

LOGAN

龙光集团



LOGAN GROUP Company Limited

Annual Report 2025

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3380)



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COMPANY PROFILE

Logan Group Company Limited (“Logan Group” or the “Group”) was founded in 1996, and listed on the main board of the Hong Kong Stock Exchange in 2013 (Stock Code: 3380.HK). In 2017, the Group embarked on its business footprint into overseas market and the Hong Kong Special Administrative Region. The Group possesses the national first-class qualification for real estate development, the national first-class qualification for general construction contracting projects and the first-class qualification for engineering design.

Logan Group is an integrated city service provider dedicated to building a better life. Since its founding, adhering to the brand concept of “Shaping Cities and Homes with Responsibility and Sincerity”, the Group’s national strategic footprint spreads across the most valuable core metropolises in China, such as Guangdong-Hong Kong-Macao Greater Bay Area, the core metropolises of the Yangtze River Delta, and southwest China and central China city-clusters. As of 31 December 2025, the Group’s land reserves available for development reached approximately 23.00 million square meters, of which the value of land reserves in Greater Bay Area and Yangtze River Delta Region accounted for approximately 76%, reflecting our well-structured urban mix. For more than 20 years of development, the Group has formed product lines, including the “Tian”, “Jiu”, “Jiangnan” and other collections, which so far developed more than 200 real estate projects, providing high-quality residential services to over one million people.

Owing to its commitment to a sustainable development strategy, in 2025, the Group has maintained an “A” ESG rating by MSCI, a renowned global index complier.

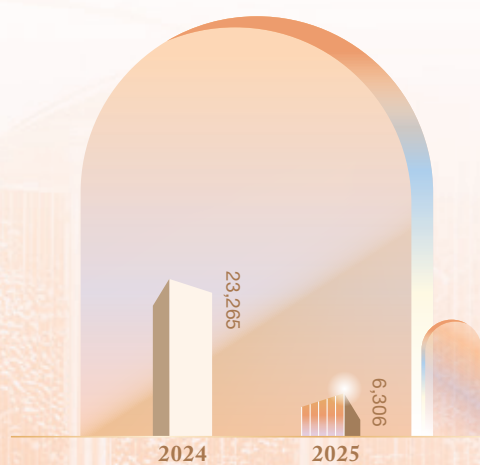


Hainan Lingshui Logan • Coastal Skyline

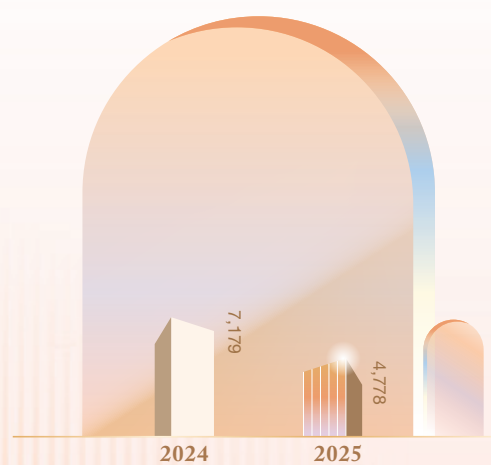
FINANCIAL HIGHLIGHTS

Summary of Consolidated Statement of Profit or Loss (RMB million)	Year ended 31 December	
	2025	2024
Revenue	6,306	23,265
Net loss	(4,885)	(6,618)
Loss Attributable to Equity Shareholders of the Company	(4,767)	(6,298)
Loss Per Share		
— Basic (RMB cents)	(86.22)	(113.95)
— Diluted (RMB cents)	(86.22)	(113.95)

Revenue
(RMB million)



Contracted Sales
(RMB million)



AWARDS



GROUP AWARDS

1

Excellence Index • Superior Performance of
Real Estate — 2025 Real Estate Enterprise with Superior Enterprise Performance
(Logan Group Company Limited)

Presented by
Guandian Index Academy



CORPORATE INFORMATION

DIRECTORS

Executive Directors

Mr. Kei Hoi Pang (紀海鵬) (*Chairman*)
 Mr. Lai Zhuobin (賴卓斌) (*Chief Executive Officer*)
 Ms. Huang Xiangling (黃湘玲)
 Mr. Chen Yong (陳勇)
 Mr. Zhou Ji (周吉)

Independent Non-executive Directors

Mr. Zhang Huaqiao (張化橋)
 Ms. Liu Ka Ying, Rebecca (廖家瑩)
 Mr. Cai Suisheng (蔡穗聲)
 Dr. Liu Yongping (劉勇平)

AUDIT COMMITTEE

Ms. Liu Ka Ying, Rebecca (*Chairman*)
 Mr. Cai Suisheng
 Mr. Zhang Huaqiao

REMUNERATION COMMITTEE

Mr. Zhang Huaqiao (*Chairman*)
 Mr. Kei Hoi Pang
 Ms. Liu Ka Ying, Rebecca

NOMINATION COMMITTEE

Mr. Kei Hoi Pang (*Chairman*)
 Mr. Zhang Huaqiao
 Ms. Liu Ka Ying, Rebecca

COMPANY SECRETARY

Ms. So Ka Man

AUTHORIZED REPRESENTATIVES

Mr. Chen Yong
 Ms. So Ka Man

AUDITOR

Prism Hong Kong Limited
*Certified Public Accountants and Registered Public
 Interest Entity Auditor*

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

Room 2002, Tower B, Logan Century Center
Xinghua Road South
Bao'An District
Shenzhen, China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit Nos. 02-03A, Level 68
International Commerce Centre
1 Austin Road West
Hong Kong

COMPANY'S WEBSITE

<http://www.logangroup.com>

PRINCIPAL SHARE REGISTRAR

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road, Hong Kong

PRINCIPAL BANKER

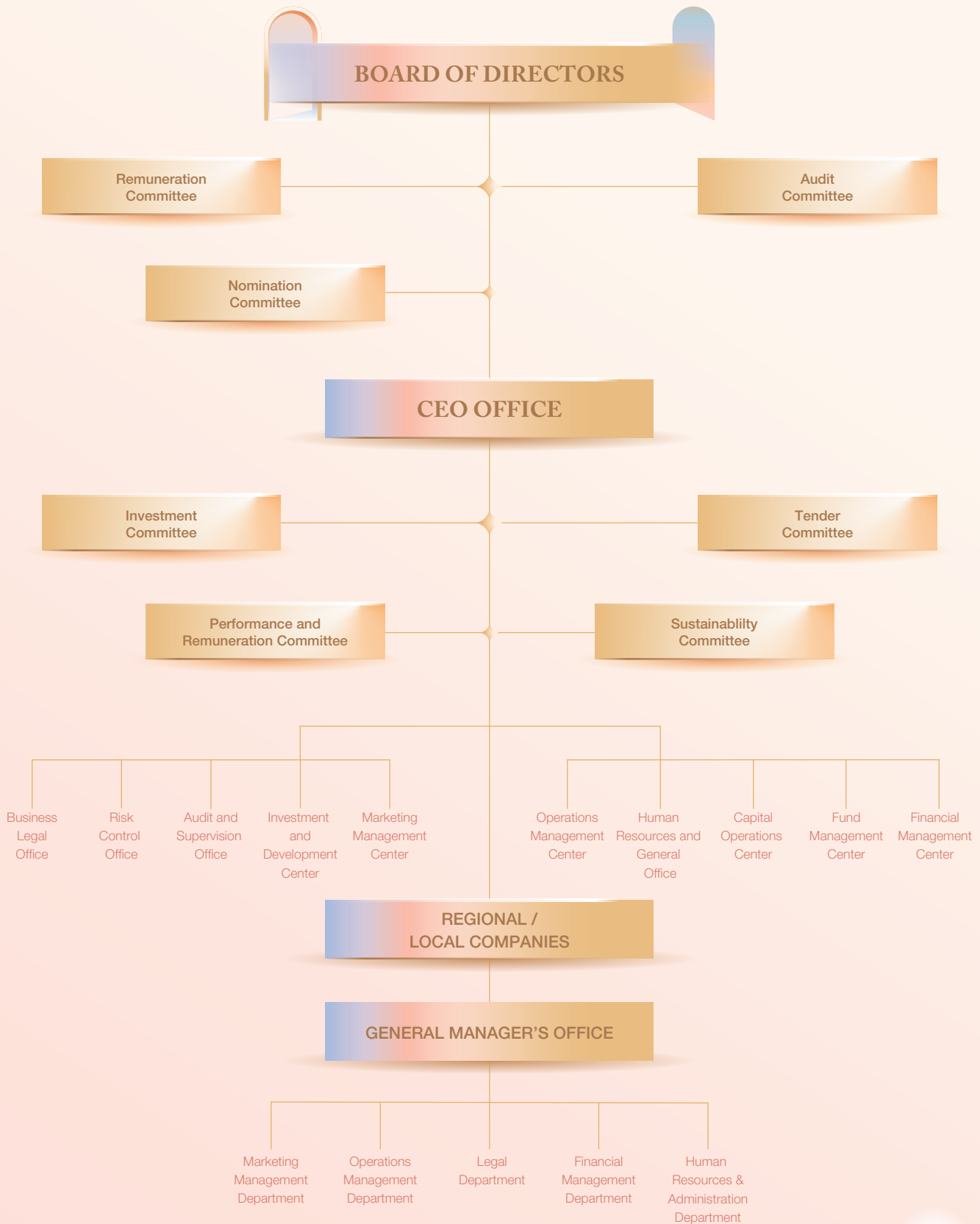
Industrial and Commercial Bank of China (Asia) Limited

LISTING INFORMATION

The Company's ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (Stock Code: 3380.HK)



CORPORATE STRUCTURE



The background image shows a modern architectural courtyard. In the foreground, there is a swimming pool with a metal handrail. To the left, a large green umbrella is partially visible. In the center, there is a paved area with a tree and some purple flowers. To the right, there is a large, decorative metal structure made of a grid of thin rods, with several spherical lights hanging from it. The sky is blue and there are trees in the background.

To Create
Greater Value for

SHAREHOLDERS
AND CUSTOMERS

A photograph of a modern building entrance with large glass windows and a curved facade. The Chinese characters '龙光天曜' are visible on the building. In the foreground, there is a landscaped area with a circular stone platform, a small waterfall, and greenery. The image is overlaid with a semi-transparent orange and white graphic on the left side.

Shaping Cities
and Homes with

RESPONSIBILITY
AND SINCERITY



Hainan Lingshui Logan • Coastal Skyline

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the board of directors (the “**Board**”) of Logan Group Company Limited, I hereby present the annual results of the Group for the year ended 31 December 2025.

Business Review

In 2025, China's real estate industry remained in an adjustment cycle. Investment in real estate development in the country decreased by 17.2% year-on-year to RMB8,278.8 billion. Among which, investment in residential properties amounted to RMB6,351.4 billion, representing a year-on-year decrease of 16.3%. The sales area of commercial properties was 881.01 million sq.m., representing a year-on-year decrease of 8.7%, with the sales area of residential properties decreasing by 9.2%. The sales revenue of commercial properties was RMB8,393.7 billion, representing a decrease of 12.6%, with the sales of residential properties decreasing by 13.0%.

Amid severe industry pressure and market challenges, the Group has been active in responding. It proactively optimized business strategies, strengthened project sales and capital recovery measures to ensure stable production and operation and smooth project delivery. In 2025, the Group successfully completed 21 batches of project deliveries, fulfilling its corporate commitments with concrete actions and demonstrating its sense of responsibility in times of difficulty for the industry.

With respect to offshore debt restructuring, on 10 January 2025, the Group entered into a holistic creditor support agreement (the “Holistic CSA”) with the ad hoc group regarding the offshore debt holistic restructuring plan. On 10 September 2025, the Group and the ad hoc group executed an amendment agreement to the Holistic CSA (the “Amended Holistic CSA”), which created the option of a debt-for-asset-trust swap to reinforce the value of onshore and offshore assets and further safeguard creditors' interests. As of 24 September 2025, consenting creditors holding more than 80% of the aggregate principal amount of the Company's “offshore debt” had acceded to the Amended Holistic CSA. The Company will accelerate the implementation of the offshore debt holistic restructuring plan and promote the restoration of a sustainable long-term capital structure, thereby safeguarding the interests of all stakeholders.

As for the onshore bond restructuring, during the reporting period, the restructuring proposal for 21 onshore corporate bonds and asset-backed securities (“ABS”) issued by the Group's subsidiary Shenzhen Logan Holdings Co., Limited* (深圳市龍光控股有限公司) had been considered and approved at the relevant meetings of bond holders. As of the date of this report, the public bonds with a cumulative face value of RMB13.66 billion had been cancelled, which exceeded 62% of the total principal of the 21 onshore public bonds as of 10 July 2025, marking significant progress in onshore debt restructuring efforts. The Group will successively promote the gradual implementation of several debt-for-asset models under subsequent options, such as secondary cash repurchase and equity option-based mechanisms, to mitigate onshore debt risks.

Future Prospects

The Group will continue to focus on both business operations and debt management. On the one hand, the Group will persist in taking proactive measures to “stabilize operations and ensure quality project deliveries”, upholding its commitments to ensuring stable operations and controlling risks. On the other hand, the Group will exert its best efforts to complete the onshore and offshore debt restructurings as soon as practicable in order to restore capital structure, and steadily resume normal production and business operations.

Acknowledgements

On behalf of the Board, I would like to take this opportunity to express my heartfelt gratitude to all the Group’s shareholders, investors, partners, customers and the community for their support and trust. I would also like to extend my thanks to all employees for their dedication and commitment in navigating industry challenges together.

Kei Hoi Pang

Chairman

Hong Kong

30 March 2026







Development STRATEGY

to Positioning as the
“City’s Comprehensive Service Provider”

- Industrial Operation
- Commercial Operation
- Residential Development
- Urban Redevelopment

MANAGEMENT DISCUSSION AND ANALYSIS

Performance Highlights

	2025 RMB'000	2024 RMB'000	Changes %
Revenue	6,305,847	23,264,613	-72.9
Among which: Property development	6,073,066	22,964,107	-73.6
Property operation income	232,781	300,506	-22.5
Gross loss	(7,003,434)	(5,075,271)	38.0
Loss for the year			
– Attributable to equity shareholders	(4,766,819)	(6,298,354)	-24.3
– Attributable to non-controlling shareholders	(118,172)	(320,130)	-63.1
– Total	(4,884,991)	(6,618,484)	-26.2
Total assets	188,038,408	212,585,908	-11.5
Cash and bank balances	7,974,883	8,653,773	-7.8
Total equity	20,600,637	24,805,171	-17.0
Total equity attributable to equity shareholders	16,451,542	20,237,421	-18.7





GUANGMING BLUE WHALE WORLD SHOPPING CENTER

Project Description:

Total construction areas

80,320 square meters

This shopping center is located in the core area of Guangming, Shenzhen. It opened in December 2021 and is currently one of the most popular shopping centers in Guangming District, Shenzhen.

SHENZHEN

LOGAN • SUNSHINE MANSION

Project Description:

Total construction areas

98,338 square meters

Blending the elegance of eastern Zen aesthetics with the style of modern metropolises, Logan creates a new paradigm of living in Chao'an with its version of a wonderful life



CHAOZHOU

Management Discussion and Analysis

Business Review

Property Development

In 2025, China's economic development faced increased external pressures and more internal difficulties. Although various favorable policies had been introduced, overall situation of the real estate sector remained complex and severe, and the market performance remained sluggish. Against this backdrop, there was an inevitable decline in the sales of the Group for 2025. However, by exercising the flexibility in adjusting its marketing strategies and rationalizing the allocation of saleable resources, the Group strived to minimize the adverse impacts.

Contracted sales

For the year ended 31 December 2025, the Group achieved attributable contracted sales of approximately RMB4.78 billion. For the contracted sales in 2025, Greater Bay Area, Yangtze River Delta region, Southwest region and other regions accounted for approximately 51.6%, 15.3%, 4.7% and 28.4% respectively.

Region	Attributable contracted sales in 2025				ASP (RMB/sq.m.)
	Amount (RMB million)	Percentage	GFA' ¹ (sq.m.)	Percentage	
Greater Bay Area	2,467	51.6%	144,380	32.2%	28,164
Yangtze River Delta region	729	15.3%	64,942	14.5%	16,139
Southwest region	227	4.7%	20,700	4.6%	10,349
Other regions	1,355	28.4%	218,462	48.7%	7,263
Total	4,778	100.0%	448,484	100.0%	15,419

1. Excluding car parking spaces

Newly commenced projects

For the year ended 31 December 2025, the Group had a total planned GFA of approximately 0.40 million sq.m..

Completed projects

For the year ended 31 December 2025, the Group had a total planned GFA of approximately 1.26 million sq.m..

Developing projects

As at 31 December 2025, the Group had a total planned GFA of approximately 6.77 million sq.m..



Land Reserves

For the year ended 31 December 2025, The Group did not acquire any new projects by means of “tender, auction and listing (招拍掛)” in the open market.

As at 31 December 2025, the total GFA of the Group’s land reserves was approximately 23,003,549 sq.m.. Based on project value, the Greater Bay Area and Yangtze River Delta Region accounted for approximately 76% of the total land reserves.

Land reserves as at 31 December 2025

	GFA (sq.m.)	Percentage
Greater Bay Area	11,677,130	50.8%
Yangtze River Delta Region	1,529,622	6.6%
Southwest Region	5,632,469	24.5%
Other Regions	4,164,328	18.1%
Total	23,003,549	100.0%

Financial review

Performance Highlights

	2025 RMB'000	2024 RMB'000	Changes %
Revenue	6,305,847	23,264,613	-72.9
Among which: Property development	6,073,066	22,964,107	-73.6
Property operation income	232,781	300,506	-22.5
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Loss for the year			
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– Total	(4,884,991)	(6,618,484)	-26.2
Total assets	188,038,408	212,585,908	-11.5
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Total equity	20,600,637	24,805,171	-17.0
Total equity attributable to equity shareholders	16,451,542	20,237,421	-18.7

(i) Revenue

Total revenue of the Group for the year ended 31 December 2025 decreased by approximately RMB16,958.8 million, or approximately 72.9% to RMB6,305.8 million, as compared with 2024. The decrease was mainly due to the decrease in revenue from property development as compared to 2024. Revenue from property development for the year ended 31 December 2025 amounted to approximately RMB6,073.1 million, representing a decrease of approximately 73.6% as compared to RMB22,964.1 million in 2024. Greater Bay Area · Yangtze River Delta Region, Southwest Region and other regions contributed to the revenue from property development in 2025, accounting for 42.7%, 34.5%, 14.0% and 8.8%, respectively.

	Revenue from property development in 2025	
	Amount (RMB Million)	Percentage
Greater Bay Area	2,594	42.7%
Yangtze River Delta Region	2,095	34.5%
Southwest Region	849	14.0%
Other regions	535	8.8%
Total	6,073	100%

(II) Cost of sales

Cost of sales of the Group for the year ended 31 December 2025 decreased by approximately RMB15,030.6 million, or approximately 53.0%, to RMB13,309.3 million as compared with 2024, primarily due to the decrease in revenue recognized as compared to 2024. In addition, the Group has made an inventory impairment provision of approximately RMB6,495.4 million due to the sharp decline in the industry in 2025. Key components of costs are as follows:

	2025 RMB'000	2024 RMB'000	Change per year %
Total cost of sales	13,309,281	28,339,884	-53.0
— Property development	13,269,256	28,295,145	-53.1
— Property operation	40,025	44,739	-10.5

(III) Selling and marketing expenses and administrative expenses

The selling and marketing expenses of the Group for the year ended 31 December 2025 amounted to approximately RMB408.1 million (2024: RMB813.2 million). The relevant selling and marketing expenses decreased by approximately 49.8% as compared with 2024.

The administrative expenses of the Group for the year ended 31 December 2025 amounted to approximately RMB530.9 million (2024: RMB515.9 million), representing an increase of approximately 2.9% as compared with 2024, which was mainly due to the increase in professional fees.

(IV) Finance costs

The net finance costs of the Group for the year ended 31 December 2025 decreased to approximately RMB318.5 million (2024: RMB1,104.8 million).

(V) Tax

Taxes of the Group for the year ended 31 December 2025 included CIT and LAT. Taking into account the impact of the relevant changes in deferred tax, the net CIT and LAT amounted to approximately a reversal of RMB697.6 million and a provision of RMB353.9 million, respectively (2024: a reversal of approximately RMB609.2 million and a reversal of RMB203.7 million).

(VI) Liquidity and financial resources

As at 31 December 2025, total assets of the Group amounted to approximately RMB188,038.4 million (2024: approximately RMB212,585.9 million), of which current assets amounted to approximately RMB144,230.5 million (2024: approximately RMB157,726.1 million). Total liabilities amounted to approximately RMB167,437.8 million (2024: approximately RMB187,780.7 million), of which non-current liabilities amounted to approximately RMB23,585.8 million (2024: approximately RMB30,020.0 million). Total equity amounted to approximately RMB20,600.6 million (2024: approximately RMB24,805.2 million), of which total equity attributable to owners of the parent amounted to RMB16,451.5 million (2024: approximately RMB20,237.4 million).

As at 31 December 2025, certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, investment properties, and inventories.

BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Kei Hoi Pang, aged 59, was appointed as an executive Director of the Company on 18 November 2013. Mr. Kei is also the founder and Chairman of the Company. He is the chairman of Nomination Committee (“Nomination Committee”) and a member of Remuneration Committee (“Remuneration Committee”) of the Company. Mr. Kei was also the chief executive officer of the Company from April 2011 to 29 January 2018. He is primarily responsible for the overall strategic planning of the Group’s business. In March 1996, Mr. Kei held the position as an executive director and the chief executive officer of Guangdong Logan (Group) Co., Ltd., one of the Group’s predecessors. Since October 2009, Mr. Kei has also served as a director and chief executive officer of Shenzhen Logan Holdings Company Limited. Mr. Kei is a member of the 13th National Committee of Chinese People’s Political Consultative Conference. Mr. Kei has over 20 years of experience in the property development industry and possesses experience in corporate strategic planning and management as well as project management.

Mr. Lai Zhuobin, aged 54, was appointed as an executive Director of the Company on 18 November 2013. He was appointed as the chief financial officer of the Company in July 2015. In September 2019, he was appointed as the chief executive officer of the Company. Mr. Lai was employed by Logan Property Limited Liability Company (formerly known as “Logan Real Estate Holdings Co., Ltd.”) in 2007 and held various senior positions within the financial management division during the period from November 2007 to May 2011. In May 2011, Mr. Lai was served as the financial controller of Shenzhen Logan Holdings Company Limited. He is a member of the Chinese Institute of Certified Public Accountants. Mr. Lai obtained a bachelor’s degree in science from Sun Yat-sen University (中山大學) in July 1993 and obtained a master’s degree in engineering from Beijing Institute of Technology in July 2003. Mr. Lai also obtained an executive master of business administration from Peking University in 2013.

Ms. Huang Xiangling, aged 49, was appointed as the executive president of the Group on 7 March 2022 and an executive Director of the Company on 31 March 2022, being primarily responsible for the management of public affairs of the Group as well as the Group’s businesses in Shenzhen, Huizhou and western cities. Ms. Huang joined the Group in 2005. Since August 2005, she has held various positions in the Group, including general manager of subsidiaries, assistant to the president, and vice president of the Group. Ms. Huang has extensive experience in project management, internal management and external liaison. In June 2007, Ms. Huang obtained a diploma in public affairs management from Zhejiang University through a distance learning program.

Mr. Chen Yong, aged 47, was appointed as the vice president of the Group in June 2022 and an executive Director of the Company on 3 October 2023, being primarily responsible for the offshore capital and financial management of the Group. Prior to joining the Group, Mr. Chen held various important and senior management positions in many professional institutions and large enterprises including PricewaterhouseCoopers, China Resources Group and CDH Investments, and has extensive experience in corporate financial management, investment and capital management. Mr. Chen is currently a non-practicing member of the Chinese Institute of Certified Public Accountants. He obtained a bachelor’s degree in economics from Dongbei University of Finance and Economics in July 2000 and a master’s degree in economics from Sun Yat-sen University in 2003.

Mr. Zhou Ji, aged 44, was appointed as the vice president of the Group in January 2022 and an executive Director of the Company on 3 October 2023, being primarily responsible for the operation management of the Group as well as risk management and legal affairs of the Group. Mr. Zhou joined the Group in February 2021 and has held various positions including the Group’s assistant president, general manager of the operations management center, general manager of the marketing center and vice president. Prior to joining the Group, Mr. Zhou worked in Country Garden Group and Longfor Group in various positions including project general manager, investment director and regional general manager. He has extensive experience in real estate investment analysis, project development and management, internal management, etc. Mr. Zhou obtained a bachelor’s degree in architecture from Shijiazhuang Tiedao University in 2004.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Zhang Huaqiao, aged 62, was appointed as an independent non-executive Director of the Company on 18 November 2013. Mr. Zhang is a member of Audit Committee (“Audit Committee”) and Nomination Committee, and chairman of Remuneration Committee of the Company. Mr. Zhang is currently an independent non-executive director of Fosun International Limited (Stock Code: 656), Zhong An Group Limited (Stock Code: 672), Luye Pharma Group Ltd. (Stock Code: 2186) and Radiance Holdings (Group) Company Limited (Stock Code: 9993).

Mr. Zhang was a non-executive director and the chairman of the board of China Smartpay Group Holdings Limited (formerly known as “Oriental City Group Holdings Limited”) (Delisted, Stock code: 8325), a non-executive director of Boer Power Holdings Limited (Stock Code: 1685), an independent non-executive director of Yancoal Australia Ltd (Stock Code: YAL, a company listed on the Australia Securities Exchange), Sinopec Oilfield Service Corporation (formerly known as “Sinopec Yizheng Chemical Fibre Company Limited”) (Stock Code: 1033), Wanda Hotel Development Company Limited (Stock Code: 169), China Rapid Finance Limited (Stock Code: XRF, a company listed on the New York Exchange), China Huirong Financial Holdings Limited (Stock Code: 1290) and Haitong International Securities Group Limited (Delisted, Stock Code: 665) respectively. From June 1999 to April 2006, Mr. Zhang had worked with UBS AG, Hong Kong Branch and held positions as a director, executive director, managing director and the co-head of its China Research team.

Mr. Zhang obtained a master’s degree in economics from the Graduate School of the People’s Bank of China in July 1986 and obtained a master’s degree in economics of development from the Australian National University in April 1991.

Ms. Liu Ka Ying, Rebecca, aged 56, was appointed as an independent non-executive Director of the Company on 18 November 2013. Ms. Liu is chairman of Audit Committee, and a member of Nomination Committee and Remuneration Committee of the Company. She is an independent non-executive director of SITC International Holdings Company Limited (Stock Code: 1308) and Paradise Entertainment Limited (Stock Code: 1180). Ms. Liu resigned as a non-executive director and the vice chairman of the board of Culturecom Holdings Limited (Stock Code: 343) on 26 August 2025 and an independent non-executive director of Renaissance Asia Silk Road Group Limited (Stock Code: 274) on 7 November 2024. From June 1996 to March 2002, Ms. Liu served as the general manager for the Asia and China region of The PRG-Schultz International, Inc., a company listed on NASDAQ. In January 2007, Ms. Liu was appointed as the chief executive officer of AllPanther Asset Management Limited (竣富(資產)管理有限公司) and served at such position since then. She possesses experience in management, investment in real estate development and private investment funds, as well as accounting and financial management. Ms. Liu is currently the senior vice president of Fortune (Shanghai) Limited.

