(142.2)	(139.2)

### (b) Diluted

Since there was no dilutive potential ordinary shares during the year ended 31 December 2025, diluted loss per share is equal to basic loss per share (2024: nil).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2025

### 34 DIVIDENDS

No final dividend was paid or proposed by the Board for ordinary shareholders of the Company for the year ended 31 December 2025, nor has any dividend been proposed since the end of the reporting period (year ended 31 December 2024: nil).

### 35 CASH FLOW INFORMATION

#### (a) Cash generated from operations

	2025	2024
	RMB'000	RMB'000
Loss before taxation	(6,284,089)	(4,659,928)
Adjustments for:		
Depreciation and amortisation	279,382	362,452
– Property and equipment (Note 6)	220,713	296,110
– Right-of-use assets (Note 6)	56,603	63,723
– Intangible assets	2,066	2,619
Fair value losses on investment properties – net (Note 7)	4,193,334	3,326,616
Impairment losses on financial assets – net	226,177	258,264
Impairment losses on properties under development and completed properties held for sale – net	5,937,983	5,333,846
Share of losses of investments accounted for using the equity method (Note 16)	663,469	13,400
Other income and gains – net (Note 30)	(64,204)	(423,597)
Finance costs – net (Note 31)	1,038,036	1,994,601
Employee share award scheme	5,688	(65,180)
Changes in operating capital:		
Properties under development and completed properties held for sale	11,980,394	13,394,099
Restricted cash	(455,481)	78,284
Trade and other receivables	(752,642)	(1,036,376)
Contract assets	(33,145)	(27,136)
Prepayments	25,501	213,781
Trade and other payables	(1,636,097)	(1,984,710)
Contract liabilities	(10,557,601)	(12,027,899)
Cash generated from operations	4,566,705	4,750,517

**35 CASH FLOW INFORMATION (CONTINUED)****(b) Reconciliation of liabilities arising from financing activities**

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

	Loan from related parties	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 1 January 2025	8,897,216	57,721,058	1,250,747	67,869,021
– Inflow from financing activities	1,374,816	–	–	1,374,816
– Outflow from financing activities	(2,842,689)	(2,187,795)	(76,680)	(5,107,164)
Derecognition of lease liabilities	–	–	(609,384)	(609,384)
Foreign exchange adjustments	–	(538,448)	–	(538,448)
Interest expenses	106,908	59,689	–	166,597
Other changes (i)	–	432	35,447	35,879
Net debt as at 31 December 2025	7,536,251	55,054,936	600,130	63,191,317

	Loan from related parties	Borrowings	Leases	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Net debt as at 1 January 2024	9,258,376	58,820,060	2,860,274	70,938,710
– Inflow from financing activities	3,130,870	235,552	–	3,366,422
– Outflow from financing activities	(3,492,030)	(2,212,168)	(130,090)	(5,834,288)
Transfer of perpetual capital instruments	–	500,000	–	500,000
Disposal-leases	–	–	(1,653,035)	(1,653,035)
Foreign exchange adjustments	–	374,228	–	374,228
Other changes (i)	–	3,386	173,598	176,984
Net debt as at 31 December 2024	8,897,216	57,721,058	1,250,747	67,869,021

- (i) Other changes mainly comprise: i) amortisation of issuance costs of senior notes, corporate bonds, commercial mortgage backed securities and assets-backed securities, ii) finance expenses recognised of leases and iii) gains on early redemption of senior notes.

### 36 FINANCIAL GUARANTEE CONTRACTS

The face value of the financial guarantees issued by the Group is analysed as below:

	2025	2024
	RMB'000	RMB'000
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	9,749,564	16,166,946
Guarantees for borrowings of joint ventures and associates (Note (b))	679,905	764,050
	<b>10,429,469</b>	<b>16,930,996</b>

- (a) 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. 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.

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 mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore the fair value of these financial guarantees is immaterial.

- (b) Amounts represent principal amounts of the loans of the joint ventures and associates guaranteed by the Group. The Directors consider that the fair value of these contracts at the date of inception was minimal, the repayment was on schedule and risk of default in payment was remote, therefore no provision has been made in the financial statements for the guarantees.

### 37 COMMITMENTS

#### (a) Commitments for property development expenditures

	2025	2024
	RMB'000	RMB'000
Contracted but not provided for: Properties development activities	6,534,536	7,046,342
	<b>6,534,536</b>	<b>7,046,342</b>

#### (b) Leases commitments

As at 31 December 2025 and 2024, the Group did not have any material short-term lease commitments.