Ms. Liu is a member of the American Institute of Certified Public Accountants (AICPA), Illinois CPA Society (ICPAS) of the United States and Hong Kong Institute of Certified Public Accountants (HKICPA). Ms. Liu obtained a double bachelor’s degree in Business Administrative Studies from York University, Canada with major in management and in accounting (with honours) in 1992 and 1994, respectively. She also obtained a doctoral’s degree in business administration from Victoria University of Switzerland in November 2011. She is also a member of the Hong Kong Institute of Bankers, Association of Women Accountants (Hong Kong) Limited, Hong Kong Professionals and Senior Executives Association. She was also a former member of the Tenth and the Eleventh Jilin Provincial Committee of the Chinese People’s Political Consultative Conference.

Biographies of Directors and Senior Management

Mr. Cai Suisheng, aged 75, was appointed as an independent non-executive Director of the Company on 18 November 2013. Mr. Cai is a member of Audit Committee of the Company. Mr. Cai is currently the honorary president of Guangdong Provincial Real Estate Association (廣東省房地產行業協會). Mr. Cai was appointed as a senior consultant of Shenzhen Real Estate Intermediary Association (深圳市房地產中介協會) in January 2019. Also, in 2004, Mr. Cai was a visiting scholar at the Institute of Housing and Urban Research of Uppsala University in Sweden (瑞典烏普薩拉大學住房與城市發展研究所). From 2013 to 2025, Mr. Cai was appointed as visiting professor of College of Real Estate of Beijing Normal University Zhuhai. From 2006 to 2010, Mr. Cai served as a standing director of the China Real Estate Association (中國房地產業協會). From 2007 to 2016, Mr. Cai was appointed as the president of Guangdong Provincial Real Estate Association and the vice president of Guangdong Economics Association (廣東經濟學會) respectively. During the period from June 2008 to July 2020, Mr. Cai served as an independent non-executive director and an external director of Guangzhou Pearl River Industrial Development Co., Ltd. (廣州珠江實業開發股份有限公司), a company listed on the Shanghai Stock Exchange. During the period from October 2013 to August 2020, Mr. Cai was appointed as the honorary professor and the visiting professor of the department of urban planning and design of the University of Hong Kong. Mr. Cai has in-depth knowledge and extensive experience in real estate policies, market and urban management and has published numerous articles and reviews regarding the real estate market, housing policy as well as urban development and management in various newspapers and publications.

Dr. Liu Yongping, aged 70, was appointed as an independent non-executive Director of the Company on 30 March 2023. Dr. Liu is a consultant of a firm of solicitors in Hong Kong. Dr. Liu graduated from Renmin University of China (中國人民大學) in 1983 with a bachelor degree in law, and graduated from the University of London in 1987 with a master degree in law. In 1994, Dr. Liu graduated from the University of Oxford with a doctor of philosophy. Previously, Dr. Liu worked for the People's Government of Beijing. At present, Dr. Liu is a practicing solicitor in Hong Kong. Dr. Liu has profound knowledge in the laws of the PRC, Hong Kong and England. Since 1994, Dr. Liu has embarked in areas on listing application for PRC-based companies in Hong Kong and work on merger and acquisition. Dr. Liu is acquainted with matters concerning the Listing Rules. Dr. Liu is currently an independent non-executive director of Wanjia Group Holdings Limited (Stock code: 401) and Yue Da International Holdings Limited (Stock code: 629).

SENIOR MANAGEMENT

Name	Position
Mr. Kei Hoi Pang	Chairman
Mr. Lai Zhuobin	Chief Executive Officer
Ms. Huang Xiangling	Executive President
Mr. Chen Yong	Vice President
Mr. Zhou Ji	Vice President

Please refer to the section headed "Executive Directors" above for the biographies of Mr. Kei Hoi Pang, Mr. Lai Zhuobin, Ms. Huang Xiangling, Mr. Chen Yong and Mr. Zhou Ji.

CORPORATE GOVERNANCE REPORT

The Board of Directors of the Company is pleased to present this corporate governance report for the year ended 31 December 2025.

Corporate Governance Practices

The Board is committed to achieving high corporate governance standards. The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders of the Company (the “Shareholders”) and enhance corporate value. The Company’s corporate governance practices are based on the principles set out in Part 2 of the Corporate Governance Code (the “CG Code”) contained in Appendix C1 of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company has adopted, applied and complied with the CG Code for the year ended 31 December 2025.

Corporate Culture and Development Strategy

Since its establishment, the Company has always adhered to its core values of “pragmatic, innovative, sunshine and efficient”, upheld the business philosophy of “customer first, service excellence”, constantly enhanced its product and service quality, and turned itself into an “integrated city service provider” dedicated to building a better life, by providing high-quality residential services for more than one million people.

The Board integrates such corporate culture into forging the core competencies and formulates strategic planning for sustainable development and unrelentingly strives to achieve the corporate vision of “Building a better life and an evergreen Logan”, with a view to creating greater value for its shareholders and customers.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules.

Specific enquiry has been made to all the Directors and the Directors have confirmed that they have complied with the Model Code throughout the year ended 31 December 2025. In addition, the Board has also adopted the principles and rules of the Model Code as written guidelines for relevant employees (the “Employees Written Guidelines”) in respect of their dealings in the securities of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

Board of Directors

The Company is headed by an effective Board which is collectively responsible and works with the management for the long-term success of the Company. All directors act objectively in the best interests of the Company and hold management accountable for performance. The Board puts in place a code of conduct and ethics, sets appropriate tone from the top and promotes positive corporate culture, and ensures the Company’s culture aligns with its purpose, values and strategies.

The Board should regularly review the contribution required from a Director to perform his/her responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises five executive Directors and four independent non-executive Directors. Independent non-executive Directors constitute not less than one-third of the Board.

Corporate Governance Report

The list of the Directors is set out in the section headed “Corporate Information” on page 6 and their biographies are set out in the section headed “Biographies of Directors and Senior Management” on pages 22 to 24 of this annual report. There is no relationship (including financial, business, family or other material relationship) between any members of the Board.

Chairman and Chief Executive Officer

The positions of chairman and chief executive officer are currently held by Mr. Kei Hoi Pang and Mr. Lai Zhuobin respectively. The chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The chief executive officer focuses on the Company’s business development and daily management and operations generally.

Independent Non-executive Directors

During the year, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing not less than one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has confirmed each of the independent non-executive Directors in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

Each of the Directors is appointed for a specific term of three years. In accordance with the articles of association of the Company (the “Articles of Association”) and Code Provision B.2.2 in Part 2 of the CG Code, each of the Directors is subject to retirement by rotation at least once every three years. In case of any Director appointed by the Board to fill a casual vacancy, or as an addition to the existing Board, such Director shall hold office until the next following annual general meeting and shall then be eligible for re-election by the Shareholders. Any further appointment of an independent non-executive Director, who has served the Board for more than nine years, shall be subject to a separate resolution to be approved by the Shareholders in accordance with Code Provision B.2.3 of the CG code.

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board is responsible for leadership and control and oversees the Group’s businesses, strategic decisions and performance and is collectively responsible for promoting the success of the Company by directing and supervising its affairs. The Board takes decisions objectively in the interests of the Company.

All Directors have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

All Directors have timely access to appropriate information of the Company as well as the services and advice from the company secretary and senior management of the Company. The Directors may, upon request, seek independent professional advice in appropriate circumstances, at the Company’s expenses for discharging their duties to the Company. The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his/her responsibilities to the Company. The Board reserves its decision on all major matters which relate to policies, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management. The delegated functions are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by senior management.

The Board believes that 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.

Continuous Professional Development of Directors

Every newly appointed Director (if any) shall receive a formal and comprehensive induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements.

Directors' training is an on-going process. All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company also updates Directors on any latest development regarding the Listing Rules and other applicable regulatory requirements from time to time to ensure compliance and enhance their awareness of good corporate governance practices.

The training records of the Directors during the year are summarized as follows:

Name of Directors	Participated in online training and reading materials relevant to corporate governance, regulatory updates and director's duties
Executive Directors	
Mr. Kei Hoi Pang	✓
Mr. Lai Zhuobin	✓
Ms. Huang Xiangling	✓
Mr. Chen Yong	✓
Mr. Zhou Ji	✓
Independent Non-executive Directors	
Mr. Zhang Huaqiao	✓
Ms. Liu Ka Ying, Rebecca	✓
Mr. Cai Suisheng	✓
Dr. Liu Yongping	✓

Corporate Governance Report

Board Meetings

The Board meets regularly to review the financial and operating performance of the Company and to discuss future strategies.

The attendance record of each Director at the Board meetings and the general meeting of the Company held in 2025 is set out in the table below:

Name of Director	Attendance/Number of	
	Board Meetings	Annual General Meeting
Executive Directors		
Mr. Kei Hoi Pang	5/5	1/1
Mr. Lai Zhuobin	5/5	1/1
Ms. Huang Xiangling	5/5	1/1
Mr. Chen Yong	5/5	1/1
Mr. Zhou Ji	5/5	1/1
Independent Non-executive Directors		
Mr. Zhang Huaqiao	5/5	1/1
Ms. Liu Ka Ying, Rebecca	5/5	1/1
Mr. Cai Suisheng	5/5	1/1
Dr. Liu Yongping	5/5	1/1

The chairman also held a meeting solely with the independent non-executive Directors without the presence of other Directors on 27 March 2025.

Board Committees

The Board has established Audit Committee, Remuneration Committee and Nomination Committee in assisting the Board to discharge its functions. The terms of reference of such committees are posted on the Company's website and the Stock Exchange's website.

The list of the chairman and members of each Board committee is set out under the section headed "Corporate Information" on page 6 of this annual report.

Audit Committee

According to the terms of reference of the Audit Committee, its main duties include (but not limited to) making recommendations on the appointment of external auditor and monitoring the effectiveness of external audit, supervision of internal audit and oversight of the integrity of financial information and the financial reporting system, overseeing internal audit, risk management and internal control systems of the Company and ensuring such functions are adequately resourced as well as to perform the corporate governance function.

During the year, the Audit Committee reviewed 2024 annual financial statements and 2025 half-year financial statements and recommended the same to the Board for approval. The Audit Committee oversaw matters concerning the Company's external auditors including reviewing the scope and quality of audit, the external auditors' independence and objectivity as well as their fees and making recommendations to the Board regarding the appointment of the external auditors, the nature and scope of their audit and their fees. The Audit Committee also reviewed the effectiveness of the internal audit function of the Company and the effectiveness of the risk management and internal control system of the Group which cover all material controls including financial, operational and compliance controls. During the year ended 31 December 2025, the Audit Committee communicated with the external auditors twice to discuss 2024 annual financial statements, 2025 half-year financial statements and other issues arising from the audit.

The attendance record of each member at the Audit Committee meetings of the Company held in 2025 is set out in the table below:

Name of Directors	Attendance/ Number of Meetings
Ms. Liu Ka Ying, Rebecca (<i>Chairman</i>)	2/2
Mr. Zhang Huaqiao	2/2
Mr. Cai Suisheng	2/2

Remuneration Committee

According to the terms of reference of the Remuneration Committee and the model adopted whereby the Remuneration Committee is responsible for making recommendation to the Board on the remuneration packages of individual executive Director and senior management. The Remuneration Committee is also responsible for making recommendation to the Board on the remuneration matters of independent non-executive Directors, the setting up of adequate and transparent procedures for setting such remuneration.

No Director or any of the senior management is allowed to determine their own remuneration. In making recommendation to the Board on the remuneration of Directors and senior management, the Remuneration Committee shall consider factors such as time commitment and responsibilities of Directors, employment conditions of other positions within the Group and whether their remuneration are performance-related.

Corporate Governance Report

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of executive Directors are also determined with reference to working experience, duties and responsibilities with the Company and the prevailing market situation of each executive Directors. The remuneration for the executive Directors comprises basic salary and discretionary bonus. The remuneration policy for independent non-executive Directors is to ensure that independent non-executive Directors are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the independent non-executive Directors mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board.

During the year, the Remuneration Committee had reviewed the remuneration of the Directors and senior management, and adjusted the package of the independent non-executive Directors.

The attendance record of each member at the Remuneration Committee meeting of the Company held in 2025 is set out in the table below:

Name of Director	Attendance/ Number of Meetings
Mr. Zhang Huaqiao (<i>Chairman</i>)	2/2
Mr. Kei Hoi Pang	2/2
Ms. Liu Ka Ying, Rebecca	2/2

The remuneration of the senior management by band for the year ended 31 December 2025 is set out below:

Annual Income	Number of Persons
Less than RMB3,000,000	3
RMB3,000,000 to 5,000,000	2

Nomination Committee

According to the terms of reference of the Nomination Committee, its duties mainly include (but not limited to) reviewing the structure, size and composition of the Board and reviewing the policy on board diversity, assessing the independence of the independent non-executive Directors as well as making recommendations to the Board on the selection of individuals nominated for directorships.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning board diversity as set out in the Company's board diversity policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

During the year, the Nomination Committee reviewed the structure, size and composition of the Board. It also reviewed the retirement and re-election of Directors at the forthcoming annual general meeting (the “AGM”) and the independence of the independent non-executive Directors. The attendance record of each member at the Nomination Committee meeting of the Company held in 2025 is set out in the table below:

Name of Director	Attendance/ Number of Meetings
Mr. Kei Hoi Pang (<i>Chairman</i>)	1/1
Mr. Zhang Huaqiao	1/1
Ms. Liu Ka Ying, Rebecca	1/1

Board Diversity Policy

The Company has adopted a board diversity policy (the “Board Diversity Policy”) which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company’s competitive advantage.

The Board consists of a diverse mix of Board members in terms of age and gender. Currently, the Board has two female Directors out of nine Directors and the Directors come from a variety of different backgrounds and have a diverse range of business, financial services and professional experience. The Company is committed to improving the diversity of the Board, senior management and the workforce based on its needs and as and when suitable candidates are identified. As at 31 December 2025, the full-time employees of the Group (including senior management) comprise about 59.9% male and 40.1% female. For details of the diversity of the Group’s employees, please refer to the environmental, social and governance report of the Company.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition (in particular with regard to gender diversity) of the Board and where appropriate, make recommendations on changes to the Board to complement the Company’s corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition, the Nomination Committee is committed to striving for diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company’s business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

The Nomination Committee has reviewed the implementation and effectiveness of the Board Diversity Policy and consider it to be effective during the year.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a director nomination policy (the “Director Nomination Policy”) which sets out the selection criteria and nomination process and the Board succession planning considerations in relation to nomination and appointment of Directors and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the criteria for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company’s business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and Board committees.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Board Independence Mechanism

The Company has adopted a board independence mechanism (the “Board Independence Mechanism”) that is designed to ensure a strong independent element on the Board of the Company, which allows the Board to effectively exercise independent judgement to better safeguard the Shareholders’ interests.

The objectives of the mechanism are to improve the Board’s effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board’s performance, for instance, addressing individual training and development needs of each Director.

The Board Independence Mechanism sets out the mechanism for assessing the independence of the Board, including but not limited to the following:

- The Nomination Committee will assess annually the independence of all independent non-executive Directors and to confirm if each of them still satisfies the criteria of independence as set out in the Listing Rules. Every Nomination Committee member should abstain from assessing his/her own independence;
- A mechanism is in place for Directors to seek independent professional advice in performing their duties at the Company’s expense; and
- An annual review of the Board’s independence will be conducted, with the aim to ensure that it remains independent in judgement, and that the Board continues to present an objective and constructive challenge to the assumptions and viewpoints presented by the management.

During the year ended 31 December 2025, the Board has reviewed the implementation and effectiveness of the Board Independence Mechanism and the results were satisfactory.

Dividend Policy

The Company has adopted a dividend policy on payment of dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Company’s dividend policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to Shareholders’ approval.

The declaration of dividends by the Company is also subject to any restrictions under the Companies Act of the Cayman Islands, the Articles of Association and any applicable laws, rules and regulations.

In determining payment of dividends, the Company shall share its profits with Shareholders while maintaining adequate reserves for meeting its future growth, with a view to declaring dividends higher than the industrial average level and achieving a stable and better return for the Shareholders.

Corporate Governance Report

The Board shall also take into account the following factors of the Group when considering the declaration and payment of dividends:

- financial results;
- cash flow situation;
- business conditions and strategies;
- future operations and earnings;
- capital requirements and expenditure plans;
- interests of Shareholders;
- tax issue;
- any restrictions on payment of dividends; and
- any other factors that the Board may consider relevant.

Depending on the financial conditions of the Company and the Group and the conditions and factors as set out above, the following dividends may be proposed and/or declared by the Board for a financial year or period:

- interim dividend;
- final dividend;
- special dividend; and
- any distribution of net profits that the Board may consider appropriate.

Anti-Corruption Policy

The Company has established an anti-corruption policy to combat all offences involving bribery, extortion, fraud and money laundering, and has been implementing the “zero tolerance” strategy for any corruption and illegal behavior in accordance with the Criminal Law of the People’s Republic of China. The policy applies to all employees of the Group. The Company’s audit and supervision department, under the leadership of the audit committee of the Board of the Company and the president’s office, conducts comprehensive supervision of the integrity of the Company’s system.

Whistleblowing Policy

The Company has also established a whistleblowing policy and has committed to the highest possible standards of openness, probity and accountability. In line with that commitment the Company expects and encourages its employees, customers, suppliers and other stakeholders who have concerns about any suspected misconduct or malpractice within the Company to come forward and voice those concerns. Persons making appropriate complaints under this policy are assured of protection against unfair dismissal, victimisation or unwarranted disciplinary action, even if the concerns turn out to be unsubstantiated. The Audit Committee has overall responsibility for this policy. Responsibility for monitoring and reviewing the operation of the policy and any recommendations for action resulting from investigation into complaints lies with the Board’s audit committee. The Audit Committee will review and monitor the effectiveness of this whistleblowing policy from time to time.

Corporate Governance Functions

The Audit Committee is responsible for performing the functions set out in the Code Provision A.2.1 in Part 2 of the CG Code.

During the year, the Audit Committee reviewed the Company’s corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements and the Company’s compliance with the CG Code and disclosure in this corporate governance report.

Risk Management and Internal Controls

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems. Such risks would include, amongst others, material risks relating to environmental, social and governance. The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions. The procedures and guidelines comprise the following phases:

- Identification: Identify ownership of risks, business objectives and risks that could affect the achievement of objectives.
- Evaluation: Analyze the likelihood and impact of risks and evaluate the risk portfolio accordingly.
- Management: Consider the risk responses, ensure effective communication to the Board and on-going monitor the residual risks.

The Company has also in place an internal control system which is compatible with the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") 2013 framework. The framework enables the Group to achieve objectives regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

The Company has established the "Notice in respect of Further Regulations on Joint Ventures Management" which formalised the management of the joint ventures and related affairs.

The management has confirmed to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2025.

The Group's audit and inspection office is responsible for internal audit function of the Company in performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The audit and inspection office examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee. In addition, the Group has engaged SHINEWING Risk Services Limited to carry out the internal audit function such as the analysis and independent assessment of the adequacy and effectiveness of the Group's risk management and internal control systems covering financial, operational and legal compliance controls for the year ended 31 December 2025. The assessments were conducted annually and the results have been finalized in March 2026 and communicated with the Audit Committee.

Corporate Governance Report

The Board, through the Audit Committee, had reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function, staff qualifications, experiences and relevant resources, as well as those relating to the issuer's environmental, social and governance performance and reporting. The Board's annual review has confirmed that there is no change, since the last annual review, in the nature and extent of significant risks (including environmental, social and governance risks), and the Company is capable to respond to changes in its business and the external environment. The Company had also reviewed the scope and quality of management's ongoing monitoring of risks (including environmental, social and governance risks) and of the internal control systems, and where applicable, the work of its internal audit function.

The Company has developed respective disclosure policy which provides a general guide to the Company's Directors, senior management, officers and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited. This includes but is not limited to the following:

- The access of information is restricted to a limited number of employees on a need-to-know basis. Employees who are in possession of inside information are fully conversant with their obligations to preserve confidentiality.
- Confidentiality agreements are in place when the Company enters into significant negotiations.

Directors' Responsibility in Respect of the Financial Statements

The Directors acknowledge their responsibility for preparing and reviewing the financial statements of the Company for the year ended 31 December 2025. The Director was of the view that the preparation of such financial statements are in compliance with the relevant accounting standards, rules and regulations and that adequate disclosures have been made.

Save as disclosed in note 2.1 to the consolidated financial statements, the Directors, having made all reasonable enquiries, are not aware of any material uncertainties relating to any events or conditions that may cause significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditors' Report on pages 56 to 61.

Auditor's Remuneration and Auditor related matters

The remuneration of external auditor of the Company in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

Service Category	Fees RMB'000
Audit Services	2,000
Non-audit Services	
– Interim review service fee	600
Total	2,600

Company Secretary

Ms. So Ka Man, Carman (“Ms. So”) has been appointed as the Company’s company secretary. Ms. So is a director of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters. Mr. Chen Yong, an executive Director, has been designated as the primary contact person at the Company who would work and communicate with Ms. So on the Company’s corporate governance and secretarial and administrative matters.

For the year ended 31 December 2025, Ms. So has undertaken not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Shareholders’ Rights

To safeguard Shareholders’ interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening General Meeting by Shareholders

Pursuant to Articles 58 of the Articles of Association, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

There is no provision allowing Shareholders to move new resolutions at general meetings under the Companies Act of the Cayman Islands or the Articles of Association. Shareholders who wish to move a resolution may request the Company to convene a general meeting following the procedures set out in the preceding paragraph.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Corporate Governance Report

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Unit Nos. 02-03A, Level 68, International Commerce Centre, 1 Austin Road West, Hong Kong
(For the attention of the Board of Directors)
Fax: (852) 2175 5098
Email: i.r@logan.com.cn

For the avoidance of doubt, Shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The detailed procedures for Shareholders to propose a person for election as a Director can be found on the website of the Company headed "Corporate Governance" section.

Shareholders may call the Company at (852) 2823 9200 or (86) 755 8528 8221 for any enquiry.

Communication with Shareholders and Investors/Investor Relations

The Board has established a Shareholders' communication policy and posted it on the website of the Company setting out the principles of the Company in relation to Shareholders' communications, with the objective of ensuring that Shareholders are provided with equal and timely access to information about the Company, in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company.

The Company considers that effective communication with Shareholders is essential for enhancing investors relations and investors' understanding of the Group's business performance and strategies.

The Company has established various communication channels between itself and Shareholders which endeavour to maintain an on-going dialogue with Shareholders including (i) holding annual general meetings and other general meetings during which the Directors (or their delegates as appropriate) are available to meet Shareholders, answer their enquiries and understand the views of Shareholders; (ii) announcements (including voluntary business updates) and corporate communications such as annual reports, interim reports and circulars are published on the Stock Exchange's website at <http://www.hkexnews.hk> and the Company's website at <http://www.logangroup.com>; (iii) corporate information of the Group is available at the Company's website; and (iv) Shareholders may contact the Investor Relations Department under the section "Contact Details" for enquiries.

In light of the above, the Company considers that it has sufficient channels to maintain close communication with its Shareholders and the Shareholders' communication policy is effective during the year.

The Board has reviewed the Shareholders' communication policy and considered that the policy was effectively implemented.

During the year, the Company has not made any changes to its Memorandum of Association and Articles of Association. An up-to-date version of the Second Amended and Restated Memorandum of Association and Articles of Association is available on the Company's website and the Stock Exchange's website.

DIRECTORS' REPORT

The Board of Directors of the Company is pleased to present the annual report of the Company together with the audited consolidated financial statements for the year ended 31 December 2025.

Principal Place of Business

The Company is a company incorporated and has its registered office in the Cayman Islands. The Company's principal place of business in Hong Kong is situated at Unit Nos. 02-03A, Level 68, International Commerce Centre, 1 Austin Road West, Hong Kong.

Principal Activities

The Company is an investment holding company, and the Group is principally engaged in property development and property operation. The activities and particulars of the Company's subsidiaries are shown under note 1 to the consolidated financial statements. An analysis of the Group's revenue and operating profit for the year by principal activities is set out in the section headed "Management Discussion and Analysis" in this annual report and notes 5 and 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 "Chairman's Statement" on pages 12 to 13 of this annual report. Description of possible risks and uncertainties facing by the Company is set out in "Management Discussion and Analysis" on pages 16 to 21 of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Group's "Five Years' Financial Summary" on page 175 of this annual report.

Environmental Protection and Compliance with Laws and Regulations

The Group is committed to supporting the environmental sustainability. Being a property developer and integrated city service provider 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. Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations. During the year under review, the Group has 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 believes 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 our 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 satisfy 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 the 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 in a prompt and timely manner.

Directors' Report

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. We reinforce business partnerships with suppliers and contractors by ongoing communication in a proactive and effective manner so as to ensure quality and timely delivery of our products.

Consolidated Financial Statements

The profit of the Group for the year ended 31 December 2025 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 62 to 174 of this annual report.

Results and Appropriations

Loss attributable to shareholders for the year ended 31 December 2025 of RMB4,766,819,000 (2024: RMB6,298,354,000). Other movements in reserves are set out on page 66 of "Consolidated Statement of Changes in Equity".

Final Dividend

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

Closure of Register of Members

To ascertain the shareholders' entitlement to attend and vote at the AGM of the Company to be held on Thursday, 11 June 2026, the register of members of the Company will be closed from Monday, 8 June 2026 to Thursday, 11 June 2026, both days inclusive. The record date will be Thursday, 11 June 2026. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 5 June 2026.

Investment Properties and Other Property, Plant and Equipment

Details of the movements in the investment properties and other property, plant and equipment are set out in notes 15 and 14 to the consolidated financial statements, respectively.

Share Capital

Details of the movements in the share capital of the Company for the year ended 31 December 2025 and as at that date is set out in note 29 to the consolidated financial statements.

Reserves

Details of the movements in the reserves of the Group and the Company for the year ended 31 December 2025 are set out in "Consolidated Statements of Changes in Equity" and note 44 to the consolidated financial statements, respectively.

Borrowings

Details of the borrowings are set out in the section headed "Management Discussion and Analysis" in this annual report and notes 25, 26 and 27 to the consolidated financial statements.

Five Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 175 of this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

Neither the Company nor any of its subsidiaries has 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.

Pre-emptive Rights

There are no provisions for pre-emptive rights under the Company's articles of association, or the law of Cayman Islands being the jurisdiction in which the Company is incorporated under which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

Directors

The list of Directors is set out on page 6 of this annual report.

In accordance with the Company's articles of association, Mr. Lai Zhuobin, Mr. Chen Yong and Mr. Cai Suisheng shall retire from office at the AGM and, being eligible, offer themselves for re-election.