**38 RELATED PARTY TRANSACTIONS****(a) Name and relationship with related parties**

Name	Relationship
Skylong Holdings Limited	The immediate holding company of the Company
Skylong Family Limited	The ultimate holding company of the Company
Mr. Hoi Kin Hong	The ultimate controlling shareholder and also a director of the Company
The Controlling Shareholders, including Ms. Wong Lai Chan, Mr. Hoi Wa Fong and Ms. Hoi Wa Fan	Close family members of ultimate controlling shareholder, and Mr. Hoi Wa Fong and Ms. Hoi Wa Fan are also the directors of the Company
Sky Infinity Holdings Limited	Shareholder of the Company and controlled by Mr. Hoi Wa Fong
Powerlong Group Development Co., Ltd. 寶龍集團發展有限公司	Controlled by the ultimate Controlling Shareholder
Xiamen Powerlong Information Industry Co., Ltd. 廈門寶龍信息產業發展有限公司	Controlled by the ultimate Controlling Shareholder
Fuzhou Powerlong Amusement Management Company Limited 福州寶龍樂園遊樂有限公司	Controlled by the ultimate Controlling Shareholder
Qingdao Powerlong Amusement Management Company Limited 青島寶龍樂園旅遊文化發展有限公司	Controlled by the ultimate Controlling Shareholder
Fujian Ping An Security Devices and Network Limited 福建平安報警網絡有限公司	Controlled by the ultimate Controlling Shareholder
Mantong (HK) Trading Co., Limited 萬通(香港)貿易有限公司	Controlled by the Controlling Shareholder
Shanghai Yueshang Information Technology Co., Ltd. 上海悅商資訊科技有限公司	Significantly influenced by the Controlling Shareholder
Tianjin Powerlong Jinjun Real Estate Co., Ltd. 天津寶龍金駿房地產開發有限責任公司	Joint venture of the Group
Hangzhou Xiaoshan Powerlong Property Co., Ltd. 杭州蕭山寶龍置業有限公司	Joint venture of the Group
Baohui Real Estate (Hong Kong) Holdings Limited 寶匯地產(香港)控股有限公司	Joint venture of the Group
Powerlong Golden Wheel Coral Company Limited 寶龍金輪珊瑚有限公司	Joint venture of the Group
Yangzhou Golden Wheel Powerlong Real Estate Co., Ltd. 揚州金輪寶龍置業有限公司	Joint venture of the Group
Tianjin Shunji Real Estate Development Co., Ltd. 天津順集置業有限公司	Joint venture of the Group
Ningbo Powerlong Huafeng Real Estate Development Co., Ltd. 寧波寶龍華豐置業發展有限公司	Joint venture of the Group
Shanghai Xiaofeng Enterprise Management Co., Ltd. 上海夏鋒企業管理有限公司	Joint venture of the Group
Shanghai Baozhan Real Estate Development Co., Ltd. 上海寶展房地產開發有限公司	Joint venture of the Group

### 38 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Name and relationship with related parties (continued)

Name	Relationship
Ningbo Youngor Baolong Real Estate Co., Ltd. (formerly named Ningbo Youngor New Longland Real Estate Development Co., Ltd.) 寧波雅戈爾寶龍置業有限公司 (前稱寧波雅戈爾新長島置業有限公司)	Joint venture of the Group
Shanghai Baoshen Digital Technology Co., Ltd. 上海寶申數字科技有限公司	Joint venture of the Group
Shanghai Mijie Property Management Co., Ltd. 上海半傑企業管理有限公司	Joint venture of the Group
Qingdao Hailong Yilian Real Estate Co., Ltd. 青島海龍衣聯置業有限公司	Joint venture of the Group
Taizhou Huayi Real Estate Co., Ltd. 台州華懿置業有限公司	Joint venture of the Group
Taizhou Tianqu Real Estate Co., Ltd. 台州天衢置業有限公司	Joint venture of the Group
Hangzhou Powerlong Taoyuan Real Estate Development Co., Ltd. 杭州寶龍桃源置業發展有限公司	Joint venture of the Group
Zhoushan Longyu Commercial Investment Co., Ltd. 舟山龍宇商業投資有限公司	Joint venture of the Group
Zhoushan Longyu Hotel Co., Ltd. 舟山龍宇大酒店有限公司	Joint venture of the Group
Shanghai Duxuan Enterprise Management Co., Ltd. 上海都絢企業管理有限公司	Associate of the Group
Quanzhou Shimao New Mileage Real Estate Co., Ltd. 泉州世茂新里程置業有限公司	Associate of the Group
Xuzhou Jinbi Real Estate Development Co., Ltd. 徐州金碧房地產開發有限公司	Associate of the Group
Nanjing Baomao Real Estate Co., Ltd. 南京寶茂置業有限公司	Associate of the Group
Quanzhou Shimao Shiyue Real Estate Co., Ltd. 泉州世茂世悅置業有限公司	Associate of the Group
Zhejiang Zhoushan Zhongzhou Real Estate Development Co., Ltd. 浙江舟山中軸置業有限公司	Associate of the Group

## 38 RELATED PARTY TRANSACTIONS (CONTINUED)

### (a) Name and relationship with related parties (continued)

Name	Relationship
Zhenjiang Hengrun Real Estate Development Co., Ltd. 鎮江恒潤房地產開發有限公司	Associate of the Group
Quanzhou Shangquan Industrial Development Co., Ltd. 泉州市上泉實業發展有限公司	Associate of the Group
Shanghai Hukang Property Management Co., Ltd. 上海湖康企業管理有限公司	Associate of the Group
Shanghai Hubang Real Estate Development Co., Ltd. 上海湖邦房地產有限公司	Associate of the Group
Zhejiang Lancheng Hongyi Youdao Construction Management Co., Ltd. 浙江藍城宏逸有道建設管理有限公司	Associate of the Group
Shaoxing Keqiao Juhang Real Estate Development Co., Ltd. 紹興柯橋聚杭房地產開發有限公司	Associate of the Group
Hangzhou Juyou Enterprise Management Co., Ltd. 杭州聚佑企業管理有限責任公司	Associate of the Group
Yiwu Juli Real Estate Development Co., Ltd. 義烏聚厲房地產開發有限公司	Associate of the Group
Zhoushan Juyou Real Estate Development Co., Ltd. 舟山聚佑房地產開發有限公司	Associate of the Group
Shanghai Taoxia Enterprise Management Co., Ltd. 上海濤峽企業管理有限公司	Associate of the Group
Zhejiang Huzhou Baohui Real Estate Development Co., Ltd. 浙江湖州寶輝房地產開發有限公司	Associate of the Group
Tiantai Maolong Real Estate Development Co., Ltd. 天臺茂龍房地產開發有限公司	Associate of the Group
Changzhou Yulong Real Estate Development Co., Ltd. 常州御龍房地產開發有限公司	Associate of the Group
Nantong Rongxi Real Estate Development Co., Ltd. 南通融璽房地產開發有限公司	Associate of the Group