Directors' Service Contracts

Each of the executive Directors has entered into a service agreement with the Company and each of the independent non-executive Directors has signed an appointment letter with the Company. The appointment of each Director is for a period of three years and shall continue thereafter until being terminated by either party giving not less than three months' written notice.

None of the Directors who are proposed for election or re-election at the AGM has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Interests in Contracts of Significance

Other than those transactions disclosed in note 40 to the consolidated financial statements and in the section "Continuing Connected Transactions" below, no contract of significance in relation to the Group's business to which the Company, any of its subsidiaries or its parent 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.

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 under review.

Indemnity and Insurance Provisions

The Articles of Association of the Company 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. The Company has also arranged appropriate directors and officers liability insurance in respect of legal action against them.

Directors' Report

Deed of Non-competition

The Company shall receive, from each of the controlling shareholders of the Company, an annual declaration on his/her/its compliance with the undertakings contained in the deed of non-competition (the "Deed of Non-Competition") entered into by each of them in favour of the Company pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/she/it will not or will procure that his/her/its associates (other than members of the Group) not to, engage in the development of residential properties or mixed-use properties, which mainly represent residential properties with developments ancillary to the Group's residential projects, such as retail units, supermarkets and car parks, etc.

Details of the Deed of Non-Competition were disclosed in the prospectus of the Company dated 10 December 2013 under the section headed "Relationship with Our Controlling Shareholders".

For the year ended 31 December 2025, the Company had received an annual written confirmation from each of the Company's controlling shareholders in respect of their and their associates' compliance with the Deed of Non-Competition. The independent non-executive Directors had reviewed and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the year ended 31 December 2025.

Biographical Details of Directors and Senior Management

Brief biographical details of Directors and senior management are set out in the section headed "Biographies of Directors and Senior Management" of this annual report.

Continuing Disclosure Requirements under Rule 13.21 of the Listing Rules

2019 Facility Agreement

On 24 January 2019, the Company as borrower entered into a facility agreement with certain banks as lenders for a term loan facility of HK\$1,610,000,000 (the "2019 Facility Agreement"), which may be increased to not more than HK\$2,500,000,000 in accordance with the terms of the 2019 Facility Agreement at an interest rate of HIBOR plus 3.95% per annum. The facility has to be fully repaid within 42 months after the date of the 2019 Facility Agreement. On 15 July 2019, term loan facility has been increased by HK\$150,000,000 to HK\$1,760,000,000. On 25 July 2022, a letter agreement was entered into whereby the final maturity date of the term loan facility was extended to 24 January 2023.

Pursuant to the 2019 Facility Agreement, it shall constitute an event of default if (i) Ms. Kei Perenna Hoi Ting, her spouse and any of her child under the age of 18, collectively do not or cease to beneficially own, directly or indirectly, at least 51% of the beneficial shareholding interests in the issued share capital of, and carrying at least 51% of all the voting rights in the Company, such shareholding interest and voting rights being free from any security; (ii) Mr. Kei Hoi Pang does not or ceases to have management control of the Company or the Group and/or control over the business of the Group; or (iii) any person other than any one of Mr. Kei Hoi Pang and Mr. Ji Jiande is or becomes the chairman of the Company. Upon and at any time after the occurrence of an event of default, the lenders may cancel all or any parts of their commitments and declare that all or part of the loans, together with accrued interest, and all other amounts accrued or outstanding under the finance documents be immediately due and payable.

As at the date of this annual report, the term loan facility of HK\$880,000,000 remained outstanding. The Company intends to include this facility in the Company's holistic restructuring announced on 10 January 2025.

2020 Facility Agreement

On 8 April 2020, the Company as borrower entered into a facility agreement with certain banks as lenders pursuant to which a dual currency USD and HKD term loan facility of HK\$2,525,640,000 equivalent (with green shoe option of up to HK\$770,000,000) was made available to the Company (the “2020 Facility Agreement”). The facility has to be fully repaid within 36 months after the date of the 2020 Facility Agreement.

Pursuant to the 2020 Facility Agreement, if (i) Ms. Kei Perenna Hoi Ting and her family collectively cease to own, directly or indirectly, more than 50% of the Company’s total issued share capital, free from any security; and/or (ii) Mr. Kei Hoi Pang and his family cease to maintain control of the Group’s business, if the majority lenders under the facilities so require, the Company shall prepay the facilities in full within the time specified under the 2020 Facility Agreement.

As at the date of this annual report, the term loan facility of HK\$780,000,000 and US\$223,880,000 remained outstanding. The Company intends to include this facility in the Company’s holistic restructuring announced on 10 January 2025.

The Company will continue to make relevant disclosure in its subsequent interim and annual reports pursuant to Rule 13.21 of the Listing Rules for as long as circumstances giving rise to the obligation under Rule 13.18 of the Listing Rules continue to exist.

Save as disclosed above, as at 31 December 2025, the Company did not have other disclosure obligations under Rule 13.18 of the Listing Rules.

Share Option Scheme

The Company’s share option scheme (the “Share Option Scheme”) was conditionally adopted by the written resolutions of the shareholders of the Company passed on 18 November 2013. The Share Option Scheme was effective for 10 years commencing from 18 November 2013 and expired on 17 November 2023. No further share option will be granted under the Share Option Scheme but in respect of all share options which remain exercisable on such date, the provisions of the Share Option Scheme shall remain in full force and effect. The summary of the principal terms of the Share Option Scheme was as follows:

1. Purpose of the Share Option Scheme:

The Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Participants of the Share Option Scheme:

The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries; and
- (iii) any advisors, consultants, suppliers, customers, agents, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Company or any of its subsidiaries.

3. Maximum number of Shares available for issue:

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the global offering of the Company (but taking no account of any Shares which may be allotted and issued pursuant to the exercise of the over-allotment option), being 500,000,000 shares (representing approximately 8.79% of the number of the issued shares of the Company as at the date of this annual report), excluding for this purpose Shares which would have been issued on the exercise in full of options in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company, but not cancelled, lapsed or exercised). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may: (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No further options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditor of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall the maximum number of Shares in respect of which options may be granted exceed the limit prescribed in this paragraph.

On acceptance of the options granted under the Share Option Scheme, the grantee is required to pay HK\$1.0 to the Company as consideration for the grant of options.

Following the expiry of the Share Option Scheme on 17 November 2023, no options were available for grant as at 31 December 2025. As at the date of this report, a total number of 54,173,000 shares (representing approximately 0.95% of the shares in issue as at the date of this report), are available for issue under the Share Option Scheme.

4. Maximum entitlement of each participant under the Share Option Scheme:

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to:

- (i) the issue of a circular by the Company containing the identity of the Eligible Participant, the number of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and
- (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. The period within which the options must be exercised under the Share Option Scheme:

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. The minimum period for which an option must be held before it can be exercised:

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. The basis of determining the exercise price:

Determined by the Board but shall not be less than the highest of (i) the closing price of the ordinary Shares as stated in the Stock Exchange daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average of the closing price of the ordinary Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of an ordinary Share.

Directors' Report

8. The remaining life of the Share Option Scheme:

The Share Option Scheme expired on 17 November 2023. No further share option will be granted under the Share Option Scheme but in respect of all share options which remain exercisable on such date, the provisions of the Share Option Scheme shall remain in full force and effect.

No share option has been granted during the year. Details of the share options granted under the Share Option Scheme were as follows:

Name of grantee	Date of grant	Exercise Price (HK\$)	Number of share options							Outstanding as at 31 December 2025	Percentage of total issued share capita ⁽¹⁾	Exercise period	Closing price of the shares immediately before the date on which the options were offered (HK\$)
			Outstanding at 1 January 2025	Granted during this year	Exercised during this year	Cancelled during this year	Lapsed during this year						
Name of Director													
Mr. Kei Hoi Pang	25 August 2017	7.43	8,000,000	—	—	—	—	8,000,000	0.14%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34		
Mr. Lai Zhuobin	25 August 2017	7.43	2,800,000	—	—	—	—	2,800,000	0.05%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34		
Ms. Huang Xiangling	25 August 2017	7.43	2,602,000	—	—	—	—	2,602,000	0.05%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34		
Total number held by Directors	25 August 2017	7.43	13,402,000	—	—	—	—	13,402,000	0.24%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34		
Name of Substantial Shareholder													
Ms. Kei Perenna Hoi Ting	25 August 2017	7.43	1,800,000	—	—	—	—	1,800,000	0.03%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34		
Total number held by Substantial Shareholder	25 August 2017	7.43	1,800,000	—	—	—	—	1,800,000	0.03%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34		
Total number held by Employees													
	25 August 2017	7.43	20,109,000	—	—	(91,000)	(3,084,000)	16,934,000	0.30%	25 August 2017 to 24 August 2027 ⁽²⁾	7.34		
	8 June 2018	12.50	16,328,000	—	—	—	(1,380,000)	14,948,000	0.26%	8 June 2018 to 7 June 2028 ⁽³⁾	12.44		
	22 October 2018	7.64	6,881,500	—	—	—	(1,000,000)	5,881,500	0.10%	22 October 2018 to 21 October 2028 ⁽⁴⁾	7.33		
	28 June 2019	12.64	2,458,500	—	—	—	(110,000)	2,348,500	0.04%	28 June 2019 to 27 June 2029 ⁽⁵⁾	12.56		
	12 June 2020	13.08	1,119,000	—	—	—	(92,000)	1,027,000	0.02%	12 June 2020 to 11 June 2030 ⁽⁶⁾	13.02		

Notes:

- (1) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 31 December 2025.
- (2) The share options are exercisable within a period of 10 years from 25 August 2017 and subject to the following vesting schedule and performance review:
 - (i) up to 25% of the share options granted after the expiration of 36 months from 25 August 2017;
 - (ii) up to another 25% of the share options granted after the expiration of 48 months from 25 August 2017;
 - (iii) up to another 25% of the share options granted after the expiration of 60 months from 25 August 2017; and
 - (iv) all the remaining share options granted after the expiration of 72 months from 25 August 2017.
- (3) The share options are exercisable within a period of 10 years from 8 June 2018 and subject to the following vesting schedule and performance review:
 - (i) up to 33.3% of the share option granted to each grantee at any time after the expiration of 36 months from 8 June 2018;
 - (ii) up to 33.3% of the share option granted to each grantee at any time after the expiration of 48 months from 8 June 2018; and
 - (iii) the remaining of the share option granted to each grantee at any time after the expiration of 60 months from 8 June 2018.
- (4) The share options are exercisable within a period of 10 years from 22 October 2018 and subject to the following vesting schedule and performance review:
 - (i) up to 33.3% of the share option granted to each grantee at any time after the expiration of 36 months from 22 October 2018;
 - (ii) up to 33.3% of the share option granted to each grantee at any time after the expiration of 48 months from 22 October 2018; and
 - (iii) the remaining of the share option granted to each grantee at any time after the expiration of 60 months from 22 October 2018.
- (5) The share options are exercisable within a period of 10 years from 28 June 2019 and subject to the following vesting schedule and performance review:
 - (i) for some grantees, up to 33.3% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 66.7% of their share options granted at any time after the expiration of 48 months from the date of grant; and
 - (ii) for the remaining grantees, up to 50% of their share options granted at any time after the expiration of 36 months from the date of grant and up to 50% of their share options granted at any time after the expiration of 48 months from the date of grant.
- (6) The share options are exercisable within a period of 10 years from the 12 June 2020 and will be vested after the expiration of 36 months from 12 June 2020.

Directors' Report

For further details, please refer to note 30 to the consolidated financial statements of this annual report.

Given that as mentioned above, no share option has been granted during 2025, it is not applicable for the Company to set out the number of Shares that may be issued in respect of the Share Option Scheme during the year ended 31 December 2025 divided by the weighted average number of Shares of the relevant class in issue for the year ended 31 December 2025.

Share Award Scheme

A share award scheme (the "Share Award Scheme") was adopted by the Company on 13 May 2020 (the "Adoption Date"). Unless early termination as determined by the Board pursuant to the Share Award Scheme, it shall be valid and effective for a term of 15 years commencing on the Adoption Date, subject to any extension of the period by the Board. As at the date of this annual report, the Share Award Scheme will have a remaining term of approximately 9 years. The purpose of the Share Award Scheme is (i) to promote the effective realization of the medium and long-term performance growth targets of the Group; (ii) to promote the long-term sustainable growth in the shareholder value of the Group; and (iii) to attract outstanding talents in the industry and to motivate and retain outstanding key talents of the Group with rewards and incentives.

The Share Award Scheme is a share scheme that is funded by existing shares of the Company. The Share Award Scheme will continue to operate in accordance with the "Transitional arrangements for share schemes existing as at 1 January 2023" set out in the attachment to Frequently Asked Questions No. 083-2022 to 101- 2022 published by the Stock Exchange.

Subject to the terms of the Share Award Scheme, the Board may from time to time, select any employee, director, officer, consultant, or advisor of any member of the Group or any affiliate who the Board considers, in its sole discretion, to have significantly contributed or will significantly contribute to the development of the Group, to be a selected participant ("Selected Participant") and grant award shares ("Award Shares") to such Selected Participant during the duration of the Share Award Scheme. Where any grant of Award Shares is proposed to be made to any Selected Participant who is a Director (including an independent non-executive Director) or chief executive of the Company, such grant must first be approved by all the independent non-executive Directors (excluding any independent non-executive Director who is a proposed recipient of the Award Shares). Where any grant of Award Shares is proposed to be made to any person who is a connected person (as defined under the Listing Rules), the Company shall comply with such provisions of the Listing Rules as may be applicable. No amount is payable by a Selected Participant upon acceptance of the Award Shares, and the Award Shares may be granted to a Selected Participant at nil consideration.

According to the Share Award Scheme, Shares up to 3% of the issued share capital of the Company (from time to time) will be purchased by the trustee from the market out of cash contributed by the Company and be held in trust for the relevant selected participants until the Award Shares are vested with the relevant selected participants in accordance with the provisions of the Share Award Scheme. As of 31 December 2025, the Company had through the trustee purchased a total of 158,230,000 Shares from the market, none of such Shares was purchased during the twelve months ended 31 December 2025. As at the date of this annual report, the maximum number of Award Shares available for grant under the Share Award Scheme are 165,312,223 Shares, representing approximately 3% of issued Shares of the Company as at the date of this annual report.

There is no maximum entitlement of Award Shares for each Selected Participant under the Share Award Scheme.

The Board or the committee of the Board or person(s) to which the Board delegated its authority may from time to time while the Share Award Scheme is in force and subject to all applicable laws, determine such vesting criteria and conditions or periods for the Award Shares to be vested hereunder.

During the year ended 31 December 2025, the Company granted a total of 5,250,000 (2024: Nil) Award Shares under the Share Award Scheme to middle and senior management personnel of the Group, and of which 2,000,000 (2024: Nil) Award Shares and 1,000,000 (2024: Nil) Award Shares were granted to Mr. Chen Yong and Mr. Zhou Ji, respectively, both are executive directors of the Company.

Details of the shares granted under the Award Scheme and their movements during the year are set out below:

Name of grantee	Date of grant	Vesting period	Unvested awarded shares as at 1 January 2025	Number of awarded shares				Unvested awarded shares as at 31 December 2025	Purchase price	Closing price of the shares immediately before the date of grant (HK\$)	Fair value of awards per Share at the date of grant during the year
				Granted during this year	Vested during this year	Cancelled during this year	Lapsed during this year				
Name of Director											
Mr. Chen Yong	11 July 2025	Nil	–	2,000,000	–	–	–	2,000,000	–	1.10	1.1
Mr. Zhou Ji	11 July 2025	Nil	–	1,000,000	(1,000,000)	–	–	–	–	1.10	1.1
Total number held by Directors	11 July 2025	Nil	–	3,000,000	(1,000,000)	–	–	2,000,000	–	1.10	1.1
Total number held by Five Highest Paid Employees											
	11 July 2025	Nil	–	475,000	(475,000)	–	–	–	–	1.10	1.1
Total number held by Employees	11 July 2025	Nil	–	1,775,000	(1,775,000)	–	–	–	–	1.10	1.1
			–	5,250,000	(3,250,000)	–	–	2,000,000	–		

Note: There are no performance targets attached to the awards granted during the year.

There was a maximum of 170,562,223 Shares and 165,312,223 Shares which may be granted under the Share Award Scheme as at 1 January 2025 and 31 December 2025 respectively.

For details of the Share Award Scheme, please refer to the Company's announcement dated 13 May 2020. For further details, please refer to note 30 to the consolidated financial statements of this annual report.

Equity-linked Agreements

Save as the Share Option Scheme and the Share Award Scheme, no equity-linked agreements were entered into by the Company during the year under review.

Directors' Report

Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of The Company or any of its Associated Corporations

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

(i) Interest in Shares of the Company

Name of Director	Nature of Interest	Number of Shares ⁽¹⁾	Underlying Shares Interested ⁽²⁾	Aggregate interests	Approximate Percentage of Issued Share Capital ⁽⁴⁾
Mr. Kei Hoi Pang	Beneficiary of a family trust ⁽³⁾	3,401,600,000 (L)	—	3,401,600,000	59.83%
	Deemed interest ⁽³⁾	851,281,250 (L)	—	851,281,250	14.97%
	Beneficial owner	8,200,000 (L)	8,000,000	16,200,000	0.28%
Mr. Lai Zhuobin	Beneficial owner	2,606,250 (L)	2,800,000	5,406,250	0.10%
Ms. Huang Xiangling	Beneficial owner	—	2,602,000	2,602,000	0.05%
Mr. Chen Yong	Beneficial owner	2,062,000 (L)	—	2,062,000	0.04%
Mr. Zhou Ji	Beneficial owner	1,000,000 (L)	—	1,000,000	0.02%

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) The number of Shares represents the Shares in which the Directors are deemed to be interested as a result of holding share options.
- (3) Mr. Kei Hoi Pang is a beneficiary of the family trust, and therefore interested in the Shares held through Junxi Investments Limited. He is also considered to be interested in the Shares in which Ms. Kei Perenna Hoi Ting is interested.
- (4) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 31 December 2025.

(ii) Interest in Debentures of the Company

Name of Director	Capacity in which the Debentures are Held	Amount of Debentures
Mr. Kei Hoi Pang	Interest of controlled corporation ⁽¹⁾	US\$20,000,000 ⁽²⁾

Notes:

- (1) The entire issued share capital of Prance Thrive Limited, the company which directly holds the debentures, is directly owned by Mr. Kei Hoi Pang.
- (2) The US\$20,000,000 debentures held by Mr. Kei Hoi Pang represents his interest in the US\$450,000,000 5.25% senior notes due 2023 issued by the Company.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares or Underlying Shares of the Company

As at 31 December 2025, the following interests and short positions of 5% or more of the issued share capital and share options of the Company were recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name	Nature of Interest	Number of Shares ⁽¹⁾	Approximate Percentage of the Company's Issued Share Capital ⁽⁵⁾
Mr. Kei Hoi Pang	Beneficiary of a family trust ⁽²⁾	3,401,600,000 (L)	59.83%
	Deemed interest ⁽²⁾	851,281,250 (L)	14.97%
	Beneficial owner	16,200,000 (L)	0.28%
Ms. Kei Perenna Hoi Ting	Interest of controlled corporations ⁽³⁾	850,000,000 (L)	14.95%
	Beneficial owner ⁽³⁾	3,081,250 (L)	0.05%
Brock Nominees Limited ⁽⁴⁾	Nominee	3,401,600,000 (L)	59.83%
Credit Suisse Trust Limited ⁽⁴⁾	Trustee	3,401,600,000 (L)	59.83%
Junxi Investments Limited ⁽⁴⁾	Beneficial owner	3,401,600,000 (L)	59.83%
Kei Family United Limited ⁽⁴⁾	Interest of a controlled corporation	3,401,600,000 (L)	59.83%
Tenby Nominees Limited ⁽⁴⁾	Nominee	3,401,600,000 (L)	59.83%
Dragon Jubilee Investments Limited	Beneficial owner	425,000,000 (L)	7.48%

Notes:

- (1) The letter "L" denotes the person's long position in Shares.
- (2) Mr. Kei Hoi Pang who is a beneficiary of the family trust, and therefore interested in the Shares through Junxi Investments Limited. He is also considered to be interested in the Shares in which Ms. Kei Perenna Hoi Ting is interested.
- (3) Ms. Kei Perenna Hoi Ting is indirectly interested in the Company through Dragon Jubilee Investments Limited, Gao Run Holdings Limited and Thrive Ally Limited, which owned collectively approximately 850,000,000 shares of the Company. She also holds 1,281,250 shares and 1,800,000 share options of in the Company.

Directors' Report

- (4) The family trust is interested in the entire interest of Kei Family United Limited which in turns hold the entire interest in Junxi Investments Limited. Kei Family United Limited is owned as to 50% by each of Brock Nominees Limited and Tenby Nominees Limited, which hold the shares on behalf of Credit Suisse Trust Limited as trustee.
- (5) The percentage is calculated based on the total number of 5,685,407,450 Shares in issue as at 31 December 2025.

Save as disclosed above, as at 31 December 2025, no person, other than the Directors and chief executives of the Company, whose interests are set out in the section headed "Directors' and Chief Executives' Interests and/or Short Positions in Shares, Underlying Shares or Debentures of the Company or any of its Associated Corporations" of this annual report above, had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Major Suppliers and Customers

For the year ended 31 December 2025, no sales to the Group's five largest customers and purchases from the Group's five largest suppliers accounted for 30% or more of the total sales for the year and of the total purchases for the year, respectively.

None of the Directors, their close associates or any shareholders (according to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the major suppliers or major customers noted above.

Continuing Connected Transactions

Details of the continuing connected transactions of the Company during the year ended 31 December 2025 are as follows:

2022 Master Project Development Management Agreement

On 30 December 2022, Shenzhen Logan Holdings Co., Ltd.* (深圳市龍光控股有限公司) ("Shenzhen Logan"), a wholly-owned subsidiary of the Company, entered into the master project development management agreement (the "2022 Master Project Development Management Agreement") with Logan Foundation Group Co., Ltd.* (龍光交通集團有限公司) ("Logan Foundation") pursuant to which Shenzhen Logan has agreed to provide, and procure its subsidiaries to provide, project development management service, including, but not limited to, construction services and design and architectural services (the "Project Development Management Service"), to Logan Foundation and its subsidiaries at development stages for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive), and subject to an annual cap of RMB320,000,000 for each year ended on 31 December 2023, 31 December 2024 and 31 December 2025 respectively.

The above annual caps were determined with reference to (i) the expected amount of service fees payable to Shenzhen Logan for the provision of Project Development Management Service taking into account (a) the anticipated demand of Project Development Management Service required by Logan Foundation during the term of the 2022 Master Project Development Management Agreement taking into account of the number of property development projects of Logan Foundation in the PRC and the expected GFA to be completed for each year during the term of the 2022 Master Project Development Management Agreement, including at least one project with anticipated service demand in value of approximately RMB200,000,000, to be required by the Group in 2023; (b) the estimated costs (including labour and construction raw materials) required by the Group; and (c) the prevailing service fees charged by other independent service providers; and (ii) the historical transaction amount taking into account the expected recovery of the real estate sector in PRC from 2023.

* For identification purposes only

2022 Master Property Management Service Agreement

On 30 December 2022, Shenzhen Logan, a wholly-owned subsidiary of the Company, entered into the master property management service agreement (the “2022 Master Property Management Service Agreement”) with Guangdong Logan Group Property Management Co., Ltd.* (廣東龍光集團物業管理有限公司) (“Logan Property Management”), pursuant to which Logan Property Management has agreed to provide, and procure its subsidiaries to provide services, including, but not limited to property management services and consultation services at the pre-delivery stage of property development (the “Property Management Service”), to Shenzhen Logan and its subsidiaries for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive), and subject to an annual cap of RMB320,000,000 for each year ended on 31 December 2023, 31 December 2024 and 31 December 2025 respectively.

The above annual caps were determined with reference to (i) the expected demand of Property Management Services of the Group having regards to the expected GFA requiring property management services, the contracted sales of the Group and the expected land bank during the term of the 2022 Master Property Management Services Agreement; (ii) the prevailing market rate of similar property management services; and (iii) the historical transaction amounts.

2022 Master Lease Agreement

On 30 December 2022, Shenzhen Logan, a wholly-owned subsidiary of the Company, entered into the master lease agreement (the “2022 Master Lease Agreement”) with Logan Foundation, pursuant to which Shenzhen Logan, as lessor, has agreed to lease and procure its subsidiaries to lease properties held by them in the PRC to Logan Foundation and its subsidiaries, as lessee, for a term commencing from 1 January 2023 and ending on 31 December 2025 (both days inclusive), and subject to an annual cap of RMB120,000,000 for each year ended on 31 December 2023, 31 December 2024 and 31 December 2025 respectively.

The above annual caps were determined with reference to (i) the expected space that Logan Foundation has indicated to the Group that it would rent for hotel business and office use during the term of the 2022 Master Lease Agreement. Under the existing arrangement, Logan Foundation has leased two mixed use complexes for its hotel business located in Nanning and Huizhou from the Group; and (ii) the prevailing market rent of the premises that are expected to be leased by Logan Foundation and its subsidiaries.

Logan Foundation is held as to 47% by Mr. Kei Hoi Pang (“Mr. Kei”). Logan Property Management is wholly-owned by Ms. Kei Perenna Hoi Ting, who is the daughter of Mr. Kei. As such, each of Logan Foundation and Logan Property Management is a connected person of the Company pursuant to the Listing Rules. Accordingly, the transactions contemplated under the 2022 Master Project Development Management Agreement, the 2022 Master Property Management Service Agreement and the 2022 Master Lease Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Details of the 2022 Master Project Development Management Agreement, the 2022 Master Property Management Service Agreement and the 2022 Master Lease Agreement are set out in the announcement of the Company dated 30 December 2022.

The Company has complied with the disclosure requirements as prescribed in Chapter 14A of the Listing Rules with respect to the above continuing connected transactions of the Group.

* For identification purposes only

Directors' Report

All independent non-executive Directors have reviewed the above continuing connected transactions, and confirmed that those transactions were entered into:

1. in the ordinary and usual course of business of the Group;
2. under normal commercial terms, or on terms better than terms available to or from independent third parties; and
3. in accordance with the agreements governing the above continuing connected transactions, the terms of which are fair and reasonable and in the interests of the Shareholders as a whole.

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 (revised) "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants.

Based on the work performed, the auditor of the Company confirmed to the Board that the aforesaid continuing connected transactions:

1. have been approved by the Board;
2. are in accordance with the pricing policy of the Group;
3. have been entered into, in all material respects, in accordance with the relevant agreements governing the transactions; and
4. have not exceeded the relevant caps allowed by the Stock Exchange and as stated in the announcement of the Company dated 30 December 2022.

Pursuant to Rule 14A.56 of the Listing Rules, the auditor has issued an unqualified letter containing their conclusions in respect of the continuing connected transactions of the Group to the Company.

Save as otherwise disclosed, there are no related party transactions disclosed in note 40 to the financial statements which constitutes a connected transaction or continuing connected transaction which should be disclosed pursuant to Rules 14A.49 and 14A.71 of the Listing Rules during the year ended 31 December 2025.