### 38 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Transactions with related parties

- (i) During the years ended 31 December 2025 and 2024, the Group had the following significant transactions with related parties:

	Year ended 31 December	
	2025	2024
	RMB'000	RMB'000
<b>Nature of transactions</b>		
<b>Controlled by the ultimate controlling shareholder</b>		
Rental income	1,786	3,271
Purchase of office equipment and security intelligentisation system services from related parties	14,812	40,082
<b>Significantly influenced by Controlling Shareholder</b>		
Purchase of digitalisation services	9,744	13,250
<b>Controlled by the Controlling Shareholders</b>		
Rental expenses	11,925	12,768
Interest expenses	106,908	–
<b>Joint ventures</b>		
Sales of construction materials to joint ventures	8,899	15,321
Interest income from joint ventures	49,723	2,137
Consultation services provided to joint ventures	18,453	4,551
Commercial operational services and residential property management services	8,108	22,465
<b>Associates</b>		
Sales of construction materials to associates	–	180
Consultation services provided to associates	1,834	1,670
Commercial operational services and residential property management services	3,868	2,266

The above transactions were charged in accordance with the terms of the underlying agreements which, in the opinion of the directors, were determined with reference to the market price at the prescribed year.

- (ii) The Group have provided guarantees for borrowings of certain joint ventures and associates of RMB679,905,000 as at 31 December 2025 (2024: RMB764,050,000) (Note 36).
- (iii) Certain related parties have provided guarantees for the Group's bank borrowings of RMB6,419,270,000 as at 31 December 2025 (2024: RMB6,573,264,000) (Note 23(d)).
- (iv) In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms mutually negotiated between the Group and the respective related parties.

### 38 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (c) Key management compensation

Key management compensation is set out below:

	2025	2024
	RMB'000	RMB'000
Key management compensation		
– Salaries and other employee benefits	14,414	21,077
– Pension costs	1,271	1,645
	<b>15,685</b>	<b>22,722</b>

#### (d) Balances with related parties

The Group had the following material balances with related parties:

	2025	2024
	RMB'000	RMB'000
<b>Amounts due from related parties included in trade receivables (Note (i)):</b>		
Controlled by the ultimate controlling shareholder	3,140	2,489
Joint ventures	46,417	51,326
Associates	12,225	11,665
	<b>61,782</b>	<b>65,480</b>
<b>Amounts due from related parties included in other receivables (Note (ii)):</b>		
Controlled by the ultimate controlling shareholder	21,376	21,376
Joint ventures	7,727,189	8,209,739
Associates	1,359,132	1,161,614
	<b>9,107,697</b>	<b>9,392,729</b>
<b>Amounts due to related parties included in trade payables (Note (ii)):</b>		
Controlled by the ultimate controlling shareholder	19,638	23,172
Joint ventures	24	532
	<b>19,662</b>	<b>23,704</b>
<b>Amounts due to related parties included in other payables (Note (iii)):</b>		
Controlled by the ultimate controlling shareholder	1,857,399	1,863,870
Joint ventures	2,405,054	2,815,416
Associates	3,273,798	4,217,930
	<b>7,536,251</b>	<b>8,897,216</b>

### 38 RELATED PARTY TRANSACTIONS (CONTINUED)

#### (d) Balances with related parties (continued)

	2025	2024
	RMB'000	RMB'000
<b>Amounts due to related parties included in contract liabilities (Note (iv)):</b>		
Joint ventures	8,059	6,142
Associates	16,647	17,436
	<b>24,706</b>	23,578

- (i) Amounts due from joint ventures and associates included in trade receivables are mainly derived from consulting services provided to joint ventures and associates.
- (ii) Amounts due to related parties included in trade payables are mainly derived from purchase of office equipment and security intelligentisation system services, which are unsecured, interest-free and to be settled according to contract terms.
- (iii) As at 31 December 2025, except for an amount due to companies controlled by the ultimate controlling shareholder of approximately RMB1,850,573,000 (2024: RMBNil) which is unsecured and interest-bearing at 5.4% per annum, the remaining amounts due from/to related parties included in other receivables/payables are cash advances in nature, which are unsecured, interest-free and receivable/repayable on demand.
- (iv) Amounts due to related parties included in contract liabilities mainly consist of advances paid for purchase of properties and consulting services.

### 39 PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the principal subsidiaries of the Company at 31 December 2025 are set out below.