Sufficiency of Public Float

Rule 8.08(1)(a) of the Listing Rules requires there to be an open market in the securities to be maintained. This normally means that at least 25% of an issuer's total issued share capital must at all times be held by the public. However, Rule 8.08(1)(d) of the Listing Rules provides that the Stock Exchange may, at its discretion, accept a lower percentage of between 15% and 25%, if the issuer meets the following requirements under Rule 8.08(1)(d) of the Listing Rules:

- (a) the issuer will have an expected market capitalization at the time of listing of over HK\$10.0 billion;
- (b) the number of securities concerned and the extent of their distribution would enable the market to operate properly with a lower percentage;
- (c) the issuer will make appropriate disclosure of the lower prescribed percentage of public float in the initial listing documents;
- (d) the issuer will confirm the sufficiency of the public float in successive annual reports after listing; and
- (e) a sufficient portion (to be agreed in advance with the Stock Exchange) of any securities intended to be marketed contemporaneously within and outside Hong Kong must normally be offered in Hong Kong.

The Stock Exchange had granted a waiver under Rule 8.08(1)(d) of the Listing Rules to accept a lower public float percentage of 15% (or a higher percentage upon exercise of the over-allotment option as defined in the Company's prospectus dated 10 December 2013) of the Company's issued share capital (the "Company's Minimum Public Float") subject to:

- (i) the Company's minimum public float upon the listing date was 15%;
- (ii) the sponsor and the Company were able to demonstrate satisfactory compliance with Rules 8.08(2) and 8.08(3) of the Listing Rules at the time of the listing;
- (iii) the Company has implemented appropriate measures and mechanisms to ensure continual maintenance of the minimum percentage of public float; and
- (iv) the Company has made appropriate disclosure of the lower prescribed percentage of public float in the Company's prospectus dated 10 December 2013 and confirms sufficiency of public float as at the date of this annual report.

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 as at the date of this annual report, the Company has maintained sufficient public float as required under the Listing Rules.

Corporate Governance

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained on pages 25 to 38 of this annual report.

Auditor

The consolidated financial statements for the year ended 31 December 2025 have been audited by Prism Hong Kong Limited, who will retire and, being eligible, offer themselves for re-appointment as the auditor of the Company at the AGM.

Professional Tax Advice Recommended

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

On behalf of the Board

Logan Group Company Limited

Kei Hoi Pang

Chairman

30 March 2026

INDEPENDENT AUDITOR'S REPORT



Prism

To the shareholders of Logan Group Company Limited

(Incorporated in the Cayman Islands with limited liability)

Opinion

We have audited the consolidated financial statements of Logan Group Company Limited (the “Company”) and its subsidiaries (the “Group”) set out on pages 62 to 174 which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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 as 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 (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the HKICPA’s *Code of Ethics for Professional Accountants* (the “Code”) as applicable to audits of financial statements of public interest entities. We have 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. The events and conditions stated in note 2.1 indicate that a material uncertainty exists that may cast significant doubt on 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.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
<p><i>Valuation of investment properties</i></p> <p>As at 31 December 2025, the Group held investment properties with a carrying amount of RMB29,592 million representing 15.74% of the total assets of the Group.</p> <p>The Group has engaged external valuers to assist management in determining the fair value of the investment properties at the end of the reporting period.</p> <p>We identified this as a key audit matter because the carrying amounts of the investment properties are significant to the Group and significant estimations are involved in determining their fair value. The determination of valuation models adopted also involved significant judgements.</p> <p>Related disclosures are included in notes 3, 4 and 15 to the consolidated financial statements.</p>	<p>We evaluated management's assessment on the valuation of investment properties by performing the following procedures:</p> <ul style="list-style-type: none"> — Evaluated the objectivity, independence and competence of the external valuers engaged by the management of the Group. — Engaged independent valuation specialists to assist us in evaluating the appropriateness valuations models, assumptions and parameters adopted in the valuation. — Compared the valuation determined by the management or external valuer to the range provided by the independent valuation specialists. — Evaluated the reasonableness of significant inputs to the valuation used. — Assessed the adequacy of the disclosures of the valuation of the investment properties in the consolidated financial statements.

Independent Auditor's Report

Key audit matters (Continued)

Key audit matter	How our audit addressed the key audit matter
<p><i>Assessment of net realisable value (“NRV”) of properties held for development for sale (the “PFD”), properties under development for sale (the “PUD”) and completed properties for sale (the “CPFS”) under inventories</i></p> <p>As at 31 December 2025, the Group held inventories with a carrying amount of RMB112,177 million representing 59.66% of the total assets of the Group.</p> <p>We identified the assessment of NRV of the Group's PFD, PUD and CPFS (collectively referred to as the “Properties”) as a key audit matter due to the estimation involved in the determination of the NRV of the Properties and the future costs to completion of the Properties, where applicable.</p> <p>As set out in note 4 to the consolidated financial statements, the management of the Group determined the NRV of the Properties by reference to the estimated market prices and estimated future costs to completion, if applicable, of the Properties, which takes into account a number of factors including the recent prices of similar property types in the same project or by similar properties, and the prevailing and forecasted real estate market conditions in the People's Republic of China (the “PRC”). Besides, as set out in note 4 to the consolidated financial statements, the management estimated the future costs to completion of the Properties, where applicable, by reference to the actual development cost of the Group's completed projects, adjusted by certain current market data.</p> <p>Related disclosures are included in notes 3, 4 and 19 to the consolidated financial statements.</p>	<p>Our procedures in relation to the assessment of NRV of the Properties included:</p> <ul style="list-style-type: none"> – Evaluating the reasonableness of the estimated future costs to completion of the Properties, where applicable, on a sample basis, by comparing it to the actual development cost of similar completed properties of the Group and comparing the adjustments made by the management to current market data; – Assessing the appropriateness of the NRV of the Properties, on a sample basis, estimated by the management by comparing the estimated market price that derive the NRV to the market prices achieved in the same project or comparable properties, based on our knowledge of the Group's business and the real estate industry in the PRC; and – Assessing the accuracy of the estimation of the market price that derive the NRV and future costs to completion of the Properties by comparing the previous estimation to the actual amounts.

Other information included in the Annual Report

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the Annual Report, other than 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 of the Company and Those Charged with Governance for the Consolidated Financial Statements

The directors of the Company 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company 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. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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 scepticism 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 of the Company.
- 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 purpose 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.

Auditor's responsibilities for the Audit of the Consolidated Financial Statements (Continued)

We also provide the audit committee 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.

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.

The engagement partner on the audit resulting in this independent auditor's report is Lee Kwok Lun.

Prism Hong Kong Limited

Certified Public Accountants

Lee Kwok Lun

Practising Certificate Number: P06294

Hong Kong

30 March 2026

Prism Hong Kong Limited

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000 (Represented)
REVENUE	6	6,305,847	23,264,613
Cost of sales		(13,309,281)	(28,339,884)
Gross loss		(7,003,434)	(5,075,271)
Other income and gains	6	5,524,707	132,935
Other expenses		(150,975)	(76,156)
Selling and marketing expenses		(408,142)	(813,178)
Administrative expenses		(530,926)	(515,886)
Fair value (losses)/gains on investment properties, net	15	(2,015,046)	15,537
Share of (losses)/profits of associates and joint ventures, net		(326,416)	5,462
LOSS FROM OPERATIONS		(4,910,232)	(6,326,557)
Finance costs	7	(318,452)	(1,104,841)
LOSS BEFORE TAX	8	(5,228,684)	(7,431,398)
Income tax credit	11	343,693	812,914
LOSS FOR THE YEAR		(4,884,991)	(6,618,484)
Attributable to:			
Owners of the parent		(4,766,819)	(6,298,354)
Non-controlling interests		(118,172)	(320,130)
		(4,884,991)	(6,618,484)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (RMB cents)			
Basic	13	(86.22)	(113.95)
Diluted		(86.22)	(113.95)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
LOSS FOR THE YEAR	(4,884,991)	(6,618,484)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		
Item that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of financial statements of group entities	1,065,034	(947,171)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(3,819,957)	(7,565,655)
Attributable to:		
Owners of the parent	(3,701,785)	(7,245,525)
Non-controlling interests	(118,172)	(320,130)
	(3,819,957)	(7,565,655)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Investment properties	15	29,592,472	39,149,624
Other property, plant and equipment	14	243,546	260,612
Deferred tax assets	28	723,174	868,759
Investments in associates	17	2,625,508	3,437,966
Investments in joint ventures	18	10,623,251	11,142,819
Total non-current assets		43,807,951	54,859,780
CURRENT ASSETS			
Inventories	19	112,251,201	121,795,178
Trade and other receivables, prepayments and other assets	20	21,538,051	24,463,237
Tax recoverable		2,466,322	2,813,940
Assets under cross-border guarantee arrangements	21	—	—
Cash and bank balances	22	7,974,883	8,653,773
Total current assets		144,230,457	157,726,128
CURRENT LIABILITIES			
Trade and other payables	23	57,236,809	63,383,299
Contract liabilities	24	3,928,264	7,000,342
Liabilities under cross-border guarantee arrangements	21	798,716	818,896
Bank and other loans	25	53,279,368	49,798,737
Senior notes	26	23,419,157	17,926,284
Other current liabilities	27	2,143,950	16,611,845
Tax payable		3,045,703	2,221,347
Total current liabilities		143,851,967	157,760,750
NET CURRENT ASSETS/(LIABILITIES)		378,490	(34,622)
TOTAL ASSETS LESS CURRENT LIABILITIES		44,186,441	54,825,158

	Notes	2025 RMB'000	2024 RMB'000
TOTAL ASSETS LESS CURRENT LIABILITIES		44,186,441	54,825,158
NON-CURRENT LIABILITIES			
Bank and other loans	25	8,011,483	13,476,030
Corporate bonds	27	6,795,052	8,790,285
Deferred tax liabilities	28	6,913,766	7,753,672
Other non-current liabilities		1,865,503	—
Total non-current liabilities		23,585,804	30,019,987
Net assets		20,600,637	24,805,171
EQUITY			
Equity attributable to owners of the parent			
Share capital	29	450,227	450,227
Perpetual capital securities	31	2,363,346	2,363,346
Reserves	32	13,637,969	17,423,848
		16,451,542	20,237,421
Non-controlling interests		4,149,095	4,567,750
Total equity		20,600,637	24,805,171

Lai Zhuobin
Director

Chen Yong
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

31 December 2025

	Attributable to owners of the parent											
	Share capital RMB'000 (note 29)	Share premium RMB'000 (note 32(i))	Share held	Share-based	Exchange reserve RMB'000 (note 32(ii))	PRC statutory reserves RMB'000 (note 32(iii))	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 31)	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
			under share	compensation								
			award scheme RMB'000 (note 30)	reserve RMB'000 (note 30)								
At 1 January 2025	450,227	934,188	(1,617,174)	97,172	(2,306,029)	1,898,424	(2,282,335)	20,699,602	2,363,346	20,237,421	4,567,750	24,805,171
Loss for the year	-	-	-	-	-	-	-	(4,766,819)	-	(4,766,819)	(118,172)	(4,884,991)
Other comprehensive income												
Exchange differences on translation of financial statements of group entities	-	-	-	-	1,065,034	-	-	-	-	1,065,034	-	1,065,034
Total comprehensive income for the year	-	-	-	-	1,065,034	-	-	(4,766,819)	-	(3,701,785)	(118,172)	(3,819,957)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(11,538)	(11,538)
Shares vested under share award scheme	-	-	35,595	-	-	-	(32,352)	-	-	3,243	-	3,243
Disposal of subsidiaries	-	-	-	-	-	-	(87,337)	-	-	(87,337)	(263,235)	(350,572)
Deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	(37,248)	(37,248)
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	11,538	11,538
At 31 December 2025	450,227	934,188*	(1,581,579)*	97,172*	(1,240,995)*	1,898,424*	(2,402,024)*	15,932,783*	2,363,346	16,451,542	4,149,095	20,600,637

	Attributable to owners of the parent											
	Share capital RMB'000 (note 29)	Share premium RMB'000 (note 32(i))	Share held	Share-based	Exchange reserve RMB'000 (note 32(ii))	PRC statutory reserves RMB'000 (note 32(iii))	Other reserve RMB'000	Retained profits RMB'000	Perpetual capital securities RMB'000 (note 31)	Total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
			under share	compensation								
			award scheme RMB'000 (note 30)	reserve RMB'000 (note 30)								
At 1 January 2024	450,227	934,188	(1,617,174)	97,172	(1,358,858)	1,898,424	(2,282,335)	26,997,956	2,363,346	27,482,946	5,250,465	32,733,411
Loss for the year	-	-	-	-	-	-	-	(6,298,354)	-	(6,298,354)	(320,130)	(6,618,484)
Other comprehensive loss												
Exchange differences on translation of financial statements of group entities	-	-	-	-	(947,171)	-	-	-	-	(947,171)	-	(947,171)
Total comprehensive loss for the year	-	-	-	-	(947,171)	-	-	(6,298,354)	-	(7,245,525)	(320,130)	(7,565,655)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(225,000)	(225,000)
Deregistration of subsidiaries	-	-	-	-	-	-	-	-	-	-	1,098	1,098
Return of capital to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(138,683)	(138,683)
At 31 December 2024	450,227	934,188*	(1,617,174)*	97,172*	(2,306,029)*	1,898,424*	(2,282,335)*	20,699,602*	2,363,346	20,237,421	4,567,750	24,805,171

* These reserve accounts comprise the consolidated reserves of RMB13,637,969,000 (2024: RMB17,423,848,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(5,228,684)	(7,431,398)
Adjustments for:			
Interest income	6	(146,725)	(130,244)
Finance costs	7	318,452	1,104,841
Depreciation	8	24,559	36,574
Net loss on disposal of items of other property, plant and equipment	8	131	213
Share of losses/(profits) of associates and joint ventures, net		326,416	(5,462)
Decrease/(increase) in fair value of investment properties	15	2,015,046	(15,537)
Net increase in fair value of derivative financial instruments		—	(4,481)
Loss on remeasurement of pre-existing interests in joint ventures	6	13,957	—
Losses/(gains) on disposal of subsidiaries, net	6	165,214	(139)
Losses on disposal of associates and joint ventures, net	6	220,746	—
Gain on restructuring of corporate bonds	6	(5,686,043)	—
Write-down of inventories to net realisable value	8	6,495,441	6,280,000
		(1,481,490)	(165,633)
Decrease in inventories and land deposits		6,465,661	25,061,270
Decrease in trade and other receivables, prepayments and other assets		1,657,784	25,234
Decrease in trade and other payables		(2,293,957)	(5,127,172)
Decrease in contract liabilities		(3,072,078)	(19,286,014)
Cash generated from operations		1,275,920	507,685
Tax refunded/(paid)		259,058	(297,319)
Net cash flows generated from operating activities		1,534,978	210,366

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		146,725	130,244
Addition to investment properties	15	—	(284,891)
Addition to other property, plant and equipment	14	(10,167)	(5,513)
Disposal of subsidiaries	35	(25,437)	(29,893)
Acquisition of subsidiaries that are not a business	34(b)	—	1,535
Acquisition of subsidiaries	34(a)	642	—
Disposal of associates and joint ventures		30,000	—
Repayment from joint ventures and associates		585,395	309,238
Proceeds from disposal of other property, plant and equipment		—	376
(Increase)/decrease in pledged deposits or restricted deposits		(941,940)	924,942
Dividends received from joint ventures		55,082	—
Net cash flows (used in)/generated from investing activities		(159,700)	1,046,038

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(157,743)	(913,596)
Proceeds from bank and other loans		39,589	140,370
Repayment of bank and other loans		(1,734,131)	(3,729,932)
Repayment of corporate bonds		(428,594)	(34,030)
Repayment of liabilities under cross-border guarantee arrangements		—	(27,891)
Repayment of asset-backed securities		(29,361)	(2,878)
(Repayment to)/advances from non-controlling shareholders		(493,315)	177,588
Repayment to joint ventures and associates		(280,192)	(386,530)
Net cash flows used in financing activities		(3,083,747)	(4,776,899)
NET DECREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of year		6,644,841	10,237,672
Effect of foreign exchange rate changes		87,639	(72,336)
CASH AND CASH EQUIVALENTS AT END OF YEAR		5,024,011	6,644,841
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		5,024,011	6,644,841
Cash and cash equivalents as stated in the consolidated statement of cash flows and included in the consolidated statement of financial position	22	5,024,011	6,644,841

NOTES TO FINANCIAL STATEMENTS

Year ended 31 December 2025

1. Corporate and Group Information

Logan Group Company Limited (the “Company”) is incorporated in the Cayman Islands as an exempted company with limited liability. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company and its subsidiaries (collectively referred to as the “Group”) were principally engaged in property development and property operation in the People’s Republic of China (the “PRC” or “Mainland China”) during the year.

In the opinion of the directors, Junxi Investments Limited is the immediate holding company of the Company which is incorporated in the British Virgin Islands.

Information about subsidiaries

The following list contains particulars of the Company’s principal subsidiaries. All of them are established in the PRC unless otherwise stated.

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group’s effective interest	Held by the Company	Held by subsidiary	
Shenzhen Longguang Junrong Real Estate Co., Ltd. (note) (深圳市龍光駿榮房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Shantou Longguang Engineering Construction Co., Ltd. (note) (龍光工程建設有限公司)	RMB80,000,000	91%	—	91%	Property construction
Shanghai Junhui Real Estate Co., Ltd. (note) (上海駿惠房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Heyuan Meiping Industrial City Co., Ltd. (note) (河源美平房地產發展有限公司)	RMB1,681,261,000	100%	—	100%	Property development
Shantou Juncheng Real Estate Co., Ltd. (note) (汕頭市駿誠房地產有限公司)	RMB50,505,000	100%	—	100%	Property development
Suzhou Longguang Junying Real Estate Co., Ltd. (note) (蘇州市龍光駿盈房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Nanning Longguang Junjia Real Estate Development Co., Ltd. (note) (南寧市龍光駿佳房地產開發有限公司)	RMB20,000,000	100%	—	100%	Property development
Guangdong Yuhui Decoration Engineering Co., Ltd. (note) (廣東省煜暉裝飾工程有限公司)	RMB100,101,000	100%	—	100%	Provision of decoration services
Shenzhen Longguang Junkai Real Estate Co., Ltd. (note) (深圳市龍光駿凱房地產有限公司)	RMB10,000,000	100%	—	100%	Property development

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Shantou Longguang Junhui Real Estate Co., Ltd. (note) (汕頭市龍光駿暉房地產有限公司)	RMB50,505,000	100%	—	100%	Property development
Foshan Chancheng Longguang Junhan Real Estate Co., Ltd. (note) (佛山市禪城區龍光駿翰房地產有限公司)	RMB20,000,000	100%	—	100%	Property development
Shenzhen Longguang Junze Real Estate Co., Ltd. (note) (深圳市龍光駿澤房地產有限公司)	RMB20,000,000	100%	—	100%	Property development
Shantou Longguang Junyi Real Estate Co., Ltd. (note) (汕頭市龍光駿奕房地產有限公司)	RMB50,100,000	100%	—	100%	Property development
Shantou Longguang Jinjun Real Estate Co., Ltd. (note) (汕頭市龍光金駿房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Guangxi Tangqin Tongguang Investment Co., Ltd.* (廣西唐沁同光投資有限公司)	RMB320,000,000	33%	—	33%	Property development
Ningbo Junyi Real Estate Co., Ltd. (note) (寧波駿逸房地產有限公司)	RMB1,238,273,000	60%	—	60%	Property development
Foshan Chancheng Longguang Junjia Real Estate Co., Ltd. (note) (佛山市禪城區龍光駿嘉房地產有限公司)	RMB20,202,000	100%	—	100%	Property development
Heyuan Longguang Junrong Real Estate Co., Ltd. (note) (河源市龍光駿榮房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Shantou Longguang Junjia Real Estate Co., Ltd. (note) (汕頭市龍光駿嘉房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Nanning Longguang Junchi Real Estate Development Co., Ltd. (note) (南寧市龍光駿馳房地產開發有限公司)	RMB35,000,000	100%	—	100%	Property development
Boluo County Jiaxin Real Estate Development Co., Ltd. (note) (博羅縣嘉信房地產開發有限公司)	RMB10,000,000	100%	—	100%	Property development
Liuzhou Longguang Junfei Real Estate Development Co., Ltd. (note) (柳州市龍光駿飛房地產開發有限公司)	RMB50,000,000	100%	—	100%	Property development

Notes to Financial Statements
Year ended 31 December 2025

1. Corporate and Group Information (Continued)
Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Zhuhai Junchen Real Estate Development Co., Ltd. (note) (珠海市駿宸房地產開發有限公司)	RMB171,430,000	100%	—	100%	Property development
Chaozhou Jingjun Real Estate Co., Ltd. (note) (潮州市景駿房地產有限公司)	RMB119,780,000	100%	—	100%	Property development
Zhongshan Hengsheng Real Estate Co., Ltd. (note) (中山市恒升房地產有限公司)	RMB332,980,000	100%	—	100%	Property development
Kunming Longguang Real Estate Development Co., Ltd. (note) (昆明龍光房地產開發有限公司)	RMB206,061,000	100%	—	100%	Property development
Liuzhou Longguang Junde Real Estate Development Co., Ltd. (note) (柳州市龍光駿德房地產開發有限公司)	RMB50,000,000	100%	—	100%	Property development
Shantou Weida Real Estate Co., Ltd.# (note) (汕頭市偉達房地產有限公司)	RMB185,000,000	100%	—	100%	Property development
Foshan Longguang Junshen Real Estate Co., Ltd. (note) (佛山市龍光駿紳房地產有限公司)	RMB20,000,000	100%	—	100%	Property development
Shenzhen Runjing Decoration Engineering Co., Ltd. (note) (深圳市潤景裝飾工程有限公司)	RMB200,000,000	91%	—	91%	Provision of decoration services
Huizhou Hongyu Real Estate Co., Ltd. (note) (惠州市宏裕房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Nan'ao Rongnanhai Products Trading Co., Ltd. (note) (南澳縣榮南海產品貿易有限公司)	RMB60,000,000	100%	—	100%	Property development
Shantou Longguang Hongbo Real Estate Co., Ltd. (note) (汕頭市龍光宏博房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Huizhou Dayawan Dongzhen Real Estate Co., Ltd. (note) (惠州大亞灣東圳房地產有限公司)	RMB100,100,000	100%	—	100%	Property development and investment
Zhongshan Baode Real Estate Development Co., Ltd. (note) (中山市寶德房地產發展有限公司)	RMB14,152,000	100%	—	100%	Property development
Zhejiang Shengrong Supply Chain Management Co., Ltd. (note) (浙江盛榮供應鏈管理有限公司)	RMB10,101,000	100%	—	100%	Supply of building materials

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Nanning Longguang Construction Engineering Co., Ltd. (note) (南寧市龍光建設工程有限公司)	RMB50,050,000	91%	—	91%	Property construction
Foshan Nanhai Longguang Junhui Real Estate Co., Ltd. [®] (note) (佛山市南海區龍光駿惠房地產有限公司)	RMB562,127,000	50%	—	50%	Property development
Liuzhou Longguang Junhong Real Estate Development Co., Ltd. (note) (柳州市龍光駿宏房地產開發有限公司)	RMB50,000,000	100%	—	100%	Property development
Huizhou Jicheng Construction Engineering Co., Ltd. (note) (惠州市古城建築工程有限公司)	RMB100,100,000	100%	—	100%	Property construction
Nanning Yaohui Real Estate Development Co., Ltd. (note) (南寧市耀輝房地產開發有限公司)	RMB196,000,000	100%	—	100%	Property development
Foshan Longguang JunXin Real Estate Co., Ltd. (note) (佛山市龍光駿鑫房地產有限公司)	RMB20,000,000	100%	—	100%	Property development
Nanning Yaotai Real Estate Development Co., Ltd. (note) (南寧市耀泰房地產開發有限公司)	RMB20,000,000	100%	—	100%	Property development
Longguang Century (Zhaoqing) Real Estate Co., Ltd. (note) (龍光世紀(肇慶)置業有限公司)	RMB101,010,000	100%	—	100%	Property development
Zhongshan Henghui Real Estate Co., Ltd. (note) (中山市恒匯房地產有限公司)	RMB207,167,000	100%	—	100%	Property development
Nanning Longguang JiuJun Real Estate Development Co., Ltd. (note) (南寧市龍光玖駿房地產開發有限公司)	RMB20,202,000	100%	—	100%	Property development
Foshan Shunde Longguang Junlang Real Estate Co., Ltd. (note) (佛山市順德區龍光駿朗房地產有限公司)	RMB20,000,000	100%	—	100%	Property development
Nanning Longguang Jiuyao Real Estate Development Co., Ltd. (note) (南寧市龍光玖曜房地產開發有限公司)	RMB20,202,000	100%	—	100%	Property development
Nanning Longguan Century Real Estate Co., Ltd. (note) (南寧市龍光世紀房地產有限公司)	RMB100,000,000	100%	—	100%	Property development

Notes to Financial Statements
Year ended 31 December 2025

1. Corporate and Group Information (Continued)
Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Foshan Nanhai Longguang Juncheng Real Estate Co., Ltd. (note) (佛山市南海區龍光駿誠房地產有限公司)	RMB21,212,000	100%	—	100%	Property development
Shantou Ruifeng Real Estate Development Co., Ltd. (note) (汕頭市瑞豐房地產開發有限公司)	RMB40,000,000	75%	—	75%	Property development
Shenzhen Jinjun Real Estate Co., Ltd. (note) (深圳市金駿房地產有限公司)	RMB200,000,000	100%	—	100%	Property development
Huizhou Longguang Junjia Real Estate Co., Ltd. (note) (惠州市龍光駿佳房地產有限公司)	RMB101,010,000	100%	—	100%	Property development
Meishan Longguang Juncheng Real Estate Development Co., Ltd. (note) (眉山龍光駿誠房地產開發有限公司)	RMB10,101,000	100%	—	100%	Property development
Shenzhen Kaifeng Industrial Co., Ltd. (note) (深圳市凱豐實業有限公司)	RMB75,000,000	100%	—	100%	Property development
Shenzhen Logan Real Estate Co., Ltd. (note) (深圳市龍光房地產有限公司)	RMB1,001,001,000	100%	—	100%	Property development and investment
Jiangxi Guanjie Supply Chain Management Co., Ltd. (note) (江西省貫捷供應鏈管理有限公司)	RMB10,101,000	100%	—	100%	Supply of building materials
Huizhou Longguang Junying Real Estate Co., Ltd. (note) (惠州市龍光駿盈房地產有限公司)	RMB50,505,000	100%	—	100%	Property development
Liuzhou Longguang Juncheng Real Estate Development Co., Ltd. (note) (柳州市龍光駿誠房地產開發有限公司)	RMB50,050,000	100%	—	100%	Property development
Huizhou Huigang Real Estate Co., Ltd.* ^(note) (惠州惠港置業有限公司)	RMB200,000,000	50%	—	50%	Property development
Shenzhen Longguang Holding Co., Ltd.* ^(note) (深圳市龍光控股有限公司)	RMB443,440,000	100%	—	100%	Investment holding
Zhongshan Xiaolan Changwang Real Estate Development Co., Ltd. (note) (中山市小欖鎮長旺房地產開發有限公司)	RMB71,376,000	100%	—	100%	Property development