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
寶龍地產(香港)控股有限公司 Powerlong Real Estate (Hong Kong) Holdings Limited	Hong Kong 5 July 2007	Limited liability company	HK\$10,000	100%	–	Investment holding in Hong Kong
寶龍置地發展有限公司 Powerlong Land Development Limited	Hong Kong 3 October 2008	Limited liability company	US\$10,000,000	82%	18%	Investment holding in Hong Kong
洪誠企業管理(香港)有限公司 Hongcheng Enterprise Management (Hong Kong) Limited	Hong Kong 15 July 2019	Limited liability company	–	100%	–	Investment holding in Hong Kong
鵬岸企業管理(香港)有限公司 Pengye Enterprise Management (Hong Kong) Limited	Hong Kong 1 August 2019	Limited liability company	–	100%	–	Investment holding in Hong Kong
紹興聚燧置業有限公司 Shaoxing Jurong Property Development Co., Ltd. (Note (b))	the PRC 29 April 2020	Limited liability company	RMB450,000,000	35%	65%	Property development and property investment in the PRC
珠海騰灣置業有限公司 Zhuhai Pengwan Property Development Co., Ltd. (Note (b))	the PRC 8 January 2020	Limited liability company	–	45%	55%	Property development and property investment in the PRC
洛陽寶龍置業發展有限公司 Luoyang Powerlong Property Development Company Limited	the PRC 3 March 2006	Limited liability company	RMB80,000,000	100%	–	Property development and property investment in the PRC
寶龍集團(青島)置業發展有限公司 Powerlong Group (Qingdao) Property Development Co., Ltd.	the PRC 13 July 2006	Limited liability company	RMB660,000,000	100%	–	Property development, property investment and hotel operation in the PRC
寶龍星創實業(杭州)有限公司 Powerlong Xingchuang Industrial (Hangzhou) Co., Ltd. (Note (a))	the PRC 21 June 2016	Limited liability company	US\$149,424,383	42%	58%	Property development and property investment in the PRC

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For the year ended 31 December 2025

39 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
珠海寶龍置業有限公司 Zhuhai Powerlong Property Development Co., Ltd.	the PRC 21 November 2019	Limited liability company	RMB10,000,000	90%	10%	Property development and property investment in the PRC
新鄉寶龍置業發展有限公司 Xinxiang Powerlong Property Development Co., Ltd.	the PRC 25 December 2007	Limited liability company	RMB293,833,329	100%	–	Property development, property investment and hotel operation in the PRC
廈門寶龍實業有限公司 Xiamen Powerlong Industrial Development Co., Ltd.	the PRC 25 November 2013	Limited liability company	RMB300,000,000	100%	–	Property development, property investment and hotel operation in the PRC
上海寶龍展飛房地產開發有限公司 Shanghai Powerlong Zhanfei Real Estate Development Co., Ltd.	the PRC 9 December 2013	Limited liability company	RMB1,000,000,000	100%	–	Property development, property investment and hotel operation in the PRC
晉江市晉龍實業發展有限公司 Jinjiang Jinlong Industrial Development Co., Ltd.	the PRC 20 December 2010	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
宜興寶明房地產開發有限公司 Yixing Baoming Real Estate Development Co., Ltd. (Note (a))	the PRC 11 October 2019	Limited liability company	RMB200,000,000	48%	52%	Property development and property investment in the PRC
台州環懿實業有限公司 Taizhou Jingyi Industrial Co., Ltd.	the PRC 29 July 2019	Limited liability company	RMB50,000,000	78%	22%	Property development and property investment in the PRC
上海聚凱企業管理有限公司 Shanghai Jukai Enterprise Management Co., Ltd.	the PRC 10 July 2018	Limited liability company	RMB1,000,000,000	95%	5%	Investment holding in the PRC

### 39 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
上海洪誠實業發展(集團)有限公司 Shanghai Hongcheng Industry Development (Group) Co., Ltd.	the PRC 17 October 2018	Limited liability company	RMB1,200,000,000	95%	5%	Investment holding in the PRC
福鼎寶龍英聚房地產有限公司 Fuding Powerlong Yingju Real Estate Development Co., Ltd.	the PRC 10 September 2018	Limited liability company	RMB100,000,000	52%	48%	Property development and property investment in the PRC
常州寶龍置業發展有限公司 Changzhou Powerlong Property Development Co., Ltd.	the PRC 30 June 2008	Limited liability company	RMB572,141,200	100%	–	Property development and property investment in the PRC
宿遷寶龍置業發展有限公司 Suqian Powerlong Property Development Co., Ltd.	the PRC 10 December 2007	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC
蚌埠寶龍置業有限公司 Bengbu Powerlong Property Development Co., Ltd.	the PRC 21 February 2006	Limited liability company	RMB3,609,375	100%	–	Property development and property investment in the PRC
青島寶龍房地產發展有限公司 Qingdao Powerlong Real Estate Development Co., Ltd.	the PRC 21 November 2007	Limited liability company	RMB44,000,000	100%	–	Property development and property investment in the PRC
福州寶龍貿易有限公司 Fuzhou Powerlong Trading Co., Ltd.	the PRC 21 October 2003	Limited liability company	RMB66,104,400	100%	–	Property development and property investment in the PRC
上海寶龍富閩房地產開發有限公司 Shanghai Powerlong Fumin Real Estate Development Co., Ltd.	the PRC 26 November 2015	Limited liability company	RMB100,000,000	100%	–	Property development and property investment in the PRC

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39 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
杭州龍耀實業有限公司 Hangzhou Longyao Industrial Co., Ltd.	the PRC 3 August 2017	Limited liability company	US\$103,950,000	82%	18%	Property development and property investment in the PRC
寧波寶龍華隅置業發展有限公司 Ningbo Baolong Huayu Property Development Co., Ltd.	the PRC 13 June 2018	Limited liability company	RMB500,000,000	82%	18%	Property development and property investment in the PRC
紹興豪湖房地產開發有限公司 Shaoxing Haohu Real Estate Development Co., Ltd. (Note (a))	the PRC 25 October 2017	Limited liability company	–	42%	58%	Property development and property investment in the PRC
上海寶龍芳駿房地產開發有限公司 Shanghai Powerlong Fangjun Real Estate Development Co., Ltd.	the PRC 2 November 2016	Limited liability company	RMB50,000,000	100%	–	Property development and property investment in the PRC
淮安德百信置業有限公司 Huai'an Debaixin Property Development Co., Ltd.	the PRC 8 January 2010	Limited liability company	RMB281,600,000	100%	–	Property development and property investment in the PRC
廈門寶龍地產管理有限公司 Xiamen Powerlong Real Estate Management Co., Ltd.	the PRC 16 October 2007	Limited liability company	RMB4,338,000	100%	–	Investment holding in the PRC
杭州華展房地產開發有限公司 Hangzhou Huazhan Real Estate Development Co., Ltd.	the PRC 4 December 2013	Limited liability company	RMB1,000,000,000	100%	–	Property development and property investment in the PRC
鹽城寶龍置業發展有限公司 Yancheng Powerlong Property Development Co., Ltd.	the PRC 13 May 2008	Limited liability company	RMB61,477,200	100%	–	Property development, property investment and hotel operation in the PRC
寧波奉化寶龍華祥置業有限公司 Ningbo Fenghua Powerlong Huaxiang Property Development Co., Ltd.	the PRC 19 December 2017	Limited liability company	RMB50,000,000	82%	18%	Property development and property investment in the PRC

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### 39 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
上海煦新企業管理有限公司 Shanghai Xuxin Enterprise Management Co., Ltd.	the PRC 26 September 2014	Limited liability company	RMB1,000,000	71%	29%	Property management in the PRC
上海寶謙商業經營管理有限公司 Shanghai Baoqian Commercial Management Co., Ltd.	the PRC 13 November 2014	Limited liability company	RMB1,000,000	71%	29%	Property management in the PRC
長影粵海(海南)房地產開發有限公司 Changying Yuehai (Hainan) Real Estate Development Co., Ltd. (Note (a))	the PRC 3 April 2014	Limited liability company	RMB50,000,000	38%	62%	Property development and property investment in the PRC
上海商盛投資管理諮詢有限公司 Shanghai Shangsheng Management Consulting Co., Ltd.	the PRC 15 December 2010	Limited liability company	US\$3,000,000	71%	29%	Investment holding in the PRC
義烏龍瑞房地產開發有限公司 Yiwu Longrui Real Estate Development Co., Ltd.	the PRC 21 November 2018	Limited liability company	RMB10,000,000	100%	–	Property development and property investment in the PRC
浙江寶龍星匯企業管理有限公司 Zhejiang Powerlong Xinghui Enterprise Management Co., Ltd.	the PRC 12 October 2018	Limited liability company	RMB1,000,000,000	78%	22%	Investment holding in the PRC
上海寶龍實業發展(集團)有限公司 Shanghai Powerlong Industrial Development (Group) Co., Ltd. ("Shanghai Powerlong")	the PRC 22 February 2010	Limited liability company	RMB4,183,562,245	100%	–	Investment holding in the PRC
寧波遠大實業投資有限公司 Ningbo Yuanda Industrial Investment Co., Ltd.	the PRC 23 August 2011	Limited liability company	RMB200,000,000	100%	–	Property development and property investment in the PRC
諸暨潤龍置業有限公司 Zhuji Runlong Property Development Co., Ltd.	the PRC 31 August 2018	Limited liability company	RMB809,230,000	97%	3%	Property development and property investment in the PRC

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39 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
上海瑞龍投資管理有限公司 Shanghai Ruilong Investment Management Co., Ltd.	the PRC 8 June 2010	Limited liability company	RMB2,875,528,340	100%	–	Investment holding in the PRC
長影椰海(海南)房地產開發有限公司 Changying Yehai (Hainan) Real Estate Development Co., Ltd. (Note (a))	the PRC 2 April 2014	Limited liability company	RMB1,000,000	38%	62%	Property development and property investment in the PRC
南京寶龍康浚置業發展有限公司 Nanjing Powerlong Kangjun Property Development Co., Ltd.	the PRC 7 November 2017	Limited liability company	US\$50,000,000	82%	18%	Property development and property investment in the PRC
鹽城御龍置業有限公司 Yancheng Yulong Property Development Co., Ltd.	the PRC 21 May 2018	Limited liability company	RMB50,000,000	65%	35%	Property development and property investment in the PRC
常熟寶龍房地產開發有限公司 Changshu Powerlong Real Estate Development Co., Ltd.	the PRC 27 July 2018	Limited liability company	RMB50,000,000	95%	5%	Property development and property investment in the PRC
寧波奉化寶龍華和置業有限公司 Ningbo Fenghua Powerlong Huahe Real Estate Co., Ltd.	the PRC 10 August 2018	Limited liability company	RMB50,000,000	78%	22%	Property development and property investment in the PRC
漳州寶龍英聚房地產有限公司 Zhangzhou Powerlong Yingju Real Estate Co., Ltd.	the PRC 16 July 2018	Limited liability company	RMB100,000,000	66%	34%	Property development and property investment in the PRC
永康中梁寶龍置業有限公司 Yongkang Zhongliang Property Development Co., Ltd.	the PRC 19 March 2018	Limited liability company	RMB50,000,000	100%	–	Property development and property investment in the PRC
上海寶龍展飛房地產開發有限公司 寶龍艾美酒店 Powerlong Le Méridien Hotel	the PRC 14 April 2016	Limited liability company	–	100%	–	Hotel operation in the PRC