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Shenzhen Longguang Junye Real Estate Co., Ltd. (note) (深圳市龍光駿業房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Guangdong Modern Architectural Design & Consulting Co., Ltd. (note) (廣東現代建築設計與顧問有限公司)	RMB6,000,000	100%	—	100%	Architectural Design Services
Huizhou Longguang Real Estate Co., Ltd. (note) (惠州市龍光房地產有限公司)	RMB30,000,000	100%	—	100%	Property development
Zhuhai Hengqin Haojing Real Estate Co., Ltd. (note) (珠海市橫琴好景置業有限公司)	RMB100,000,000	73%	—	73%	Property development
Shenzhen Longguang JunJing Real Estate Development Co., Ltd. (note) (深圳市龍光駿景房地產開發有限公司)	RMB100,000,000	100%	—	100%	Property development
Boluo County Yejie Industry Investment Co., Ltd. (note) (博羅縣燁傑實業投資有限公司)	RMB5,000,000	100%	—	100%	Property development
Jiangxi Chuangteng Landscaping Co., Ltd. (note) (江西省創騰園林綠化有限公司)	RMB50,505,000	100%	—	100%	Supply of building materials
Chaozhou Jingxin Real Estate Co., Ltd. (note) (潮州市景欣房地產有限公司)	RMB49,253,000	100%	—	100%	Property development
Shenzhen Qianhai Longguang Management Consulting Co., Ltd. (note) (深圳市前海龍光管理諮詢有限公司)	RMB10,000,000	100%	—	100%	Management consulting
Nanning Longguang Jiuxin Real Estate Development Co., Ltd. (note) (南寧市龍光玖鑫房地產開發有限公司)	RMB50,505,000	100%	—	100%	Property development
Guangzhou Longjun Guangcheng Real Estate Co., Ltd. (note) (廣州市龍駿光誠房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Nanning Longguang Mingyu Real Estate Development Co., Ltd. (note) (南寧市龍光銘譽房地產開發有限公司)	RMB10,010,000	100%	—	100%	Property development

Notes to Financial Statements
Year ended 31 December 2025

1. Corporate and Group Information (Continued)
Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Zhuhai Doumen Fuxing Property Development Co., Ltd. (note) (珠海市斗門區富星物業發展有限公司)	RMB30,410,000	100%	—	100%	Property development
Chengdu Junlong Real Estate Development Co., Ltd. (note) (成都駿隴房地產開發有限公司)	RMB10,000,000	100%	—	100%	Property development
Jiashan Junjing Real Estate Co., Ltd. (note) (嘉善縣駿景房地產有限公司)	RMB101,111,000	100%	—	100%	Property development
Foshan Longguang Junye Real Estate Co., Ltd. (note) (佛山市龍光駿業房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Chaozhou Jingrong Real Estate Development Co., Ltd. (note) (潮州市景榮房地產開發有限公司)	RMB161,261,000	100%	—	100%	Property development
Dongguan Longguang Junyu Real Estate Development Co., Ltd. (note) (東莞市龍光駿譽房地產開發有限公司)	RMB20,000,000	100%	—	100%	Property development
Nanning Hengliang Real Estate Development Co., Ltd. (note) (南寧市恒亮房地產開發有限公司)	RMB10,101,000	100%	—	100%	Property development
Foshan Longguang Junfei Real Estate Co., Ltd. (note) (佛山市龍光駿飛房地產有限公司)	RMB10,000	100%	—	100%	Property development
Shantou Longguang JunJing Real Estate Co., Ltd. (note) (汕頭市龍光駿景房地產有限公司)	RMB110,908,000	100%	—	100%	Property development
Nanning Longguang Juncheng Real Estate Development Co., Ltd. (note) (南寧市龍光駿誠房地產開發有限公司)	RMB20,202,000	100%	—	100%	Property development
Shenzhen Longguang Century Business Management Co., Ltd. (note) (深圳市龍光世紀商業管理有限公司)	RMB303,030,000	100%	—	100%	Property development
Shantou Jinfengyuan Real Estate Co., Ltd. (note) (汕頭市金鋒園置業有限公司)	RMB66,066,000	100%	—	100%	Property development
Nanning Longguang Jinjun Real Estate Development Co., Ltd. (note) (南寧市龍光金駿房地產開發有限公司)	RMB50,000,000	100%	—	100%	Property development and investment

1. Corporate and Group Information (Continued)

Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Shantou Longguang Real Estate Co., Ltd. (note) (汕頭市龍光房地產有限公司)	RMB50,000,000	100%	—	100%	Property development
Shantou Longguang Junyu Real Estate Co., Ltd. (note) (汕頭市龍光駿譽房地產有限公司)	RMB100,000,000	100%	—	100%	Property development
Nanning Logan Real Estate Co., Ltd. (note) (南寧市龍光房地產開發有限公司)	RMB100,000,000	100%	—	100%	Property development and investment
Zhuhai Longguang Yaorong Real Estate Development Co., Ltd. (note) (珠海市龍光耀榮房地產開發有限公司)	RMB20,202,000	100%	—	100%	Property development
Zhongshan Haixin Real Estate Co., Ltd. (note) (中山市海心置業有限公司)	RMB226,852,000	100%	—	100%	Property development
Guangxi Jinkaili Real Estate Co., Ltd. (note) (廣西金凱利置業有限公司)	United State dollars ("US\$") 18,000,000	100%	—	100%	Property development
Guangdong Runjing Printing Co., Ltd. (note) (廣東省潤璟印刷有限公司)	RMB666,120,000	100%	—	100%	Urban redevelopment
Nantong Junxiu Real Estate Development Co., Ltd. (note) (南通駿秀房地產開發有限公司)	RMB840,000,000	51%	—	51%	Property development
Nanning Longguang Bojun Real Estate Development Co., Ltd. (note) (南寧市龍光鉞駿房地產開發有限公司)	RMB700,000,000	100%	—	100%	Property development
Zhaoqing Longguang Runyue Real Estate Co., Ltd. (note) (肇慶市龍光潤悅房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Huizhou Dejie Transportation Equipment Co., Ltd. (note) (惠州德捷運輸設備有限公司)	RMB146,656,000	100%	—	100%	Urban redevelopment
Hangzhou Junjia Real Estate Co., Ltd. ("Hangzhou Junjia") (note) (杭州駿佳房地產有限公司)	RMB1,868,880,000	51%	—	51%	Property development
Shenzhen Longguang Investment Consulting Co., Ltd. (note) (深圳市龍光投資顧問有限公司)	RMB10,101,000	100%	—	100%	Investment holding
Shenzhen Minghuida Investment Co., Ltd. (note) (深圳市銘暉達投資有限公司)	RMB33,333,000	100%	—	100%	Investment holding

Notes to Financial Statements
Year ended 31 December 2025

1. Corporate and Group Information (Continued)
Information about subsidiaries (Continued)

Name of subsidiaries	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by subsidiary	
Nanjing Junsheng Real Estate Co., Ltd. [#] (note) (南京駿盛房地產有限公司)	US\$330,000,000	100%	—	100%	Property development
Wenzhou Junshen Real Estate Co., Ltd. (note) (溫州駿紳房地產有限公司)	RMB1,868,880,000	51%	—	51%	Property development
Shenzhen Kangqiaojiacheng Real Estate Investment Co., Ltd. (note) (深圳市康僑佳城置業投資有限公司)	RMB1,000,000,000	100%	—	100%	Property development
Shenzhen Longguang Media Planning Co., Ltd. (note) (深圳市龍光傳媒策劃有限公司)	RMB2,200,000	100%	—	100%	Investment holding
Shanghai Junxu Real Estate Co., Ltd. (note) (上海君翊房地產有限公司)	RMB10,000,000	100%	—	100%	Property development
Silver Maple Developments Limited ("Silver Maple")	US\$100	100%	—	100%	Investment holding
Yuen Ming (Hong Kong) Investments Company Limited (潤銘(香港)投資有限公司)	HKD1	100%	—	100%	Investment holding
Florence Development Pte Limited ("Florence")	SGD4,000,000	100%	—	100%	Property development

[#] Registered as wholly-foreign-owned enterprises under PRC law

[⊗] These entities are accounted for as subsidiaries of the Group because the Group owns more than half of the voting rights even though the equity interests in these entities attributable to the Group are 50% or less.

Note: The official names of these entities are in Chinese. The English translation of the names is for reference only.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 Basis of Presentation

Since 7 August 2022, the Group had suspended the payment of interest of all its offshore USD denominated senior notes (the “USD Senior Notes”) and HKD denominated equity-linked securities (the “HKD ELS”). In addition, since 25 August 2022 and up to the approved date of the consolidated financial statements, the Group suspended the repayment of the principal amount of US\$2,469 million of senior notes due. As of 31 December 2025, the outstanding principal of the USD Senior Notes and HKD ELS amounted to US\$3,619 million (RMB25,440 million). On 6 January 2025, the Group made significant progress and announced the holistic restructuring proposal in respect of the offshore debt, and has reached an agreement with certain offshore creditors. On 10 January 2025, a holistic creditor support agreement, to which the terms were appended, was signed by the Group and the AHG. On 10 September 2025, the Group and the AHG executed an amendment agreement to the holistic creditor support agreement, which introduced specific amendments to the restructuring terms under the holistic creditor support agreement. As at 24 September 2025, consenting creditors holding more than 80% of the aggregate principal amount of part of the Group’s offshore debt have acceded to the holistic creditor support agreement.

As of 31 December 2025, the total value of current assets of the Group amounted to RMB144,230 million, of which cash and cash equivalents amounted to RMB7,975 million. The total value of current liabilities of the Group amounted to RMB143,852 million. In view of the continuous downturn of the property market, coupled with the limited source of financing from the capital market, the Group may take longer time than expected to realise cash from the sale of its properties and/or have the cash from external financing to meet its loan repayment obligations. In addition, the Group is involved in different litigation and arbitration disputes for various reasons. In view of the aforesaid, the Group has given careful consideration to the future liquidity and business performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial sources to continue as a going concern. The following plans and measures are formulated to mitigate the liquidity pressure and to improve the financial position of the Group:

- (a) The Group is actively negotiating with financial institutions currently in business relationship and holders of senior notes and secured debt on the restructuring of certain borrowings, senior notes and secured debt.
- (b) The Group will continue to implement measures to accelerate the pre-sale and sale of its properties under development and completed properties, and to speed up the collection of sales proceeds and other receivables.

2.1 Basis of Presentation (Continued)

- (c) The Group will continue to dispose of its assets when needed.
- (d) The Group will continue to take active measures to control administrative costs.

The Group has reviewed the Group's cash flow projections prepared by the management, which cover a period of not less than fifteen months from 31 December 2025. They are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations or financial obligations upon agreement of the holistic liability management solution as and when they fall due in the foreseeable future.

Accordingly, the Group is satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Notwithstanding the above, significant uncertainties exist as to whether the Group is able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) the successful restructuring of its debts including borrowings, senior notes and borrowings subject to guarantees, as and when needed, and the implementation of Holistic Liability Management Solution;
- (b) the successful and timely implementation of the plans to accelerate the pre-sale and sale of properties under development and completed properties, speed up the collection of outstanding sales proceeds and other receivables, and control costs so as to generate adequate net cash inflows; and
- (c) the successful disposal of assets, as and when needed.

Should the Group be unable to achieve the above-mentioned plans and measures and operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, providing for provisions that may be further incurred, 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 these consolidated financial statements.

2.2 Basis of Preparation

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principals generally accepted in Hong Kong and the disclosure requirement of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and derivative financial instruments which have been measured at fair value.

These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ("RMB'000") except when otherwise indicated.

2.2 Basis of Preparation (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “Group”) for the year ended 31 December 2025. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group’s voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group’s share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Changes in Accounting Policies and Disclosures

The Group has adopted the following amendments to an HKFRSs Accounting Standard issued by the HKICPA for the first time, which are mandatorily effective for the annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

Amendments to HKAS 21

Lack of Exchangeability

Notes to Financial Statements
Year ended 31 December 2025

2.3 Changes in Accounting Policies and Disclosures (Continued)

The application of the amendments to an HKFRS Accounting Standard 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.

2.4 Issued but Not Yet Effective Hong Kong Financial Reporting Standards

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

Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature dependent Electricity</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ¹
Amendments to HKFRS Accounting Standards	<i>Annual Improvements to HKFRS Accounting Standards – Volume 11</i> ²
HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2026.

³ Effective for annual periods beginning on or after 1 January 2027.

The directors of the Company are in the process of making an assessment of what the impacts of these new standards and amendments to standards are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for the following:

HKFRS 18 “Presentation and Disclosure in Financial Statements”

HKFRS 18 will replace HKAS 1 “Presentation of financial statements”, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the consolidated financial statements, HKFRS 18 introduces significant changes to the presentation of financial statements, with a focus on information about financial performance present in the statement of profit or loss, which will affect how the Group present and disclose financial performance in the financial statements. The key changes introduced in HKFRS 18 relate to (i) the structure of the statement of profit or loss, (ii) required disclosures for management-defined performance measures (which are referred to alternative or non-GAAP performance measures), and (iii) enhanced requirements for aggregation and disaggregation of information.

The directors of the Company are currently assessing the impact of applying HKFRS 18 on the presentation and the disclosures of the consolidated financial statements.

3. Material Accounting Policies

Investments in associates and joint ventures

An associate is an entity, in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations*.

3. Material Accounting Policies (Continued)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or other comprehensive income, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

3. Material Accounting Policies (Continued)

Business combinations and goodwill (Continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties and derivative financial instruments at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

3. Material Accounting Policies (Continued)

Fair value measurement (Continued)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, deferred tax assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

3. Material Accounting Policies (Continued)

Impairment of non-financial assets (Continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

3. Material Accounting Policies (Continued)

Other property, plant and equipment and depreciation

Other property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of other property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of other property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of other property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of other property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the lease terms of the leasehold land where the buildings are situated
Leasehold improvements	Over the shorter of the lease terms and 20%
Furniture, fixtures and other plant and equipment	3 to 10 years

Where parts of an item of other property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of other property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

3. Material Accounting Policies (Continued)

Inventories

(a) Properties held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(b) Properties under development for sale

Properties under development for sale are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development for sale are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties for sale.

(c) Completed properties for sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of total land and construction costs attributable to the unsold properties. Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing market conditions.

Investment properties

Investment properties include both completed investment properties and investment properties under construction.

Completed investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Investment properties under construction or development for future use as investment properties are classified as investment properties under construction. Such properties under construction are measured initially at cost, including transaction costs, and stated at fair value, subsequent to initial recognition, at the end of the reporting period when the fair value can be determined reliably.

Gains or losses arising from changes in the fair values of completed investment properties and investment properties under construction are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of a completed investment property or an investment property under construction are recognised in the statement of profit or loss in the year of the retirement or disposal.

3. Material Accounting Policies (Continued)

Investment properties (Continued)

If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Other property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with the policy stated under “Other property, plant and equipment and depreciation” above. If a property occupied by the Group as a property under development or a completed property for sale becomes an investment property, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	Over the lease terms
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If ownership of the leased asset is transferred to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

3. Material Accounting Policies (Continued)

Leases (Continued)

Group as a lessee (Continued)

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of rented offices (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment and laptop computers that are considered to be of low value.

Lease payments on short-term leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, are accounted for as finance leases.

3. Material Accounting Policies (Continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial assets at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

3. Material Accounting Policies (Continued)

Investments and other financial assets (Continued)

Subsequent measurement (Continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

3. Material Accounting Policies (Continued)

Derecognition of financial assets (Continued)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

3. Material Accounting Policies (Continued)

Impairment of financial assets (Continued)

General approach (Continued)

- Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, bank and other loans, senior notes, other current liabilities and corporate bonds and liabilities under cross-border guarantee arrangements.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and bank and other loans and corporate bonds are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

3. Material Accounting Policies (Continued)

Financial liabilities (Continued)

Subsequent measurement (Continued)

Financial liabilities at amortised cost (trade and other payables, and borrowings) (Continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Senior notes

Senior notes issued by the Group that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in the statement of profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to the statement of profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

3. Material Accounting Policies (Continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Perpetual capital securities

Perpetual capital securities with no contractual obligation to repay its principal or to pay any distribution are classified as part of equity.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

3. Material Accounting Policies (Continued)

Income tax (Continued)

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

3. Material Accounting Policies (Continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments.

Where the Group receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for “Financial liabilities” above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

3. Material Accounting Policies (Continued)

Revenue recognition (Continued)

Revenue from contracts with customers (Continued)

(a) Sale of properties

Revenue is recognised when 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;
- creates and enhances an asset that the customer controls as the Group performs; or
- does 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 purchaser obtains control of the asset. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the construction costs incurred up to the end of each reporting period as a percentage of total estimated construction costs for each contract.

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

(b) Development management

Revenue from the provision of construction and decoration services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction and decoration services.

Revenue from other source

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

3. Material Accounting Policies (Continued)

Revenue recognition (Continued)

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Costs to fulfil a contract Other than the costs which are capitalised as properties under development for sale and other property, plant and equipment, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.
- (c) The costs are expected to be recovered.

Costs of obtaining contracts

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer it would not have incurred if the contract had not been obtained e.g., commission to sales agents. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

3. Material Accounting Policies (Continued)

Contract costs (Continued)

Costs of obtaining contracts (Continued)

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

Share option scheme

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("Equity-Settled Transactions").

The cost of Equity-Settled Transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 30 to the financial statements.

The cost of Equity-Settled Transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

3. Material Accounting Policies (Continued)

Share-based payments (Continued)

Share option scheme (Continued)

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Share award scheme

Where shares are acquired by the Share Award Scheme from the market, the total consideration of shares acquired from the market (including any directly attributable incremental costs) is presented as shares held for the Share Award Scheme and deducted from total equity.

Upon vesting, the related costs of the vested awarded shares purchased from the market are credited to shares held for the Share Award Scheme, with a corresponding decrease in the employee share-based compensation reserve for awarded shares.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the “MPF Scheme”) under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees’ basic salaries and are charged to statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme. Where employees leave the scheme prior to the full vesting of the employer’s contributions, the amount of forfeited contributions cannot be used to reduce the contributions payable by the Group.

The employees of the Group’s subsidiaries which operate in Mainland China are required to participate in a central pension scheme (the “Pension Scheme”) operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the Pension Scheme. The only obligation of the Group with respect to the Pension Scheme is to pay the ongoing contributions under the Pension Scheme. The contributions are charged to statement of profit or loss as they become payable in accordance with the rules of the Pension Scheme.

3. Material Accounting Policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

Final dividends are recognised as a liability when they have been approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in RMB, which is the Group's presentation currency. The functional currency of the Company is Hong Kong dollars ("HK\$") while RMB is used as the presentation currency because the Group's operation is mainly carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to statement of profit or loss. Tax charges and credits attributable to exchange differences on these monetary items are also recorded in other comprehensive income.

3. Material Accounting Policies (Continued)

Foreign currencies (Continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain subsidiaries, joint ventures and associates operating outside the PRC are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of non-PRC entities are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of non-PRC entities which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

4. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

4. Significant Accounting Judgements and Estimates (Continued)

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

Determining the timing of satisfaction of contracts related to sale of properties

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for these portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management on determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development for sale included in current assets if the properties are intended for sale after their completion, whereas, the properties are accounted for as investment properties under construction included in investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties held for sale are transferred to completed properties for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

4. Significant Accounting Judgements and Estimates (Continued) Judgements (Continued)

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Allocation of construction cost on properties under development for sale

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square metres sold during the year multiplied by the average cost per square metre of that particular phase of the project.

Whether the presumption that investment properties stated at fair value are recovered through sale is rebutted in determining deferred tax

The Group has investment properties located in the PRC which are measured at fair value. Investment property is property held to earn rentals or for capital appreciation or both. In considering whether the presumption in HKAS 12 Income Taxes that an investment property measured at fair value will be recovered through sale is rebutted in determining deferred tax, the Group has developed certain criteria in making that judgement, such as whether an investment property is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time or through sale. In determining the Group's deferred tax on investment properties, the directors have determined that the presumption set out in HKAS 12 Income Taxes that investment properties measured using the fair value model are recovered through sale is rebutted. Continuous assessments on the presumption will be made by management at each reporting date.

Estimation uncertainty

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

Valuation of properties under development for sale and completed properties for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

4. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Valuation of properties under development for sale and completed properties for sale (Continued)

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development for sale and completed properties for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

Investments in joint ventures and associates

The Group has cooperated with certain third parties to engage in certain property development projects through investments in and advances to joint ventures and associates. Significant estimation and judgement are required to assess the recoverability of the receivables from joint ventures and associates because the profitability of the future development of properties by the joint ventures and associates over a number of years can be difficult to predict and can be influenced by broader political and economic factors.

Estimation of fair value of investment properties

Investment properties, including completed investment properties and investment properties under construction, were revalued at each reporting date during the year based on the appraised market value provided by independent professional valuers or the Group's internal assessment. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date. The valuations of investment properties under construction was based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

PRC corporate income tax ("CIT")

The Group is subject to CIT in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimates and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded.

4. Significant Accounting Judgements and Estimates (Continued)

Estimation uncertainty (Continued)

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Provision for expected credit losses on receivables from joint ventures and associates

The measurement of impairment losses under HKFRS 9 requires to determine, the estimation of the amount and timing of future cash flows and collateral values when determining impairment losses and the assessment of a significant increase in credit risk. These estimates are driven by a number of factors, such as risk of default, loss given default and collateral recovery, changes in which can result in different levels of allowances.

The Group's expected credit loss calculations on receivables from joint ventures and associates are based on assumptions about risk of default and loss given default. The Group is required to determine in making these assumptions and selecting the inputs to the impairment calculations, based on credit risks of the debtors or comparable companies in the market, existing market conditions as well as forward looking estimates at the end of each reporting period. It has been the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary.

At 31 December 2025, the carrying amount of the Group's receivables from joint ventures and associates was RMB5,098 million (2024: RMB5,079 million), and the ECLs are insignificant. Further details of the Group's receivables from joint ventures and associates, and the key assumptions and inputs used for impairment calculations are given in notes 17 and 20 to the financial statements.

5. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services and has two reportable operating segments as follows:

- (a) the property development segment comprised of (i) develops and sells residential and commercial properties, retail shops and office units; (ii) engages in construction of office premises and residential buildings; (iii) provides decoration services for external customers; and (iv) provides interior decoration services to property buyers; and
- (b) the property operation segment which is the leases office units, commercial centers, retail shops and hotels to generate rental income and to gain from the appreciation in the properties' values in the long term.

The Group's revenue from external customers from each operating segment is set out in note 5 to the consolidated financial statements.

Notes to Financial Statements
Year ended 31 December 2025

5. Operating Segment Information (Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before tax. The adjusted profit or loss before tax is measured consistently with the Group's profit or loss before tax except that depreciation, other income and gains, other expenses, finance costs, share of profits or losses of joint ventures and associates, fair value changes on investment properties and derivative financial instruments and head office and corporate expenses are excluded from such measurement. Segment assets and liabilities are not reported to the Group's chief operating decision maker regularly.

Inter-segment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

Information regarding the reportable segments is presented below.

	Property development RMB'000	Property operation RMB'000	Total RMB'000
Year ended 31 December 2025			
Revenue from external customers	6,073,066	232,781	6,305,847
Inter-segment revenue	—	11,736	11,736
Reportable segment revenue	6,073,066	244,517	6,317,583
Reportable segment (losses)/profits	(8,007,494)	192,754	(7,814,740)

	Property development RMB'000	Property operation RMB'000	Total RMB'000
Year ended 31 December 2024			
Revenue from external customers	22,964,107	300,506	23,264,613
Inter-segment revenue	—	52,413	52,413
Reportable segment revenue	22,964,107	352,919	23,317,026
Reportable segment (losses)/profits	(6,460,075)	255,768	(6,204,307)

5. Operating Segment Information (Continued)

Information about major customers

During the years ended 31 December 2025 and 2024, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

Reconciliation of reportable segment revenue and profit or loss

	2025 RMB'000	2024 RMB'000 (Represented)
Revenue		
Reportable segment revenue	6,317,583	23,317,026
Elimination of inter-segment revenue	(11,736)	(52,413)
Consolidated revenue	6,305,847	23,264,613
Loss		
Reportable segment losses	(7,814,740)	(6,204,307)
Elimination of inter-segment losses	—	—
Reportable segment losses derived from the Group's external customers	(7,814,740)	(6,204,307)
Other income and gains	5,524,707	132,935
Other expenses	(150,975)	(76,156)
Depreciation	(24,559)	(36,574)
Finance costs	(318,452)	(1,104,841)
Share of (losses)/profits of associates and joint ventures, net	(326,416)	5,462
Fair value (losses)/gains on investment properties, net	(2,015,046)	15,537
Unallocated head office and corporate expenses	(103,203)	(163,454)
Consolidated loss before tax	(5,228,684)	(7,431,398)

Geographical information

Geographical information is not presented since over 90% of the Group's revenue from external customers was generated in the PRC and over 90% of the segment assets of the Group are located in Mainland China. Accordingly, in the opinion of the directors, the presentation of geographical information would provide no additional useful information to the users of these financial statements.

Notes to Financial Statements
Year ended 31 December 2025

6. Revenue, Other Income and Gains

An analysis of the Group's revenue is as follows:

	2025 RMB'000	2024 RMB'000
<i>Revenue from contracts with customers</i>		
Property development	6,123,893	23,113,967
<i>Revenue from other source</i>		
Gross rental income from investment property operating leases:		
Other lease payments, including fixed payments	247,193	305,684
	6,371,086	23,419,651
Less: Sales related taxes	(65,239)	(155,038)
	6,305,847	23,264,613

Revenue from contracts with customers

(i) Disaggregated revenue information

	Property Development 2025 RMB'000	Property Development 2024 RMB'000
Timing of revenue recognition:		
At a point in time	5,960,630	22,804,329
Over time	112,436	159,778
Total revenue from contracts with customers	6,073,066	22,964,107

6. Revenue, Other Income and Gains (Continued)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

	Property Development 2025 RMB'000	Property Development 2024 RMB'000
Revenue from contracts with customers		
External customers	6,073,066	22,964,107
Inter-segment sales	—	—
	6,073,066	22,964,107
Inter-segment eliminations	—	—
Total revenue from contracts with customers	6,073,066	22,964,107

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Property development	3,098,848	19,321,492

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Property development

For property sales contracts for which the control of the property is transferred over time, the performance obligation is satisfied over time by reference to the construction costs incurred as a percentage of total estimated construction costs for each contract. The payment is generally due on the contract inception date.

For property sales contracts for which the control of the property is transferred at a point in time, the performance obligation is satisfied when the physical possession or the legal title of the inventories is obtained by the purchaser.