### 39 PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name	Place and date of incorporation/ establishment	Kind of legal entity	Nominal value of issued and fully paid share capital/ paid-in capital	Attributable equity interest	Equity interests held by non-controlling interests	Principal activities and place of operations
泰州寶龍房地產有限公司 Taizhou Powerlong Real Estate Co., Ltd. (Note (b))	the PRC 14 January 2019	Limited liability company	RMB370,000,000	47%	53%	Property development and property investment in the PRC
無錫嘉御置業有限公司 Wuxi Jiayu Property Development Co., Ltd.	the PRC 1 November 2017	Limited liability company	RMB200,000,000	100%	–	Property development and property investment in the PRC
上海寶龍商業地產管理有限公司 Shanghai Powerlong Commercial Real Estate Management Co., Ltd.	the PRC 29 June 2007	Limited liability company	RMB5,000,000	71%	29%	Investment holding in the PRC
常州誠遠置業發展有限公司 Changzhou Chengyuan Property Development Co., Ltd.	the PRC 29 May 2019	Limited liability company	US\$122,448,979.59	51%	49%	Property development and property investment in the PRC
寧波融輝置業有限公司 Ningbo Ronghui Property Development Co., Ltd.	the PRC 16 July 2019	Limited liability company	RMB20,000,000	51%	49%	Property development and property investment in the PRC
蘭溪龍瑞房地產開發有限公司 Lanxi Longrui Real Estate Development Co., Ltd.	the PRC 18 October 2019	Limited liability company	RMB10,000,000	60%	40%	Property development and property investment in the PRC

Notes:

- The Group indirectly hold the equity interest in these companies through layers of holding structures and the Group has control over the board of directors of these companies who can make majority votes to decide the key financial and operating decisions of these companies. The proportion of equity interests as disclosed above represent the effective equity interests attributable to the Group.
- The Group has controlled these entities through agreements entered into with certain minority shareholders pursuant to which the minority shareholders confirmed to act in accordance with the Group in decisions on key business and financing policies of these entities.
- The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.
- The names of certain of the companies referred to in these consolidated financial statements represent management's best effort in translation of the Chinese names of these companies as no English names have been registered or available. The subsidiaries established in the PRC in the above list are limited liability companies.
- Except for Shanghai Powerlong, none of the subsidiaries had issued any debt securities at the end of the year.

## 40 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY

### Balance sheet of the Company

		2025	2024
	Note	RMB'000	RMB'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries		6,306,863	6,306,863
Amounts due from subsidiaries		28,393,038	27,059,492
		<b>34,699,901</b>	33,366,355
<b>Current assets</b>			
Financial assets at fair value through profit or loss		104	105
Cash and cash equivalents		1,386	1,435
		<b>1,490</b>	1,540
<b>Total assets</b>		<b>34,701,391</b>	33,367,895
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		36,779	36,779
Retained earnings	(a)	(712,277)	(489,080)
<b>Total equity</b>		<b>(675,498)</b>	(452,301)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings		19,197,686	19,632,144
Other payables and accruals		4,568,334	3,488,478
Amounts due to subsidiaries		11,610,869	10,699,574
		<b>35,376,889</b>	33,820,196
<b>Total liabilities</b>		<b>35,376,889</b>	33,820,196
<b>Total equity and liabilities</b>		<b>34,701,391</b>	33,367,895

The balance sheet of the Company was approved by the Board of Directors on 30 March 2026 and was signed on its behalf by:

**Hoi Kin Hong**  
Director

**Hoi Wa Fong**  
Director

## 40 BALANCE SHEET AND RESERVE MOVEMENTS OF THE COMPANY (CONTINUED)

### (a) Reserve movements of the Company

	Retained earnings
	RMB'000
<b>At 1 January 2024</b>	170,815
Loss for the year	(1,012,885)
Withdrawal of proposed dividend (Note)	352,990
<b>As at 31 December 2024</b>	(489,080)
<b>At 1 January 2025</b>	(489,080)
Loss for the year	(223,197)
<b>As at 31 December 2025</b>	(712,277)

Note: Withdrawal of payment of final dividend for the year ended 31 December 2021 was approved by the board of directors as set out in the Company's announcement dated 30 September 2024.