Notes to Financial Statements
Year ended 31 December 2025

6. Revenue, Other Income and Gains (Continued)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Property development (Continued)

For construction or decoration services contracts, the performance obligation is satisfied over time as services are rendered. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

Other income and gains

An analysis of the Group's other income and gains is as follows:

	Notes	2025 RMB'000	2024 RMB'000 (Represented)
Gain on restructuring of corporate bonds	27	5,686,043	—
Bank interest income		106,510	127,848
Interest income on amounts due from associates and joint ventures		40,215	2,396
Forfeiture income on deposits received		10,936	12,135
Government subsidies		3,623	1,502
Losses on disposal of associates and joint ventures, net		(220,746)	—
(Losses)/gains on disposal of subsidiaries, net	35	(165,214)	139
Loss on remeasurement of pre-existing interests in joint ventures to the date of obtaining control and acquisition, net	34(a)	(13,957)	—
Others		77,297	(11,085)
		5,524,707	132,935

7. Finance Costs

An analysis of finance costs is as follows:

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings	1,910,289	2,856,439
Interest on senior notes	1,418,289	1,458,698
Interest on corporate bonds	67,951	858,645
	3,396,529	5,173,782
Less: Interest capitalised	(3,078,077)	(4,068,941)
	318,452	1,104,841

8. Loss before Tax

The Group's loss before tax is arrived at after charging/(crediting):

	2025 RMB'000	2024 RMB'000
Cost of properties sold	6,799,981	22,040,916
Depreciation of other property, plant and equipment (note 14)	27,303	39,857
Less: Amount capitalised	(2,744)	(3,283)
	24,559	36,574
Lease payments not included in the measurement of lease liabilities	13,336	16,708
Auditor's remuneration	2,000	2,600
Employee benefit expenses (including directors' remuneration (note 9)):		
Directors' fee	1,084	1,480
Salaries and other staff costs	336,516	420,338
Pension scheme contributions	67,539	103,865
Less: Amount capitalised	(38,467)	(105,116)
	366,672	420,567
Foreign exchange differences, net	63,702	(1,383)
Write-down of inventories to net realisable value*	6,495,441	6,280,000
Net loss on disposal of items of other property, plant and equipment#	131	213
Direct operating expenses arising on rental-earning investment properties	40,025	44,739

* This item is included in "Cost of Sales" in the consolidated statement of profit or loss.

This item is included in "Other expenses" in the consolidated statement of profit or loss.

Notes to Financial Statements
Year ended 31 December 2025

9. Directors' and Chief Executive Officer's Remuneration

Directors' and chief executive officer's remuneration for the year, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2025 RMB'000	2024 RMB'000
Fees	1,084	1,480
Other emoluments:		
Salaries, allowances and benefits in kind	12,125	14,466
Discretionary performance related bonuses	18	251
Equity-settled share award expense	998	—
Pension scheme contributions	689	698
	13,830	15,415
	14,914	16,895

In the current year, certain directors were granted share awards, in respect of their services to the Group, under the Company's share award scheme, further details of which are set out in note 30 to the consolidated financial statements. The fair value of such awards, which was recognised in the consolidated statement of profit or loss over the vesting period as specified in the relevant letters of grant, was determined as at the date of grant, and the amount included in the consolidated financial statements for the year ended 31 December 2025.

9. Directors' and Chief Executive Officer's Remuneration (Continued)

The remuneration of each of the directors and chief executive officer is set out below:

	Salaries, allowances and benefits		Discretionary performance related bonuses	Equity-settled share award expense	Pension scheme contributions	Total
	Fees RMB'000	in kind RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2025						
Executive Directors:						
Kei Hoi Pang ("Mr. Kei", also act as the Chairman of the Group)	—	3,487	—	—	198	3,685
Lai Zhuobin (Chief Executive)	—	2,867	—	—	132	2,999
Huang Xiangling	—	653	—	—	118	771
Chen Yong	—	2,726	—	—	131	2,857
Zhou Ji	—	2,392	18	998	110	3,518
Independent non-executive Directors:						
Zhang Huaqiao	271	—	—	—	—	271
Cai Suisheng	271	—	—	—	—	271
Liu Ka Ying, Rebecca	271	—	—	—	—	271
Liu Yongping	271	—	—	—	—	271
	1,084	12,125	18	998	689	14,914
2024						
Executive Directors:						
Kei Hoi Pang ("Mr. Kei", also act as the Chairman of the Group)	—	3,564	—	—	200	3,764
Lai Zhuobin (Chief Executive)	—	3,063	19	—	130	3,212
Huang Xiangling	—	2,454	—	—	118	2,572
Chen Yong	—	2,859	232	—	170	3,261
Zhou Ji	—	2,526	—	—	80	2,606
Independent non-executive Directors:						
Zhang Huaqiao	370	—	—	—	—	370
Cai Suisheng	370	—	—	—	—	370
Liu Ka Ying, Rebecca	370	—	—	—	—	370
Liu Yongping	370	—	—	—	—	370
	1,480	14,466	251	—	698	16,895

There was no arrangement under which a director or the chief executive officer waived or agreed to waive any remuneration during the year (2024: Nil).

Notes to Financial Statements
Year ended 31 December 2025

10. Five Highest Paid Employees

The five highest paid employees during the year included four (2024: five) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining one (2024: nil) highest paid employee who is neither a director nor the chief executive of the Company is as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	1,848	—
Discretionary performance-related bonuses	—	—
Equity-settled share award expense	474	—
Pension scheme contributions	112	—
	2,434	—

The emolument of 1 (2024: nil) highest paid individual who is neither a director nor the chief executive of the Company is within the following band:

	2025 RMB'000	2024 RMB'000
HK\$2,000,001 to HK\$3,000,000	1	—
	1	—

No individual waived or agreed to waive any emoluments during the year.

In the current year, share awards were granted to certain non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 30 to the consolidated financial statements. The fair value of such awards, which was recognised in the consolidated statement of profit or loss over the vesting period as specified in the relevant letters of grant, was determined as at the date of grant, and the amount included in the consolidated financial statements for the year ended 31 December 2025.

11. Income Tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2024: Nil). Taxes on profits assessable in the PRC have been calculated at the rates of tax prevailing in the cities in which the Group's subsidiaries operate.

	2025 RMB'000	2024 RMB'000
Current charge for the year:		
PRC CIT	84,211	55,844
PRC LAT	666,741	433,845
Overprovision in prior years, net:		
PRC CIT	(236,943)	(1,508,890)
PRC LAT	(312,830)	(637,592)
Deferred (note 28)	201,179	(1,656,793)
	(544,872)	843,879
Total tax credit for the year	(343,693)	(812,914)

A reconciliation of the tax expense applicable to loss before tax at the statutory/applicable rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(5,228,684)	(7,431,398)
At the statutory rates of different jurisdictions	(1,290,688)	(1,836,014)
Lower tax rates for specific provinces or enacted by local authority	(1,565)	(1,068)
Adjustments in respect of current tax of previous periods	(236,943)	(1,508,890)
Losses/(profits) attributable to joint ventures and associates	81,604	(1,365)
Income not subject to tax	(510,913)	(26,181)
Expenses not deductible for tax	1,416,928	2,008,974
Tax losses utilised from previous periods	(188,021)	(219,895)
Tax losses not recognised	120,472	924,335
LAT	353,911	(203,747)
Tax effect of LAT deductible for PRC CIT	(88,478)	50,937
Tax charge	(343,693)	(812,914)

The share of tax credit attributable to joint ventures and associates amounting to RMB11,248,000 (2024: tax expense RMB431,000) and RMB70,356,000 (2024: tax expense RMB934,000), respectively, is included in "Share of (losses)/profits of associates and joint ventures, net" in the consolidated statement of profit or loss.

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Year ended 31 December 2025

12. Dividends

The board of directors did not recommend the payment of a dividend for the years ended 31 December 2025 and 2024.

13. Loss per Share Attributable to Ordinary Equity Holders of the Parent

The calculation of the basic loss per share for the year ended 31 December 2025 is based on the loss for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities, and the weighted average number of ordinary shares outstanding less the weighted average number of shares held under the share award scheme during the year.

The calculation of the diluted loss per share for the year ended 31 December 2025 is based on the loss for the year attributable to owners of the parent, adjusted for the distribution related to perpetual capital securities. The weighted average number of ordinary shares used in the calculation is the weighted average number of ordinary shares outstanding less the weighted average number of shares held under the share award scheme during the year, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all the dilutive potential ordinary shares into ordinary shares.

The calculations of the basic and diluted loss per share are based on:

	2025 RMB'000	2024 RMB'000
Loss		
Loss attributable to owners of the parent	(4,766,819)	(6,298,354)
Distribution related to perpetual capital securities	—	—
Loss used in the basic and diluted loss per share calculations	(4,766,819)	(6,298,354)

	2025 RMB'000	2024 RMB'000
Shares		
Weighted average number of ordinary shares outstanding less the weighted average number of shares held under the share award scheme during the year, used in the basic earnings per share calculation	5,528,591	5,527,178
Effect of dilution — weighted average number of ordinary shares:		
Share options	—	—
Weighted average number of ordinary shares in issue during the year, used in the diluted loss per share calculation	5,528,591	5,527,178

No adjustment for dilution has been made to the basic loss per share presented for the year ended 31 December 2025 and 2024 as the Company's share options has anti-dilutive effect on the basic loss per share presented.

14. Other Property, Plant and Equipment

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and other plant and equipment RMB'000	Total RMB'000
31 December 2025				
At 1 January 2025:				
Cost	120,156	528,434	377,883	1,026,473
Accumulated depreciation	(77,442)	(430,364)	(258,055)	(765,861)
Net carrying value	42,714	98,070	119,828	260,612
At 1 January 2025, net of accumulated depreciation	42,714	98,070	119,828	260,612
Additions	—	1,305	8,862	10,167
Acquisition of subsidiaries (notes 34 (a))	—	236	52	288
Depreciation (note 8)	(3,723)	(2,500)	(21,080)	(27,303)
Disposals	—	—	(205)	(205)
Exchange realignment	—	—	(13)	(13)
At 31 December 2025, net of accumulated depreciation	38,991	97,111	107,444	243,546
At 31 December 2025:				
Cost	120,156	529,975	382,009	1,032,140
Accumulated depreciation	(81,165)	(432,864)	(274,565)	(788,594)
Net carrying value	38,991	97,111	107,444	243,546

Notes to Financial Statements
Year ended 31 December 2025

14. Other Property, Plant and Equipment (Continued)

	Land and buildings RMB'000	Leasehold improvements RMB'000	Furniture, fixtures and other plant and equipment RMB'000	Total RMB'000
31 December 2024				
At 1 January 2024:				
Cost	120,167	526,573	383,360	1,030,100
Accumulated depreciation	(73,655)	(419,995)	(239,218)	(732,868)
Net carrying value	46,512	106,578	144,142	297,232
At 1 January 2024, net of accumulated depreciation				
	46,512	106,578	144,142	297,232
Additions	77	1,861	3,575	5,513
Disposal of subsidiaries (note 35)	(87)	—	(1,697)	(1,784)
Depreciation (note 8)	(3,788)	(10,369)	(25,700)	(39,857)
Disposals	—	—	(589)	(589)
Exchange realignment	—	—	97	97
At 31 December 2024, net of accumulated depreciation				
	42,714	98,070	119,828	260,612
At 31 December 2024:				
Cost	120,156	528,434	377,883	1,026,473
Accumulated depreciation	(77,442)	(430,364)	(258,055)	(765,861)
Net carrying value	42,714	98,070	119,828	260,612

15. Investment Properties

	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 1 January 2024	30,642,638	8,649,021	39,291,659
Additions	46,509	238,382	284,891
Transfer upon completion of construction	566,021	(566,021)	—
Transfer to completed properties for sales	(452,329)	—	(452,329)
Net gain from a fair value adjustment	(200,081)	215,618	15,537
Exchange realignment	9,866	—	9,866
Carrying amount at 31 December 2024 and 1 January 2025	30,612,624	8,537,000	39,149,624
Disposals	(735,546)	(5,391,378)	(6,126,924)
Disposal of subsidiaries (note 35)	(1,062,600)	—	(1,062,600)
Transfer to completed properties for sales	(352,582)	—	(352,582)
Net loss from a fair value adjustment	(2,356,424)	341,378	(2,015,046)
Carrying amount at 31 December 2025	26,105,472	3,487,000	29,592,472

The Group's completed investment properties and investment properties under development were revalued on 31 December 2025 based on valuations performed by independent professionally qualified valuers, or the Group's internal assessment, at RMB29,592,472,000; and 31 December 2024 based on valuations performed by independent professionally qualified valuers or the Group's internal assessment, at RMB39,149,624,000. Each year, the management of the Group decides to appoint which external valuer to be responsible for the external valuations of the Group's certain properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

During the year ended 31 December 2025, several investment properties of the Group located in Hong Kong, have been transferred to inventories, due to the management have change the intention of the use based on the Group's business strategy. Accordingly, the respective investment properties with a fair value of RMB352,582,000 were transferred to completed properties of sales.

At 31 December 2025 and 2024, certain of the Group's investment properties were pledged to secure certain bank and other loans granted to the Group (note 38).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 16.

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Year ended 31 December 2025

15. Investment Properties (Continued)

Fair value hierarchy

For the years ended 31 December 2025 and 2024, the fair value measurements of all investment properties of the Group were categorised within Level 3 of the fair value hierarchy and details of their movements are disclosed above.

In the opinion of the directors, for all investment properties that are measured at fair value, the properties have been used in their highest and best use.

The following table illustrates the fair value measurement of the Group's investment properties:

	Fair value measurement using significant unobservable inputs (Level 3)	
	2025 RMB'000	2024 RMB'000
Recurring fair value measurement for:		
Residential — Hong Kong	—	460,983
Commercial — Mainland China	26,105,472	30,151,641
Investment properties under construction — Mainland China	3,487,000	8,537,000
	29,592,472	39,149,624

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2024: Nil).

15. Investment Properties (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range			
			2025	2024		
Completed investment properties						
– Residential	Direct comparison approach	Market unit sale rate (RMB/sq.ft.)	N/A	315,827–332,262		
– Hong Kong						
– Commercial	Direct comparison approach	Market unit sale rate (RMB/sq.m.)	31,000–124,000	12,423–138,223		
– Mainland China						
– Commercial	Income approach	Risk-adjusted discount rate	3.25%–4.2%	3.25%–4.2%		
– Mainland China						
				Expected market rental growth	0–3%	0–5%
				Expected occupancy rate	52%–100%	52%–100%
				Expected yearly unit rental income (RMB/sq.m.)	120–4,038	120–9,238
				Capitalisation rate	4.2%–4.7%	4.4%–5.0%
Investment properties under construction	Residual approach	Gross development value (RMB/sq.m.)	57,217–83,400	26,200–87,000		
		Budgeted construction costs to be incurred (RMB/sq.m.)	4,348–16,529	4,348–16,529		
		Development profit	3.00%–7.00%	3.00%–7.00%		
		Risk-adjusted discount rate	4.35%–4.75%	4.35%–4.75%		

Notes to Financial Statements
Year ended 31 December 2025

15. Investment Properties (Continued)

Fair value hierarchy (Continued)

The valuations of completed investment properties were based on either the direct comparison method by reference to comparable market transactions, which is positively correlated to the market unit sale rate; or the income approach by capitalisation of net rental income derived from the existing tenancies with allowance for the reversionary rental income potential of the properties, which is positively correlated to the market rental growth rate, yearly unit rental income and occupancy rate, and negatively correlated to risk-adjusted discount rate and capitalisation rate.

The valuations of investment properties under construction were based on the residual approach, and have taken into account the expected construction costs and future costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan. The valuations of investment properties under construction are positively correlated to the development profit and negatively correlated to the risk-adjusted discount rate.

16. Leases

The Group as a lessor

The Group leases its investment properties (note 15) under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions. Rental income recognised by the Group during the year was RMB232,781,000 (2024: RMB300,506,000), details of which are included in note 6 to the consolidated financial statements.

At 31 December 2025, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	211,454	188,054
After one year but within two years	163,715	149,971
After two years but within three years	132,048	110,604
After three years but within four years	105,742	93,942
After four year but within five years	90,154	83,306
After five years	769,183	976,712
	1,472,296	1,602,589

17. Investments in Associates

	2025 RMB'000	2024 RMB'000
Share of net assets	2,184,108	2,996,566
Due from an associate (note)	441,400	441,400
	2,625,508	3,437,966

Note: As at 31 December 2025, the amount due from an associate is unsecured, interest-free and no fixed repayment period (2024: unsecured, interest-free and no fixed repayment period). As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

Particulars of the principal associates, which are unlisted corporate entities, are as follows:

For the year ended 31 December 2025				Proportion of ownership interest			Principal activity
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	
Zhuhaishi Ruiliang Real Estate Development Company Limited ("Zhuhai Ruiliang") 珠海市瑞梁房地產有限公司*	Incorporated	The PRC	Registered capital RMB1,318,000,000	50%	—	50%	Property development

For the year ended 31 December 2024				Proportion of ownership interest			Principal activity
Name of associate	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	
Zhuhai Ruiliang 珠海市瑞梁房地產有限公司*	Incorporated	The PRC	Registered capital RMB1,318,000,000	50%	—	50%	Property development
Nanning Jinlin Real Estate Co., Ltd. ("Nanning Jinlin") 南寧錦麟置業有限公司*	Incorporated	The PRC	Registered capital RMB1,140,000,000	50%	—	50%	Property development

* The official names of the above entities are in Chinese. The English translation of the names are for reference only.

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17. Investments in Associates (Continued)

The directors consider that the Group can only exercise significant influence over Zhuhai Ruiliang based on their board composition, and accordingly it is classified as associates of the Group. The associates are accounted for using the equity method in the consolidated financial statements. All the associates in which the Group held interest are unlisted corporate entities, whose quoted market prices are not available.

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2025 RMB'000	2024 RMB'000
Gross amounts of Zhuhai Ruiliang		
Cash and bank balances	119,451	167,039
Current assets (excluding cash and bank balances)	2,433,554	2,446,892
Non-current assets	1,953	1,958
Current liabilities	(914,395)	(781,547)
Equity	1,640,563	1,834,342
Revenue	189,108	78,301
Loss for the year	(193,779)	(321)
Other comprehensive income	—	—
Total comprehensive loss	(193,779)	(321)

17. Investments in Associates (Continued)

	Nanning Jinlin 2024 RMB'000
Gross amounts	
Cash and bank balances	13,973
Current assets (excluding cash and bank balances)	2,349,238
Non-current assets	18,083
Current liabilities	(401,428)
Non-current liabilities	(898,193)
Equity	1,081,673
Revenue	62,320
Loss for the year	(36,777)
Other comprehensive income	—
Total comprehensive loss	(36,777)

All associates have been accounted for using the equity method in these consolidated financial statements and their financial year end dates are coterminous with that of the Group.

The following table illustrates the financial information of the Group's other associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Share of the associates' (loss)/profit and total comprehensive (loss)/income for the year	(184,536)	22,287
Aggregate carrying amount of the Group's investments in the associates	1,805,226	1,979,958

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Year ended 31 December 2025

18. Investments in Joint Ventures

	2025 RMB'000	2024 RMB'000
Share of net assets	10,623,251	11,142,819
	10,623,251	11,142,819

These joint ventures are mainly engaged in urban development projects in Shenzhen, Zhuhai and Huizhou.

Details of the Group's interests in the principal joint ventures, which are accounted for using the equity method in the consolidated financial statements, are as follows:

For the year ended 31 December 2025					Proportion of ownership interest				
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Profit Sharing	Voting right	Principal activity
Shenzhen Xinhaihua Real Estate Development Co., Ltd. ("Shenzhen Xinhaihua") 深圳新海華房地產開發有限公司 [Ⓐ]	Incorporated	The PRC	Registered capital RMB10,000,000	57.5%	—	57.5%	57.5%	57.5%	Property development

For the year ended 31 December 2024					Proportion of ownership interest				
Name of joint venture	Form of business structure	Place of incorporation and business	Particulars of issued and paid-up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Profit Sharing	Voting right	Principal activity
Shenzhen Xinhaihua 深圳新海華房地產開發有限公司 [Ⓐ]	Incorporated	The PRC	Registered capital RMB10,000,000	57.5%	—	57.5%	57.5%	57.5%	Property development

[Ⓐ] This entity is accounted for as a joint venture of the Group because the decisions about the relevant activities of this entity require two-thirds of the voting rights of this entity.

[Ⓔ] The official names of the above entities are in Chinese. The English translation of the names are for reference only.

The Group shares control in the above entities with other shareholders, accordingly they are classified as joint ventures of the Group. All the joint ventures in which the Group held interest are unlisted corporate entities whose quoted market prices are not available.

18. Investments in Joint Ventures (Continued)

Summarised financial information of the material joint ventures, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, is disclosed below:

	2025 RMB'000	2024 RMB'000
Gross amounts of Shenzhen Xinhaihua		
Cash and bank balances	48	391
Current assets (excluding cash and bank balances)	2,746,795	2,744,125
Non-current assets	37	37
Trade and other payables	(754,711)	(752,043)
Non-current liabilities	(791,589)	(791,589)
Equity	1,200,580	1,200,921
Revenue	—	—
Loss for the year	(342)	(938)
Other comprehensive income	—	—
Total comprehensive loss	(342)	(938)

The following table illustrates the aggregate financial information of the Group's joint ventures that are not individually material:

	2025 RMB'000	2024 RMB'000 (Represented)
Share of joint ventures' (loss)/profit for the year, net	(44,794)	2,263
Share of the joint ventures' total comprehensive (loss)/profit	(44,794)	2,263
Aggregate carrying amount of the Group's investments in the joint ventures	9,932,918	10,452,289

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Year ended 31 December 2025

19. Inventories

	2025 RMB'000	2024 RMB'000
Construction:		
Raw materials	74,170	93,388
Property development:		
Properties held for development for sale	5,818,281	6,847,584
Properties under development for sale	64,836,111	70,795,613
Completed properties for sale	41,522,639	44,058,593
	112,177,031	121,701,790
	112,251,201	121,795,178
Properties expected to be recovered within normal operating cycle:		
Within one year	36,052,445	53,076,934
After one year	76,124,586	68,624,856
	112,177,031	121,701,790

All the completed properties for sale are stated at the lower of cost and net realisable value.

At 31 December 2025 and 2024, certain of the Group's inventories were pledged to secure certain bank and other loans granted to the Group (note 38).

Lump sum payments were made upfront to acquire the leased land from the PRC government with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases.

Further particulars of the Group's major properties inventories are set out on page 176 of the Annual Report.

20. Trade and Other Receivables, Prepayments and Other Assets

	Notes	2025 RMB'000	2024 RMB'000
Trade receivables	(i)	1,230,207	1,136,478
Prepayments and other receivables		11,527,353	12,168,303
Amounts due from related companies	(ii)	116,374	181,926
Amounts due from non-controlling shareholders	(ii)	3,849,421	4,758,963
Amounts due from joint ventures and associates	(iii)	4,656,660	4,637,897
Costs of obtaining contracts	(iv)	158,036	300,069
Contract assets	(v)	—	1,279,601
Portion classified as current assets	(vi)	21,538,051 (21,538,051)	24,463,237 (24,463,237)
Non-current portion		—	—

Notes:

- (i) The Group's trade receivables mainly arise from the sale of properties and leasing of investment properties.

Consideration in respect of sale of properties is payable by the purchasers in accordance with the terms of the related sale and purchase agreements. The Group normally requires its customers to make payment of monthly/quarterly charges in advance in relation to the leasing of investment properties.

Since the Group's trade receivables are related to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. All trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	99,433	52,587
31 to 90 days	163,655	140,999
91 to 180 days	196,337	172,342
181 to 365 days	770,782	770,550
	1,230,207	1,136,478

An impairment analysis for trade receivables is performed at each reporting date using the simplified approach to measure expected credit losses including trade receivables. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 31 December 2025 and 2024, the loss allowance for trade receivables was assessed to be minimal.

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Year ended 31 December 2025

20. Trade and Other Receivables, Prepayments and Other Assets (Continued)

Notes: (Continued)

- (ii) The amounts due from related companies and non-controlling shareholders are unsecured, interest-free and repayable on demand.
- (iii) As at 31 December 2025, except for amounts of RMB454 million (2024: RMB482 million), which are trade nature, other amounts due from joint ventures and associates are advanced by the Group for land acquisition and project development and construction, which are unsecured, interest-free and repayable on demand.

An ageing analysis of the trade receivables from joint ventures and associates as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	93,158	100,869
31 to 90 days	88,551	94,182
91 to 180 days	181,740	175,988
181 to 365 days	90,129	110,824
	453,578	481,863

An impairment analysis for trade receivables from joint ventures and associates is performed at each reporting date using the simplified approach to measure expected credit losses. The provision rates are based on days past due for groupings of various customers with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Based on the evaluation on the provision rate and gross carrying amount, the directors of the Company are of the opinion that the financial impact of ECLs in respect of these balances is considered immaterial. As at 31 December 2025 and 2024, the loss allowance for trade receivables from joint ventures and associates was assessed to be minimal.

- (iv) The amount represents prepaid agency fees in connection with the sale of properties. For the year ended 31 December 2025, the sales commission expense was RMB98 million (2024: RMB475 million).
- (v) Contract assets consist of unbilled amounts resulting from sale of properties when revenue recognised exceeds the amounts billed to the customers. The balance is expected to be recovered or settled within one year. As at 31 December 2025 and 2024, the loss allowance for contract assets was assessed to be minimal.
- (vi) The financial assets included in the above balances relate to receivables for which there was no recent history of default. As at 31 December 2025 and 2024, the loss allowance was assessed to be minimal.

21. Assets and Liabilities under Cross-Border Guarantee Arrangements

During the years ended 31 December 2025 and 2024, the Group had some cross-border guarantee arrangements with certain financial institutions, whereby certain onshore funding (i.e. in the PRC) and offshore funding (i.e. in Hong Kong) have been used as a pledge against advances to offshore (i.e. in Hong Kong) and onshore (i.e. in the PRC) for the Group's general working capital.

Pursuant to these arrangements which are made in compliance with the relevant rules and regulations promulgated by the State Administration of Foreign Exchange, funds are advanced to the Group's subsidiaries in Hong Kong by depositing a certain amount of funds in the relevant financial institutions by the Group's subsidiaries in the PRC or vice versa. The net cost of such arrangements is less than 1% per annum of the total funds advanced.

21. Assets and Liabilities under Cross-Border Guarantee Arrangements (Continued)

	2025 RMB'000	2024 RMB'000
Assets under cross-border guarantee arrangements	—	—
Portion classified as current assets	—	—
Non-current portion	—	—
Liabilities under cross-border guarantee arrangements	798,716	818,896
Portion classified as current liabilities	(798,716)	(818,896)
Non-current portion	—	—

22. Cash and Bank Balances

	2025 RMB'000	2024 RMB'000
Cash and bank balances	7,974,883	8,653,773
Portion classified as current assets	(7,974,883)	(8,653,773)

Notes:

As at 31 December 2025, the total cash and bank balances amounted to RMB7,975 million (2024: RMB8,654 million), of which:

- (a) deposits in the amount of RMB3,825 million (2024: RMB3,992 million) are placed in designated bank accounts and can only be applied in the designated property development projects in accordance with the applicable prevailing policies and regulations;
- (b) deposits in the amount of RMB2,950 million (2024: RMB2,009 million) were restricted in relation to project development such as mortgage loans granted to the property purchasers or for bank and other loans or other purposes; and
- (c) the remainings is mainly for debt restructuring and operating purposes.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB4,280,084,000 (2024: RMB5,735,933,000). RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Non-pledged time deposits are made for varying periods of between seven days and six months depending on immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. All the bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

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23. Trade and Other Payables

	Notes	2025 RMB'000	2024 RMB'000
Trade payables	(i)	20,146,418	23,277,191
Other payables and accrued charges	(ii)	22,094,565	21,996,713
Customer deposits received		156,454	168,782
Rental and other deposits received		284,360	283,428
Proceeds from asset-backed securities	(iii)	—	1,521,997
Amounts due to non-controlling shareholders	(iv)	1,842,109	3,033,832
Amounts due to related companies	(v)	583,246	731,427
Amounts due to joint ventures and associates	(vi)	2,554,196	2,583,642
Amounts due to shareholders	(vii)	9,575,461	9,786,287
		57,236,809	63,383,299

Notes:

- (i) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 30 days	2,027,903	6,756,602
31 to 90 days	4,378,075	4,923,728
91 to 180 days	2,397,531	1,962,784
181 to 365 days	1,577,393	2,475,699
Over 365 days	9,765,516	7,158,378
	20,146,418	23,277,191

The trade payables are non-interest-bearing.

- (ii) Other payables are non-interest-bearing and are expected to be settled within one year.
- (iii) The balance represented proceeds, after deduction of certain percentage of upfront fee, received from specific purpose entities ("SPEs") set up by financial institutions in the PRC for the issuance of asset-backed securities ("ABS"), to which the Group has transferred the right of receipt of the remaining sales proceeds of certain properties to be delivered by the Group. Under the assignment arrangement between the Group and the SPEs, as and when the Group receives the sales proceeds from customers, the Group would remit to the holder of the ABS any cash flows it collects on behalf of the SPEs.
- (iv) The amounts due to non-controlling shareholders are unsecured, interest-free and repayable on demand, except for amounts of RMB408,006,000 (2024: RMB427,966,000) as at 31 December 2025 which bore interest at fixed interest rates ranging from 4.75% to 8.0% (2024: 4.75% to 8.0%) per annum.
- (v) The amounts due to related companies are unsecured, interest-free and repayable on demand, except for amounts of RMB330,111,000 (2024: RMB335,790,000) as at 31 December 2025 which were secured by the Group' inventories, detail of which are disclosed in note 38 to the financial statement.
- (vi) The amounts due to joint ventures and associates are unsecured, interest-free and repayable on demand.
- (vii) The amounts due to shareholders are unsecured, interest-free and repayable on demand.

24. Contract Liabilities

Contract liabilities mainly represent sales proceeds received from buyers in connection with the Group's pre-sales of properties. Balance as at 1 January 2024 was RMB26,286 million. Contract liabilities are expected to be settled within the Group's normal operating cycle. The decrease in contract liabilities during the year was mainly due to contract liabilities were recognised as revenue.

25. Bank and Other Loans

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	2.40–7.10	2025 or on demand	26,571,842	3.30–7.10	2025 or on demand	24,030,459
Bank loans — unsecured	4.00–8.15	2025 or on demand	6,364,385	4.00–8.15	2025 or on demand	6,311,013
Other loans — secured	3.90–10.35	2025 or on demand	20,343,141	4.00–10.35	2025 or on demand	19,457,265
			53,279,368			49,798,737
Non-current						
Bank loans — secured	3.55–6.50	2026–2033	7,683,198	3.25–6.25	2026–2033	11,853,846
Bank loans — unsecured	—	—	—	4.00	2026–2029	184,715
Other loans — secured	3.60	2026–2028	328,285	3.60–4.60	2026–2028	1,437,469
			8,011,483			13,476,030
			61,290,851			63,274,767

Notes to Financial Statements
Year ended 31 December 2025

25. Bank and Other Loans (Continued)

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	32,936,227	30,341,472
In the second year	700,647	2,672,430
In the third to fifth years, inclusive	2,926,903	7,269,624
Beyond five years	4,055,648	2,096,507
	40,619,425	42,380,033
Other loans repayable:		
Within one year or on demand	20,343,141	19,457,265
In the second year	—	1,108,784
In the third to fifth years, inclusive	328,285	328,685
	20,671,426	20,894,734
Portion classified as current liabilities	61,290,851	63,274,767
— based on maturity terms of the loans	(53,279,368)	(49,798,737)
Non-current liabilities	8,011,483	13,476,030

Notes:

- (a) Certain of the Group's bank and other loans are secured by the Group's equity interests in certain subsidiaries, bank deposits, investment properties, inventories, details of which are disclosed in note 38 to the consolidated financial statements.
- (b) Except for certain bank and other loans of RMB5,217,225,000 (2024: RMB5,493,005,000) and RMB6,012,767,000 (2024: RMB6,164,681,000) as at 31 December 2025 which were denominated in HK\$ and US dollars ("USD\$"), respectively, all of the Group's bank and other loans were denominated in RMB.

26. Senior Notes

	Notes	Effective interest rate (% per annum)	2025 RMB'000	2024 RMB'000
US\$450m Senior Notes due in 2023	(i), (xvi)	5.42	3,162,173	3,242,066
US\$300m Senior Notes due in 2022	(ii)	7.78	1,959,142	2,008,640
US\$400m Senior Notes due in 2023	(iii), (xvi)	6.76	2,810,821	2,881,836
US\$100m Senior Notes due in 2024	(iv), (xvi)	7.60	702,705	731,267
US\$300m Senior Notes due in 2025	(v), (xvi)	5.96	2,108,115	2,211,705
US\$180m Senior Notes due in 2024	(vi), (xvi)	5.42	1,264,870	1,347,622
US\$100m Senior Notes due in 2024	(vii), (xvi)	4.53	702,705	727,361
US\$300m Senior Notes due in 2025	(viii), (xvi)	5.49	2,108,115	2,170,808
US\$300m Senior Notes due in 2026	(ix), (xvi)	5.03	2,108,427	2,152,310
US\$300m Senior Notes due in 2028	(x), (xvi), (xvii)	4.64	2,143,950	2,190,607
US\$300m Senior Notes due in 2025	(xi), (xvi)	4.97	2,108,115	2,165,993
US\$300m Senior Notes due in 2026	(xii), (xvi)	4.91	2,153,224	2,196,673
US\$60m Senior Notes due in 2024	(xiii), (xvi)	4.21	421,623	438,986
HKD1,950m Equity-linked Securities due in 2026	(xiv), (xvi)	7.14	1,809,122	1,849,098
			25,563,107	26,314,972
Portion classified as current liabilities:				
— based on maturity terms of the senior notes	(xv)		(23,419,157)	(17,926,284)
— based on contract terms classified as other current liability	(xv), (xvii), 27		(2,143,950)	(8,388,688)
Non-current portion	(xv)		—	—
Analysed into:				
Repayable:				
Within one year or on demand			23,419,157	17,926,284
In the second year			—	6,198,081
In the third to fifth years, inclusive			2,143,950	2,190,607
			25,563,107	26,314,972

Notes to Financial Statements

Year ended 31 December 2025

26. Senior Notes (Continued)

Notes:

- (i) On 23 May 2017, the Company issued senior notes with a principal amount of US\$450,000,000 due in 2023 ("US\$450m Senior Notes due in 2023"). The senior notes are interest bearing at 5.25% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 23 February 2023. At any time and from time to time on or after 23 May 2020, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (ii) On 25 February 2019, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2022 ("US\$300m Senior Notes due in 2022"). The senior notes are interest bearing at 7.50% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 25 August 2022. At any time and from time to time prior to 25 February 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum. As at 22 February 2022, the Company has repurchased an aggregate principal amount of US\$21,200,000 of the Senior Notes. The remaining principal amount of US\$278,800,000 was due on 25 August 2022.
- (iii) On 16 July 2019, the Company issued senior notes with a principal amount of US\$400,000,000 due in 2024 ("US\$400m Senior Notes due 2023"). The senior notes are interest bearing at 6.50% per annum and the interest is payable semiannually in arrears. The maturity date of the senior notes is 16 July 2023. At any time and from time to time on or after 16 July 2021, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (iv) On 9 September 2019, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2024 ("US\$100m Senior Notes due in 2024"). The senior notes are interest bearing at 6.90% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (v) On 14 January 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes due in 2025"). The senior notes are interest bearing at 5.75% per annum and the interest is payable semiannually in arrears. The maturity date of the senior notes is 14 January 2025. At any time and from time to time on or after 14 January 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (vi) On 17 January 2020, the Company issued senior notes with a principal amount of US\$180,000,000 due in 2024 ("US\$180m Senior Notes due in 2024"). The senior notes are consolidated and form a single series with the US\$100m Senior Notes due 2024 issued on 9 September 2019. The senior notes are interest bearing at 6.90% per annum which is payable semi-annually in arrears. The maturity date of the senior notes is 9 June 2024. At any time and from time to time on or after 9 September 2022, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (vii) On 17 September 2020, the Company issued senior notes with a principal amount of US\$100,000,000 due in 2024 ("US\$100m Senior Notes due in 2024"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 17 September 2024. At any time and from time to time on or after 17 September 2023, the Company may at its option redeem the senior notes at a predetermined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (viii) On 19 October 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes due in 2025"). The senior notes are interest bearing at 5.25% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 19 October 2025. At any time and from time to time on or after 19 October 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (ix) On 14 December 2020, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2026 ("US\$300m Senior Notes due in 2026"). The senior notes are interest bearing at 4.85% per annum and the interest is payable semi-annually in arrears. The maturity date of the senior notes is 14 December 2026. At any time and from time to time on or after 14 December 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.

26. Senior Notes (Continued)

Notes: (Continued)

- (x) On 13 January 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2028 ("US\$300m Senior Notes due in 2028"). The senior notes are interest bearing at 4.5% per annum and the interest is payable semiannually in arrears. The maturity date of the senior notes is 13 January 2028. At any time and from time to time on or after 13 January 2025, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xi) On 12 April 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2025 ("US\$300m Senior Notes due in 2025"). The senior notes are interest bearing at 4.25% per annum and the interest is payable semiannually in arrears. The maturity date of the senior notes is 12 July 2025. At any time and from time to time on or after 12 July 2023, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xii) On 6 July 2021, the Company issued senior notes with a principal amount of US\$300,000,000 due in 2026 ("US\$300m Senior Notes due in 2026"). The senior notes are interest bearing at 4.7% per annum and the interest is payable semiannually in arrears. The maturity date of the senior notes is 6 July 2026. At any time and from time to time on or after 6 July 2024, the Company may at its option redeem the senior notes at a pre-determined redemption price. The details of the redemption price are disclosed in the relevant offering memorandum.
- (xiii) On 5 August 2021, the Company issued senior notes with a principal amount of US\$60,000,000 due in 2024 ("US\$60m Senior Notes due in 2024"). The senior notes are interest bearing at 4.15% per annum and the interest is payable semiannually in arrears. The maturity date of the senior notes is 5 August 2024.
- (xiv) On 4 February 2022, the Company issued Equity-linked Securities with a principal amount of HK\$1,950,000,000 due in 2026 ("HK\$1,950m Equity-linked Securities due in 2026"). The Equity-linked Securities are interest bearing at 6.95% per annum and the interest is payable semi-annually in arrears. The maturity date of the Equity-linked Securities is 4 August 2026. The securities are cash settled equity linked securities. No equity securities of the Company will be issued by the Company upon exchange or redemption of the securities. The details of which are set out in the Company's announcement dated 27 January 2022.
- (xv) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.
- (xvi) Redemption call options represent the fair value of the Company's options to early redeem the senior notes. The assumptions applied in determining the fair value of the redemption call options as at 31 December 2025 and 31 December 2024 are set out in note 42.

Equity-linked securities redemption option of security holders represent the fair value of the equity-linked securities' options to early redeem the equity-linked securities. The assumptions applied in determining the fair value of the redemption call options as at 31 December 2025 and 31 December 2024 are set out in note 42.

Equity-linked securities conversion option of security holders represent the fair value of the security holders's option to require the Company to exchange the securities at pre-determined cash exercise amount. The assumptions applied in determining the fair value of the conversion option as at 31 December 2025 and 31 December 2024 are set out in note 42.

- (xvii) As disclosed in note 2.1 to the consolidated financial statements, the non-payment of the principal of the relevant senior notes and equity-linked securities and the relevant interest accrued may lead to the Company's creditors demanding acceleration of repayments. Hence, the relevant senior note, which its maturity date is over one year, was classified as current liability and included in "Other current liability".

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27. Other Current Liabilities and Corporate Bonds

	Notes	2025 RMB'000	2024 RMB'000
Corporate bonds due in 2025	(i), (iii), (iv), (vii)	—	4,455,891
Corporate bonds due in 2026	(ii), (iv)–(vi), (viii)–(xii)	—	12,557,551
Corporate bonds due in 2033	(i)–(xii)	6,795,052	—
		6,795,052	17,013,442
Analysed into:			
Repayable:			
Within one year		—	8,223,157
In the second year		—	8,790,285
In the third to fifth years, inclusive		6,795,052	—
		6,795,052	17,013,442
Portion classified as non-current liabilities		(6,795,052)	(8,790,285)
Current liabilities		—	8,223,157
Senior notes classified as other current liabilities	26	2,143,950	8,388,688
Total other current liabilities		2,143,950	16,611,845

Notes:

- (i) On 1 February 2018, 22 March 2018, 21 May 2018 and 7 December 2018, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rates of the first, second, third and fourth tranches with principal amounts of RMB2,000,000,000, RMB2,000,000,000, RMB1,000,000,000 and RMB1,000,000,000 were fixed at 6.99% per annum, 7.20% per annum, 7.30% per annum and 7% per annum, respectively. The terms of all these four domestic corporate bonds were 4 years. At the end of second year, Shenzhen Logan shall be entitled to adjust the coupon rates of all these four domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. In 2020, the third tranche of corporate bonds with a principal amount of RMB1,000,000,000 and the fourth tranche of corporate bonds with principal amount of RMB1,000,000,000 were fully paid before maturity.

On 1 February 2020, Shenzhen Logan had adjusted the coupon rate of first tranche of corporate bonds from 6.99% per annum to 5.40% per annum and the corporate bonds with an aggregate principal amount of RMB1,290,000,000 were sold back to Shenzhen Logan; the first tranche of corporate bonds with a remaining principal amount of RMB710,000,000 was due and fully repaid upon maturity in February 2022.

On 22 March 2020, Shenzhen Logan had adjusted the coupon rate of second tranche of corporate bonds from 7.20% per annum to 4.90% per annum and the corporate bonds with an aggregate principal amount of RMB174,000,000 were sold back to Shenzhen Logan; the second tranche of corporate bonds with a remaining principal amount of RMB1,826,000,000 are due in March 2022.

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

(i) (Continued)

On 22 March 2022, the Group obtained approval from the holders of corporate bonds with a principal amount of RMB1,826,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension. The 10% of the outstanding principal amount of RMB182,600,000 were repaid in March 2022 and the first installment repayment of 90% outstanding principal amount of RMB164,340,000 in October 2022.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,479,060,000 for the extension of the maturity date for 36 months (to be due in 2025) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal will be repaid quarterly within 36 months after extension.

The principal amount of RMB3,645,000, RMB2,835,000 and RMB2,909,000 were repaid in February 2023, May 2023 and June 2024, respectively.

With effect from the approval of the onshore debt restructuring plan ("Onshore Restructuring Plan") at the relevant meetings of bondholders in July 2025, the repayment schedule of corporate bonds ("Corporate Bonds"), private domestic corporate bonds ("Private Bonds") and supply chain asset-backed securities plan ("ABS Plan") have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB1,166,701,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB302,970,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

(ii) On 20 November 2018, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,490,000,000 was 5.98% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate of domestic corporate bonds and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 20 November 2020, Shenzhen Logan had adjusted the coupon rate of corporate bonds from 5.98% per annum to 4.60% per annum.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,490,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB39,031,000, RMB32,738,000 and RMB4,836,000 were repaid in February 2023, May 2023 and June 2024, respectively.

With effective from the approval of the Onshore Debt Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of corporate bonds ("Corporate Bonds"), private domestic corporate bonds ("Private Bonds") and supply chain asset-backed special plan ("ABS Plan") have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum and the Onshore Debt Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB1,720,967,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB692,427,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

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27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

- (iii) On 19 March 2019, Shenzhen Logan issued domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,510,000,000 was 5.50% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 21 March 2022, the Group obtains approval from the holders of corporate bonds with a principal amount of RMB1,510,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension. The 10% of the outstanding principal amount of RMB151,000,000 were repaid in March 2022 and the first installment repayment of 90% outstanding principal amount of RMB164,340,000 in September 2022.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,223,100,000 for the extension of the maturity date for 36 months (to be due in 2025) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal will be repaid quarterly within 36 months after extension. The amount of RMB23,245,000 of the corporate bonds were classified as a current liability and the remaining outstanding amount were classified as a non-current liability as at 31 December 2022.

The principal amount of RMB11,700,000, RMB11,080,000 and RMB2,371,000 were repaid in February 2023, May 2023 and June 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB828,641,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB369,308,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

- (iv) On 5 August 2019, Shenzhen Logan issued two tranches of private domestic corporate bonds. The coupon rates of the first and second tranches with principal amounts of RMB500,000,000 and RMB1,000,000,000 were fixed at 6.5% per annum and 6.2% per annum, respectively. The terms of the first and second tranches of corporate bonds were 5 years (to be due in 2024) and 4 years (to be due in 2023), respectively. At the end of the third year and the second year, Shenzhen Logan shall be entitled to adjust the coupon rates of the first and second tranches of corporate bonds respectively and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan. On 3 August 2021, the second tranches of corporate bonds with an aggregate principal amounts of RMB895,000,000 were sold back to Shenzhen Logan.

The first tranches of corporate bonds with aggregated principal amounts of RMB50,000,000 was repaid in August 2022.

On 2 December 2022, the group obtained approval from the holders of first and second tranches corporate bonds with the principal amount of RMB450,000,000 and RMB105,000,000 respectively, for the extension of the maturity date for 36 months and 48 months respectively (to be due in 2025 and 2026 respectively) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively. The remaining outstanding principal of the first tranches of corporate bonds will be repaid quarterly from the 36 months after the extension. The second tranches of corporate bonds will be repaid be fully repaid by eight installments within the 48 months after the extension, of which interval of the first four and last four payments would be three months and two months, respectively.

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

(iv) (Continued)

The principal amount of RMB270,000, RMB270,000 and RMB899,000 of first tranches corporate bond were repaid in February 2023, May 2023 and June 2024, respectively, and the principal amount of RMB150,000, RMB100,000 and RMB210,000 of second tranches corporate bond were repaid in February 2023, May 2023 and June 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB447,665,000 of first tranches corporate bond and the principal amount of RMB13,991,000 of second tranches corporate bond were settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB91,445,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

(v) On 18 November 2019, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 5.09% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB27,854,000, RMB23,930,000 and RMB3,896,000 were repaid in February 2023, May 2023 and July 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB862,586,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB1,081,733,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

(vi) On 8 January 2020, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

Notes to Financial Statements

Year ended 31 December 2025

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

(vi) (Continued)

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB25,901,000, RMB22,251,000 and RMB1,904,000 were repaid in February 2023, May 2023 and June 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB402,756,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB547,188,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

(vii) On 15 April 2020, Shenzhen Logan issued non-public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 18 April 2022, the Group obtained approval from the holders of corporate bonds with a principal amount of RMB1,500,000,000 for the extension of the maturity date for 15 months by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to settle 10% of the outstanding principal as upfront payment and the remaining 90% outstanding principal will be repaid by 10 equal installments commencing from the sixth months after the extension. The 10% of the outstanding principal amount of RMB150,000,000 were repaid in April 2022.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,350,000,000 for the extension of the maturity date for 36 months (to be due in 2025) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal will be repaid quarterly from the 36 months after the extension.

The principal amount of RMB4,275,000, RMB3,330,000 and RMB2,685,000 were repaid in February 2023, May 2023 and June 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB969,883,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB369,827,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

- (viii) On 24 July 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.69% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB7,201,000, RMB7,050,000 and RMB3,971,000 were repaid in February 2023, May 2023 and June 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB720,637,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB1,261,140,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

- (ix) On 14 September 2020, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB2,000,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 5 years. At the end of the third year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB2,000,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB21,736,000, RMB19,795,000 and RMB3,917,000 were repaid in February 2023, May 2023 and June 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB1,131,855,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB822,697,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

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Year ended 31 December 2025

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

- (x) On 25 March 2021, Shenzhen Logan issued public domestic corporate bonds on the Shenzhen Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB427,000,000 was 4.90% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB427,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB5,811,000, RMB5,600,000 and RMB831,000 were repaid in February 2023, May 2023 and June 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB329,763,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB84,994,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

- (xi) On 24 June 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,347,000,000 was 4.80% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,347,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB12,379,000, RMB11,054,000 and RMB2,647,000 were repaid in February 2023, May 2023 and July 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB867,476,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB453,443,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

27. Other Current Liabilities and Corporate Bonds (Continued)

Notes: (Continued)

- (xii) On 23 August 2021, Shenzhen Logan issued public domestic corporate bonds on the Shanghai Stock Exchange. The coupon rate of the domestic corporate bonds with a principal amount of RMB1,500,000,000 was 4.70% per annum. The terms of the domestic corporate bonds were 4 years. At the end of the second year, Shenzhen Logan shall be entitled to adjust the coupon rate, and the bond holders shall be entitled to sell back the bonds to Shenzhen Logan.

On 2 December 2022, the Group obtained approval from the holders of the corporate bonds with a principal amount of RMB1,500,000,000 for the extension of the maturity date for 48 months (to be due in 2026) by the provision of additional equity interests of the Group's subsidiaries as collateral. According to the related extension arrangement, the Group is required to arrange repayment before 10 February 2023 and 10 May 2023 respectively, and the remaining outstanding principal would be fully repaid by eight installments within the 48 months after the extension. The interval of the first four and last four payments would be three months and two months, respectively.

The principal amount of RMB12,053,000, RMB11,650,000 and RMB2,953,000 were repaid in February 2023, May 2023 and July 2024, respectively.

With effect from the approval of the Onshore Restructuring Plan at the relevant meetings of bondholders in July 2025, the repayment schedule of Corporate Bonds, Private Bonds and ABS Plan have been adjusted and extended by 8 years with the revised coupon interest rate at 1% per annum, and the Onshore Restructuring Plan provides options including bond repurchase (i.e. cash tender offer), payment via equity or equity economic income right, debts settlement with assets, full conversion into specific asset-based trust and full retention of debt (i.e. extended repayment as the default option).

The principal amount of RMB755,464,000 was settled in 2025 as part of the Onshore Debt Restructuring Plan. The remains principal amount of RMB717,880,000 of the corporate bonds were classified as a non-current liability as at 31 December 2025.

Notes to Financial Statements
Year ended 31 December 2025

28. Deferred Tax

The movements in deferred tax liabilities and assets during the year are as follows:

Deferred tax liabilities

	Revaluation of properties RMB'000	Fair value adjustments arising from business combination RMB'000	Total RMB'000
At 1 January 2024	4,807,565	3,524,259	8,331,824
Charged/(credited) to profit or loss during the year (note 11)	66,924	(242,275)	(175,351)
At 31 December 2024 and 1 January 2025	4,874,489	3,281,984	8,156,473
(Credited)/charged to profit or loss during the year (note 11)	(966,882)	150,095	(816,787)
Disposal of subsidiaries (note 35)	—	(149,449)	(149,449)
At 31 December 2025	3,907,607	3,282,630	7,190,237

Deferred tax assets

	Unrealised profits arising from intra group transactions RMB'000	Provision for LAT RMB'000	Losses available for offsetting against future taxable profits RMB'000	Total RMB'000
At 1 January 2024	545,126	740,712	1,004,952	2,290,790
Charged to profit or loss during the year (note 11)	(450,075)	(318,399)	(250,756)	(1,019,230)
At 31 December 2024 and 1 January 2025	95,051	422,313	754,196	1,271,560
Charged to profit or loss during the year (note 11)	(50,864)	(132,506)	(88,545)	(271,915)
At 31 December 2025	44,187	289,807	665,651	999,645

28. Deferred Tax (Continued)

Deferred tax assets (Continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	(723,174)	(868,759)
Net deferred tax liabilities recognised in the consolidated statement of financial position	6,913,766	7,753,672
	6,190,592	6,884,913

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group.

At 31 December 2025, no deferred tax has been recognised for withholding taxes that would be payable on unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB52,131,813,000 at 31 December 2025 (2024: RMB55,020,394,000).

In the opinion of the directors, the Group's tax losses in respect of which deferred tax assets have not been recognised was not significant as at the end of the reporting period.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

29. Share Capital

A summary of movements in the Company's issued share capital is as follows:

	Number of shares '000	HK\$'000
Ordinary shares, issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	5,685,408	568,541
RMB'000 equivalent at 31 December 2024 and 31 December 2025		450,227

Share options

Details of the Company's share option scheme are included in note 30 the consolidated financial statements.

30. Share Option Scheme and Share Award Scheme

Share option scheme

The Company operates a share option scheme (the “Share Option Scheme”) which was adopted by an ordinary resolution of the shareholders of the Company on 18 November 2013. Full-time and part-time employees, executives, officers or directors (including independent non-executive directors) of the Group and any advisors, consultants, agents, suppliers, customers, distributors and such other persons who, in the sole opinion of the Board, will contribute or have contributed to the Group are included in the eligible participants under the Scheme. The maximum number of shares may be granted is 10% of the shares in issue immediately upon completion of the Global offering. Each participant cannot be entitled to more than 0.1% of the total number of shares in issue in any 12-month period unless approval from the independent non-executive directors of the Company is obtained. The option shall expire, in any event, not later than 10 years from the date of grant of the option subject to the provision for early termination set out in the Share Option Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 30% of the total number of shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders’ approval in a general meeting.

Share options granted to directors, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company’s shares at the date of grant) in excess of HK\$5 million, within any 12-month period, are subject to shareholders’ approval in advance in a general meeting.

The offer of a grant of share options may be accepted within 30 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of the share option is determinable by the directors, but should not be less than the highest of (i) the official closing price of the shares of the Company as stated in the Stock Exchange daily quotation sheet on the date of grant of the share options; (ii) the average official closing price of the shares of the Company as stated in the Stock Exchange for the five business days immediately preceding the date of the offer; and (iii) the nominal value of the shares of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholder’s meetings.