## 41 BENEFITS AND INTERESTS OF DIRECTORS

### (a) Directors' and chief executive's emoluments

The remuneration of each director for the year ended 31 December 2025 are 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:

	Wages and salaries	Retirement scheme contributions	Fee	Allowance and Benefit	Bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors</b>						
Mr. Hoi Kin Hong	1,200	-	240	-	-	1,440
Mr. Hoi Wa Fong	960	16	480	-	-	1,456
Mr. Xiao Qing Ping	816	-	240	-	-	1,056
Ms. Shih Sze Ni Cecilia (retired on 13 June 2025)	480	6	120	-	-	606
Mr. Zhang Hong Feng	1,440	153	240	-	-	1,833
<b>Non-executive director</b>						
Ms. Hoi Wa Fan	790	-	323	-	-	1,113
<b>Independent non-executive directors</b>						
Mr. Ngai Wai Fung (resigned on 1 August 2025)	-	-	160	-	-	160
Mr. Mei Jian Ping	-	-	270	-	-	270
Mr. Ding Zu Yu	-	-	270	-	-	270
Ms. Liu Xiao Lan	-	-	270	-	-	270
Mr. AU YEUNG Po Fung (appointed on 1 August 2025)	-	-	110	-	-	110
	5,686	175	2,723	-	-	8,584

## 41 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

### (a) Directors' and chief executive's emoluments (continued)

The remuneration of each director for the year ended 31 December 2024 are 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:

	Wages and salaries	Retirement scheme contributions	Fee	Allowance and Benefit	Bonus	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Executive directors</b>						
Mr. Hoi Kin Hong	1,200	–	240	–	–	1,440
Mr. Hoi Wa Fong	1,200	17	480	–	–	1,697
Mr. Xiao Qing Ping	936	–	240	–	60	1,236
Ms. Shih Sze Ni	960	13	240	–	–	1,213
Mr. Zhang Hong Feng	912	146	240	–	120	1,418
<b>Non-executive director</b>						
Ms. Hoi Wa Fan	1,020	–	337	–	–	1,357
<b>Independent non-executive directors</b>						
Mr. Ngai Wai Fung	–	–	280	–	–	280
Mr. Mei Jian Ping	–	–	280	–	–	280
Mr. Ding Zu Yu	–	–	280	–	–	280
Ms. Liu Xiao Lan (appointed on 27 March 2024)	–	–	210	–	–	210
	6,228	176	2,827	–	180	9,411

During the years ended 31 December 2025 and 2024, no remuneration was paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. Neither the Chief Executive Officer nor any of the directors waived any emoluments for the years ended 31 December 2025 and 2024.

### (b) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits for the year ended 31 December 2025 (2024: nil).

### (c) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2025, the Group did not pay consideration to any third parties for making available directors' services (2024: nil).

#### 41 BENEFITS AND INTERESTS OF DIRECTORS (CONTINUED)

##### (d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

The information about loans, quasi-loans and other dealings entered into by the company or subsidiary undertaking of the company, where applicable, in favour of certain connected entities of Mr. Hoi Kin Hong, a director of the holding company of the company, is as follows:

Name of the borrower	Nature of connection	Total amount payable	Outstanding/ aggregate outstanding amounts at the beginning of the year	Outstanding/ aggregate outstanding amounts at the end of the year	Maximum outstanding during the year	Amounts/ aggregate amounts fallen due but not been paid	Provisions/ aggregate provisions for doubtful/ bad debts made	Term	Interest rate
			RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
<b>At 31 December 2025</b>									
Powerlong Group Development Co., Ltd.	Ultimately controlled by Mr. Hoi	21,376	21,376	21,376	21,376	-	-	Unsecured, interest-free and repayable on demand	nil
Total		21,376	21,376	21,376	21,376	-	-		
<b>At 31 December 2024</b>									
Powerlong Group Development Co., Ltd.	Ultimately controlled by Mr. Hoi	21,376	21,376	21,376	21,376	-	-	Unsecured, interest-free and repayable on demand	nil
Total		21,376	21,376	21,376	21,376	-	-		

##### (e) 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.

## 42 EVENTS AFTER THE REPORTING PERIOD

On 10 October 2025, the Company entered into the RSA in relation to the Restructuring. The Restructuring and the Scheme have received broad support from the creditors. As announced by the Company on 19 December 2025, creditors holding over 85.48% of the Scheme Debt had submitted letters to accede to the RSA as of such date.

Under the terms and conditions in connection with the Restructuring, the restructuring consideration will consist of one or a combination of various options in accordance with the Scheme Creditors' selection, which involves, amongst other things, the disposal or pledge of Powerlong CM shares by the Company to fund, fully or partially, a total cash amount of US\$40 million.

On 27 January 2026, the Group entered into a share purchase agreement to dispose of 160,725,000 shares (representing 25% of the total issued share capital) of Powerlong CM to Prime Capital Investment Limited for an aggregate cash consideration of HK\$360,827,625. The relevant transaction was approved at the extraordinary general meeting of the Company dated 18 March 2026. Details of which are set out in the circular of the Company dated 25 February 2026.

Furthermore, at the convening hearing held on 17 March 2026, the Court has directed:

- (1) the Company be at liberty to convene meetings for each class of the Scheme Creditors for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement to be made between the Company and the Scheme Creditors; and
- (2) the substantive hearing of the petition at which the Court will determine whether or not to sanction the Scheme be held at 11 a.m. (Hong Kong time) on 17 June 2026 at the High Court of Hong Kong.

# FIVE-YEAR FINANCIAL SUMMARY

## CONSOLIDATED BALANCE SHEET

	31 December				
	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Assets</b>					
Non-current assets	88,552,577	94,602,007	98,327,616	99,778,441	96,557,893
Current assets	79,983,591	97,414,867	116,478,203	133,972,237	148,498,560
<b>Total assets</b>	<b>168,536,168</b>	192,016,874	214,805,819	233,750,678	245,056,453
<b>EQUITY AND LIABILITIES</b>					
<b>Total equity</b>	<b>40,154,697</b>	49,398,679	55,318,840	62,601,594	62,407,452
<b>Liabilities</b>					
Non-current liabilities	27,378,482	39,525,502	39,505,581	53,967,649	61,893,874
Current liabilities	101,002,989	103,092,693	119,981,398	117,181,435	120,755,127
<b>Total liabilities</b>	<b>128,381,471</b>	142,618,195	159,486,979	171,149,084	182,649,001
<b>Total equity and liabilities</b>	<b>168,536,168</b>	192,016,874	214,805,819	233,750,678	245,056,453

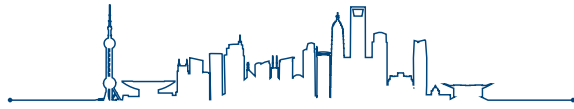
## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December

	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Revenue</b>	<b>22,637,190</b>	25,757,351	22,903,847	31,377,857	39,902,461
Cost of sales	(21,333,392)	(23,410,105)	(20,450,483)	(21,500,171)	(27,383,411)
<b>Gross profit</b>	<b>1,303,798</b>	2,347,246	2,453,364	9,877,686	12,519,050
Fair value (losses)/gains on investment properties – net	(4,193,334)	(3,326,616)	(1,709,427)	(87,760)	1,710,955
Selling and marketing costs	(418,428)	(667,954)	(712,365)	(1,113,572)	(1,392,470)
Administrative expenses	(1,112,647)	(1,169,936)	(1,400,281)	(1,569,949)	(1,911,870)
Net impairment losses on financial assets	(226,177)	(258,264)	(183,619)	(182,226)	(241,415)
Other income and (losses)/gains – net	64,204	423,597	(293,495)	(960,537)	1,390,342
<b>Operating (loss)/profit</b>	<b>(4,582,584)</b>	(2,651,927)	(1,845,823)	5,963,642	12,074,592
Finance (costs)/income – net	(1,038,036)	(1,994,601)	(1,351,074)	(2,408,614)	(434,718)
Share of (losses)/profit of investments accounted for using the equity method	(663,469)	(13,400)	1,236,537	616,087	507,903
<b>(Loss)/profit before income tax</b>	<b>(6,284,089)</b>	(4,659,928)	(1,960,360)	4,171,115	12,147,777
Income tax expense	(560,777)	(838,524)	(616,920)	(2,557,548)	(4,811,652)
<b>(Loss)/profit for the year</b>	<b>(6,844,866)</b>	(5,498,452)	(2,577,280)	1,613,567	7,336,125
<b>Other comprehensive income/(expense)</b>					
<i>Items that may be reclassified to profit or loss</i>					
Currency translation differences	17	5,024	5,614	21,542	(5,556)
<i>Items that will not be reclassified to profit or loss</i>					
Changes in the fair value of equity investments at fair value through other comprehensive income, net of tax	(1,126)	(1,769)	(352)	(184,547)	(134,231)
<b>Total other comprehensive income/(expense) for the year, net of tax</b>	<b>(1,109)</b>	3,255	5,262	(163,005)	(139,787)
<b>Total comprehensive (expense)/income for the year</b>	<b>(6,845,975)</b>	(5,495,197)	(2,572,018)	1,450,562	7,196,338
<b>(Loss)/profit attributable to:</b>					
Owners of the Company	(5,886,744)	(5,765,033)	(2,653,089)	407,749	5,992,099
Holders of Perpetual Capital Instruments		–	59,161	38,000	38,000
Non-controlling interests	(958,122)	266,581	16,648	1,167,818	1,306,026
	(6,844,866)	(5,498,452)	(2,577,280)	1,613,567	7,336,125
<b>Total comprehensive (expense)/income attributable to:</b>					
Owners of the Company	(5,887,853)	(5,761,778)	(2,647,827)	244,744	5,852,312
Holders of Perpetual Capital Instruments		–	59,161	38,000	38,000
Non-controlling interests	(958,122)	266,581	16,648	1,167,818	1,306,026
	(6,845,975)	(5,495,197)	(2,572,018)	1,450,562	7,196,338
(Loss)/earnings per share for (loss)/profit attributable to owners of the Company for the year (expressed in RMB cents per share)					
– Basic & Diluted	(142.2)	(139.2)	(64.1)	9.9	144.7

31 December

	2025	2024	2023	2022	2021
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Proposed final dividends</b>	–	–	–	–	338,519



# ANNUAL REPORT

POWERLONG 2025

POWERLONG TOWER  
1399 XINZHEN ROAD  
MINHANG DISTRICT  
SHANGHAI  
PRC

ROOM 1901, 19/F  
LEE GARDEN ONE  
33 HYSAN AVENUE  
CAUSEWAY BAY  
HONG KONG

**Website: [www.powerlong.com](http://www.powerlong.com)**