30. Share Option Scheme and Share Award Scheme (Continued)

Share option scheme (Continued)

The following share options were outstanding under the Share Option Scheme during the year:

	2025		2024	
	Weighted average exercise price HK\$ per share	Number of options	Weighted average exercise price HK\$ per share	Number of options
At beginning of year	9.09	62,098,000	9.27	75,920,000
Forfeited or expired during the year	8.87	(5,757,000)	10.11	(13,822,000)
At 31 December	9.11	56,341,000	9.09	62,098,000

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2025 Number of options	2024 Number of options	Exercise price HK\$	Exercise period
1,027,000	1,119,000	13.08	6/12/2023–6/12/2030
908,250	947,250	12.64	6/28/2022–6/28/2029
1,440,250	1,511,250	12.64	6/28/2023–6/28/2029
2,364,500	2,774,500	7.64	10/22/2021–10/22/2028
979,000	1,159,000	7.64	10/22/2022–10/22/2028
2,538,000	2,948,000	7.64	10/22/2023–10/22/2028
4,982,667	5,442,333	12.50	6/8/2021–6/8/2028
4,982,667	5,442,333	12.50	6/8/2023–6/8/2028
4,982,666	5,443,334	12.50	6/8/2024–6/8/2028
6,402,000	6,493,000	7.43	8/25/2020–8/25/2027
8,578,000	9,606,000	7.43	8/25/2021–8/25/2027
8,578,000	9,606,000	7.43	8/25/2022–8/25/2027
8,578,000	9,606,000	7.43	8/25/2023–8/25/2027
56,341,000	62,098,000		

Notes to Financial Statements
Year ended 31 December 2025

30. Share Option Scheme and Share Award Scheme (Continued)

Share option scheme (Continued)

No share options were granted during the year. The fair value of the share options granted in 2020 was HK\$13,300,000 (equivalent to RMB11,194,000), of which the Group recognised a share option expense of HK\$4,433,000 (equivalent to RMB3,747,000) during the year ended 31 December 2020. The fair value of equity-settled share options granted during in 2020 was estimated as at the date of grant using a binomial pricing model, taking into account the terms and conditions upon which the options were granted and the following table lists the major inputs used:

	2020
Dividend yield (%)	7%
Expected volatility (%)	38%
Risk-free interest rate (%)	0.53%
Exit rates of the grantees of the options granted under the Scheme (%)	25%

The expected volatility reflects the assumption that the historical volatility was indicative of future trends, which might also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

At the end of the reporting period, the Company had 56,341,000 share options outstanding under the Share Option Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of additional ordinary shares of the Company and additional share capital of HK\$5,634,000 (equivalent to RMB5,089,000) and share premium of HK\$507,632,000 (equivalent to RMB458,504,000) (before issue expenses).

At the date of approval of these financial statements, the Company had 54,173,000 share options outstanding under the Share Option Scheme, which represented approximately 0.95% of the Company's shares in issue as at that date.

Share award scheme

The Company operates a share award scheme (the "Share Award Scheme") which was adopted by the Board of the Company on 13 May 2020. Unless otherwise cancelled or amended, the Share Award Scheme will remain valid and effective for 15 years from the date of adoption. The specific objectives of the Share Award Scheme are (i) to promote the effective realisation of the medium and long-term performance growth targets of the Group; (ii) to promote the long-term sustained growth in the shareholder value of the Group; and (iii) to attract outstanding talents in the industry and to motivate and retain outstanding key talents of the Group with rewards and incentives.

The Share Award Scheme is operated by an independent trustee which holds the shares in trust for the selected participants, until the shares become vested. The shares to be awarded under the Share Award Scheme will be acquired by the trustee from the open market. The shares granted will be vested in the proportions and on the dates as set out in the relevant letters of grant issued by the Company. Vested shares will be transferred to the selected participants at no cost save that transaction fees and expenses will be payable by the selected participants as transferees.

As at 31 December 2025, the number of the Company's shares held under the Share Award Scheme is 154,890,000 (2024:158,230,000). During the year ended 31 December 2025, 5,250,000 shares were granted to selected participants (including directors) under the Share Award Scheme.

31. Perpetual Capital Securities

On 31 May 2017, the Company issued perpetual capital securities with a principal amount of US\$350,000,000 (equivalent to approximately RMB2,363,346,000).

The securities confer the holders a right to receive distributions at the applicable distribution rate of 7% per annum from and including 31 May 2017, payable semi-annually on 31 May and 30 November of each year. The Company may, at its sole discretion, elect to defer a distribution pursuant to the terms of the securities. Unless and until the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount, the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof. The securities may be redeemed at the option of the Company, in whole but not in part.

In the opinion of the directors, the Company is able to control the delivery of cash or other financial assets to the holders of the perpetual capital securities due to redemption other than an unforeseen liquidation of the Company. Accordingly, the perpetual capital securities are classified as equity instruments of the Company.

32. Reserves

(i) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of group entities. The reserve is dealt with in accordance with the accounting policy set out in note 3.

(iii) PRC statutory reserves

PRC statutory reserves include the general reserve, statutory surplus reserve and statutory reserve fund.

General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

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32. Reserves (Continued)

(iii) PRC statutory reserves (Continued)

Statutory reserve fund

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(iv) Share-based compensation reserve

Share-based compensation reserve represents the fair value of services in respect of share options granted under the share option scheme.

The share options lapsed due to the resignation of certain mid-level managers. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the related share-based compensation reserve is transferred to retained profits.

33. Partly-Owned Subsidiary with Material Non-Controlling Interests

The following table lists out the information relating to Foshan Junjing, Hangzhou Junjia, and Ningbo Junyi the subsidiaries of the Group which have material non-controlling interests ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Foshan Junjing 2025 RMB'000	Ningbo Junyi 2025 RMB'000	Hangzhou Junjia 2025 RMB'000	Foshan Junjing 2024 RMB'000	Ningbo Junyi 2024 RMB'000	Hangzhou Junjia 2024 RMB'000
NCI percentage	50%	40%	49%	50%	40%	49%
Current assets	2,356,185	1,342,809	1,658,291	2,347,732	1,445,837	1,658,291
Non-current assets	10	5	1,868,880	10	23	1,868,880
Current liabilities	(1,777,698)	(345,416)	(413,564)	(1,771,559)	(361,191)	(413,564)
Non-current liabilities	—	(75,000)	—	—	(136,000)	—
Net assets	578,497	922,398	3,113,607	576,183	948,669	3,113,607
Carrying amount of NCI	633,062 [#]	324,762 [#]	1,525,474 [#]	631,904 [#]	335,270 [#]	1,525,474 [#]
Revenue	4,279	36,271	—	—	158,764	—
Profit/(loss) for the year	2,315	(26,271)	—	108,785	(13,730)	—
Total comprehensive income/(loss)	2,315	(26,271)	—	108,785	(13,730)	—
Profit/(loss) allocated to NCI	1,158	(10,508)	—	54,393	(5,492)	—
Cash outflow from operating activities	(29)	(35,524)	—	(677)	(76,649)	(267)
Cash inflow from investing activities	—	—	—	—	—	—
Cash outflow from financing activities	—	(874)	—	—	(100,000)	—

[#] The net assets attributable to NCI is the sum of the capital injection plus the share of profit or loss of the relevant projects.

34. Acquisitions of Subsidiaries

(a) Acquisition of subsidiaries that are a business

(i) Year ended 31 December 2025

During the year ended 31 December 2025, the Group acquired 50% or 100% of equity interests of Shenzhen Jinhaorong Technology Co., Ltd. (“Shenzhen Jinhaorong”) and Shenzhen Weikai Industrial Co., Ltd. (“Shenzhen Weikai”) from joint venture partners or independent third party. Upon the completion of this acquisitions, the acquired entities became wholly-owned subsidiaries of the Group. These acquired entities are principally engaged in the business of property development and property investment in the PRC.

	Notes	Shenzhen Jinhaorong RMB'000	Shenzhen Weikai RMB'000	Total RMB'000
Other property, plant and equipment	14	288	—	288
Investments in associates and joint ventures		18,573	—	18,573
Inventories		145	4,347	4,492
Other receivables, prepayments and other assets		475,755	271	476,026
Cash and cash equivalents		572	70	642
Tax payable		(4)	—	(4)
Other payables		(509,285)	(4,638)	(513,923)
Total identifiable net assets		(13,956)	50	(13,906)
Loss on remeasurement of pre- existing interest in joint ventures	6	13,957	—	13,957
Total consideration		1	50	51
Satisfied by:				
Cash consideration paid		—	—	—
Consideration payable included in trade and other payables		1	50	51
Reclassification from pre-existing interest in joint venture to investment in a subsidiary		—	—	—
		1	50	51

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34. Acquisitions of Subsidiaries (Continued)

(a) Acquisition of subsidiaries that are a business (Continued)

(i) Year ended 31 December 2025 (Continued)

An analysis of the cash flows in respect of the above acquisitions is as follows:

	RMB'000
Cash consideration paid	—
Cash and cash equivalents acquired	642
Net inflow of cash and cash equivalents included in cash flows from investing activities	642

The fair value of the other receivables as at the date of the acquisition amounted to RMB476,026,000. The gross contractual amount of other receivables was RMB476,026,000, of which nil is expected to be uncollectible.

Since the acquisitions, the subsidiaries acquired during the period contributed RMB538,000 to the Group's revenue and RMB1,741,000 to the consolidated loss for the period.

Had the combination taken place at the beginning of the period, the revenue and the loss of the Group for the period would have been RMB538,000 and RMB192,000 respectively.

(b) Acquisition of subsidiaries that are not a business

(i) Year ended 31 December 2024

During the year ended 31 December 2024, the Group acquired certain assets through acquisition of Shenzhen Weichi Industrial Co., Ltd. ("Shenzhen Weichi") and certain entities included in "Others" below from joint venture partners, joint ventures and/or independent third party. Upon the completion of this acquisition, the acquired company became wholly-owned subsidiaries of the Group. The following table summarises the financial information in relation to the acquisition of subsidiaries.

	Shenzhen Weichi RMB'000	Others RMB'000	Total RMB'000
Inventories	108,804	32,866	141,670
Trade and other receivables, prepayments and other assets	—	80,356	80,356
Cash and bank balances	36	1,579	1,615
Trade and other payables	—	(114,671)	(114,671)
Total identifiable net assets	108,840	130	108,970
Satisfied by:			
Cash consideration paid	50	30	80
Consideration payable included in trade and other payables	108,790	100	108,890
	108,840	130	108,970

34. Acquisitions of Subsidiaries (Continued)

(b) Acquisition of subsidiaries that are not a business (Continued)

(i) Year ended 31 December 2024 (Continued)

An analysis of the cash flows in respect of the above acquisitions is as follows:

	RMB'000
Cash consideration paid	(80)
Cash and cash equivalents acquired	1,615
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,535

The fair value of the other receivables as at the date of the acquisition amounted to RMB80,356,000. The gross contractual amount of other receivables was RMB80,356,000, of which nil is expected to be uncollectible.

Since the acquisitions, the subsidiaries acquired during the period contributed RMB68,194,000 to the consolidated loss for the period.

Had the combination taken place at the beginning of the period, the loss of the Group for the period would have been RMB78,030,000.

35. Disposal of Subsidiaries

The effect of such disposals on the Group's assets and liabilities is set out below:

	Notes	2025 RMB'000	2024 RMB'000
Net assets disposed of:			
Investment properties	15	1,062,600	—
Other property, plant and equipment	14	—	1,784
Inventories		20,770	—
Trade and other receivables, prepayments and other assets		1,304,912	64,921
Tax recoverable		—	1,314
Cash and cash equivalents		25,437	29,893
Trade and other payables		(759,819)	(98,050)
Tax payable		(18,010)	—
Deferred tax liabilities	28	(149,449)	—
Non-controlling interests		(263,235)	—
Net assets attributable to the Group disposed of (Losses)/gains on disposal of subsidiaries, net	6	1,223,206 (165,214)	(138) 139
Gain on restructuring of other current liabilities and corporate bonds		544,143	—
Total consideration		1,602,135	1

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35. Disposal of Subsidiaries (Continued)

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2025 RMB'000	2024 RMB'000
Cash consideration received	—	—
Cash and cash equivalents disposed of	(25,437)	(29,893)
Net cash outflow arising from disposal	(25,437)	(29,893)

36. Notes to the Consolidated Statement of Cash Flows

Changes in liabilities arising from financing activities

	Note	Interest payables	ABS arrangement	Bank and other loans	Senior notes	Dividend payable and amounts due to Shareholders included in trade and other payable	Corporate bonds	Liabilities under cross-border guarantee arrangements	Amount due to non-controlling shareholders included in trade and other payable	Amounts due to joint ventures and associates included in trade and other payable	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025		10,237,990	1,521,997	63,274,767	26,314,972	9,944,417	17,013,442	818,896	3,033,832	2,583,642	134,743,955
Changes from financing cash flows		—	(29,361)	(1,694,542)	—	—	(428,594)	—	(493,315)	(280,192)	(2,926,004)
Foreign exchange movement		298,734	—	(289,374)	(751,865)	(214,723)	—	(20,180)	—	—	(977,408)
Interest expense	7	3,396,529	—	—	—	—	—	—	—	—	3,396,529
Interest paid		(157,743)	—	—	—	—	—	—	—	—	(157,743)
Movements due to corporate bonds restructuring		(566,962)	(830,102)	—	—	—	(9,789,796)	—	—	—	(11,186,860)
Disposal of subsidiaries		—	—	—	—	—	—	—	(698,408)	—	(698,408)
Disposal of a joint venture		—	—	—	—	—	—	—	—	250,746	250,746
At 31 December 2025		13,208,548	662,534	61,290,851	25,563,107	9,729,694	6,795,052	798,716	1,842,109	2,554,196	122,440,807
At 1 January 2024		6,237,266	1,524,875	66,513,888	25,751,918	9,731,365	17,047,472	829,074	2,856,244	2,970,172	133,462,274
Changes from financing cash flows		—	(2,878)	(3,589,562)	—	—	(34,030)	(27,891)	177,588	(386,530)	(3,863,303)
Foreign exchange movement		(259,462)	—	350,441	563,054	213,052	—	17,713	—	—	884,798
Interest expense	7	5,173,782	—	—	—	—	—	—	—	—	5,173,782
Interest paid		(913,596)	—	—	—	—	—	—	—	—	(913,596)
At 31 December 2024		10,237,990	1,521,997	63,274,767	26,314,972	9,944,417	17,013,442	818,896	3,033,832	2,583,642	134,743,955

37. Financial Guarantees

At the end of the reporting period, the Group had the following financial guarantees:

	2025 RMB'000	2024 RMB'000
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties (notes (i) and (ii))	22,515,132	32,545,416
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures, associates and joint ventures partners provided by the Group (note (iii))	11,168,145	11,879,623
	33,683,277	44,425,039

37. Financial Guarantees (Continued)

The Group does not hold any collateral or other credit enhancements over the guarantees. The financial guarantee contracts are measured at the higher of the ECL allowance and the amount initially recognised less the cumulative amount of income recognised. The ECL allowance is measured by estimating the cash shortfalls, which are based on the expected payments to reimburse the holders for a credit loss that it incurs less any amounts that the Group expects to receive from the debtor. The amount initially recognised represents the fair value at initial recognition of the financial guarantees.

Notes:

- (i) As at 31 December 2025 and 2024, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, in the event of default on mortgage payments by these purchasers before the expiry of the guarantees, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks, net of any auction banks, net of any auction proceeds as described below.

Pursuant to the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, in the event of default on mortgage repayments by these purchasers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction. The Group is responsible for repaying the banks when the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties.

- (ii) The fair value of the guarantees at initial recognition and the ECL allowance are not significant as the directors of the Company consider that in the event of default on payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principal together with the accrued interest and penalties.
- (iii) As at 31 December 2025, the Group provided seven (2024: seven) guarantees to the extent of RMB9,482,220,000 (US\$1,349,000,000) (2024: RMB9,721,790,000 (US\$1,349,000,000)) in respect of the borrowings of entities controlled by a joint venture partner. The joint venture partner is an independent third party. The borrowings have been used for the project development of the joint venture partner's joint ventures with the Group. The joint venture partner entered into counter-guarantee agreements with the Group, pursuant to which the joint venture partner provided counter guarantees to the Group in respect of guarantees provided by the Group to the banks and other lenders to entities controlled by the joint venture partner. The counter-guarantees are secured by property projects, the valuation of which is sufficient to cover the guarantee amount of RMB9,482,220,000 (US\$1,349,000,000) (2024: RMB9,721,790,000 (US\$1,349,000,000)) provided by the Group.

In the opinion of the directors, the fair value of the guarantees at initial recognition and the ECL allowance are not significant.

38. Pledge of Assets

At the end of the reporting period, the Group's equity interests in certain subsidiaries and the following assets of the Group were pledged to secure certain bank and other loans granted to the Group:

	Notes	2025 RMB'000	2024 RMB'000
Investment properties	15	21,650,247	27,839,124
Inventories	19	89,716,554	96,417,354
		111,366,801	124,256,478

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39. Commitments

The Group had the following capital commitments at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for	6,506,025	6,835,422

40. Related Party Transactions

(a) In addition to the transactions and balances detailed elsewhere in the financial statements, the Group had the following transactions with related parties during the year:

	Notes	2025 RMB'000	2024 RMB'000
Construction contracts income from related companies	(i)	3,779	10,134
Construction contracts income from joint ventures	(ii)	113,490	116,174
Construction contracts income from associates	(ii)	57,203	1
Project management service income from joint ventures	(ii)	2,318	136,843
Project management service income from associates	(ii)	41,862	4,135
Decoration income from joint ventures	(ii)	2,397	3,210
Design service income from joint ventures	(ii)	4,026	6,548
Design service income from associates	(ii)	555	726
Material income from joint ventures	(ii)	37	225
Material income from associates	(ii)	—	265
Rental income from related companies	(iii)	3,262	7,371
Interest income from joint ventures	(iv)	40,215	2,396
Property management expenses to related companies	(v)	(120,919)	(67,301)

Notes:

- (i) The income was derived from the construction, decoration and design services provided to related companies controlled by Mr. Kei at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.
- (ii) The income represented the gross income derived from the construction, project management, material, decoration and design services provided to joint ventures and associates, which are before the elimination of relevant income between the Group and joint ventures or associates, at rates similar to the terms and conditions set out in the contracts entered into with the other major customers of the Group.
- (iii) The income was derived from the leasing of the Group's investment properties to related companies controlled by Mr. Kei, at rates similar to the terms and conditions set out in the rental agreements entered into with the other tenants of the Group.

40. Related Party Transactions (Continued)

(a) (Continued)

Notes: (Continued)

- (iv) This represented the gross interest income from the joint ventures, which is before the elimination of interest between the Group and joint ventures. The Group has been providing funds to joint ventures.
- (v) This represented the property management service provided by related companies controlled by Mr. Kei to the Group at rates determined in accordance with the terms and conditions set out in the agreements entered into with the relevant parties.

(b) Compensation of key management personnel of the Group

Remuneration to key management personnel includes amounts paid to the directors as disclosed in note 9.

Transactions in connection with construction contracts income, project management service income, rental income, decoration income and design service income from related companies and property management expenses to related companies above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

41. Financial Instruments by Category

Except for the derivative financial instruments, which are classified as financial assets at fair value through profit or loss that are mandatorily measured as such (HKFRS7.8(a)), other financial assets and financial liabilities of the Group as at 31 December 2025 and 2024 were financial assets at amortised cost, and financial liabilities at amortised cost, respectively.

42. Fair Value and Fair Value Hierarchy of Financial Instruments

The carrying amounts of the Group's financial instruments, other than derivative financial instruments, and senior notes and corporate bonds, reasonably approximate to their fair values.

Management has assessed that the fair values of the current portion of cash and bank balance, trade receivables, trade payables, the current portion of financial assets included in prepayments, other receivables and other assets, financial liabilities included in other payables and accruals, the current portion of bank and other loans, amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

For the Group's assets and liabilities not measured at fair value in the consolidated statement of financial position but for which the fair value is disclosed, (i) the carrying amounts of the amounts due from joint ventures and associates included in investments in joint ventures and associates, bank and other loans and assets and liabilities under cross-border guarantee arrangements approximated to their fair values and were determined as Level 3; (ii) the fair values of the senior notes and certain corporate bonds were RMB2,480,766,000 with carrying amount of RMB25,563,107,000 and RMB1,415,728,000 with carrying amount of RMB6,030,811,000, respectively (2024: RMB2,458,674,000 with carrying amount of RMB26,314,972,000 and RMB2,463,693,000 with carrying amount of RMB13,650,959,000, respectively), and were determined as Level 1; and (iii) the fair values of the remaining corporate bonds were RMB162,411,000 with carrying amount of RMB764,241,000 (2024: RMB1,264,583,000 with carrying amount of RMB3,362,483,000), and were determined as Level 2.

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42. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of the amounts due from joint ventures and associates included in investments in joint ventures and associates, bank and other loans and certain corporate bonds and assets and liabilities under cross-border guarantee arrangements have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the senior notes and certain corporate bonds are calculated with reference to quoted market prices at the reporting date. The changes in fair value as a result of the Group's own non-performance risk for bank and other loans as at 31 December 2025 and 2024 were assessed to be insignificant.

The fair values of derivative financial instruments are determined using the residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate. The carrying amounts of derivative financial instruments are the same as their fair values.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets (liabilities) measured at fair value:

As at 31 December 2025

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Senior notes redemption call options	—	—	—	—
Equity-linked securities redemption option of security holders	—	—	—	—
Equity-linked securities conversion option of security holders	—	—	—	—

42. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Assets (liabilities) measured at fair value: (Continued)

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Senior notes redemption call options	—	—	—	—
Equity-linked securities redemption option of security holders	—	—	—	—
Equity-linked securities conversion option of security holders	—	—	—	—

The movements in fair value measurements within Level 3 during the year are as follows:

As at 31 December 2025

	Senior notes redemption call options RMB'000	Equity-linked securities redemption option of security holders RMB'000	Equity-linked securities conversion option of security holders RMB'000	Total RMB'000
At 1 January	—	—	—	—
Total loss recognised in statement of profit or loss	—	—	—	—
Exchange realignment	—	—	—	—
At 31 December	—	—	—	—

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42. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Assets (liabilities) measured at fair value: (Continued)

As at 31 December 2024

	Senior notes redemption call options RMB'000	Equity-linked securities redemption option of security holders RMB'000	Equity-linked securities conversion option of security holders RMB'000	Total RMB'000
At 1 January	—	(4,452)	—	(4,452)
Total loss recognised in statement of profit or loss	—	4,481	—	4,481
Exchange realignment	—	(29)	—	(29)
At 31 December	—	—	—	—

Below is a summary of the valuation techniques used and the key inputs to the valuation of senior note redemption call options, equity-linked securities redemption option of security holders and equity-linked securities conversion option of security holders:

	Valuation techniques	Significant unobservable inputs	Range	
			2025	2024
Senior note redemption call options	Residual method	Risk free rate	3.83% to 4.24%	3.83% to 4.24%
		Option adjusted spread	6.91% to 27.51%	6.91% to 27.51%
		Discount rate	10.74% to 31.74%	10.74% to 31.74%
Equity-linked securities redemption option of security holders	Residual method	Risk free rate	N/A	N/A
		Option adjusted spread	N/A	N/A
		Discount rate	N/A	N/A
Equity-linked securities conversion option of security holders	Residual method	Risk free rate	2.90%	2.90%
		Option adjusted spread	11.29%	11.29%
		Discount rate	14.19%	14.19%

42. Fair Value and Fair Value Hierarchy of Financial Instruments (Continued)

Fair value hierarchy (Continued)

Assets (liabilities) measured at fair value: (Continued)

The fair values of derivative financial instruments are determined using the residual method by subtracting the fair value of the straight debt from the quoted market price of the notes at the date of valuation. The fair value measurement is negatively correlated to risk free rate, option adjusted spread and discount rate.

The Group did not have any financial liabilities measured at fair values as at 31 December 2025 and 2024.

During the year, there were no transfers of fair value measurements between level 1 and level 2 and no transfers into or out of level 3 for both financial assets and financial liabilities (2024: Nil).

43. Financial Risk Management Objectives and Policies

The Group's principal financial instruments, other than derivatives, comprise bank and other loans and senior notes and corporate bonds, amounts due from/to related parties, and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group's accounting policies related to derivatives are set out in note 3 to the financial statements.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant assets with floating interest rates. Restricted deposits were held at banks in the PRC at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank and other loans with floating interest rates.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

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43. Financial Risk Management Objectives and Policies (Continued)
Interest rate risk (Continued)

	Increase/ (decrease) in basis points RMB'000	Increase/ (decrease) in profit before tax RMB'000
2025		
RMB	1%	(188,557)
HK\$	1%	(57,040)
US\$	1%	(4,173)
RMB	(1%)	188,557
HK\$	(1%)	57,040
US\$	(1%)	4,173
2024		
RMB	1%	(206,260)
HK\$	1%	(59,921)
US\$	1%	(4,279)
RMB	(1%)	206,260
HK\$	(1%)	59,921
US\$	(1%)	4,279

Foreign currency risk

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration for Foreign Exchange Bureau by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of China to pay capital account items, such as the repayment of bank and other loans denominated in foreign currencies.

The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration for Foreign Exchange Bureau, this could affect the Group's subsidiaries' ability to obtain required foreign currency through debt or equity financing, including by means of loans or capital contributions from the shareholders.

43. Financial Risk Management Objectives and Policies (Continued)

Foreign currency risk (Continued)

All the revenue-generating operations of the Group are transacted in RMB. The majority of the Group's assets and liabilities are denominated in RMB except for the Company and certain investment holding companies within the Group operating in Hong Kong and Singapore, in which bank and other loans, senior notes and other receivables were denominated either in HK\$ and Singapore dollar ("SG\$"), respectively. The fluctuation of exchange rates of RMB and HK\$ against other foreign currencies will not have a material adverse effect on the operating results of the Group.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rates against HK\$, US\$ and SG\$, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in exchange rate	Increase/ (decrease) in profit before tax RMB'000
2025		
If HK\$ weakens against RMB	(5%)	374,237
If HK\$ strengthens against RMB	5%	(374,237)
If SG\$ weakens against HK\$	(5%)	(76,216)
If SG\$ strengthens against HK\$	5%	76,216
2024		
If HK\$ weakens against RMB	(5%)	375,098
If HK\$ strengthens against RMB	5%	(375,098)
If SG\$ weakens against HK\$	(5%)	(56,375)
If SG\$ strengthens against HK\$	5%	56,375

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. The Group performs appropriate and sufficient credit verification procedures for every credit sale transaction to minimise credit risk. There is no significant concentration of credit risk within the Group.

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 37.

The credit risk of the Group's other financial assets, which mainly comprise and short term deposits, other receivables and amounts due from related parties, joint ventures and associates, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

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43. Financial Risk Management Objectives and Policies (Continued)

Credit risk (Continued)

Maximum exposure and year-end staging

The credit risk of the Group's trade receivables, contract assets, other receivables, amounts due from related parties, non-controlling shareholders, joint ventures and associates, cash and bank balances, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Except for trade receivables and contract assets which apply the simplified approach in calculating ECLs, the credit quality of other financial assets measured at amortised cost is considered to be "normal" as they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition and hence, they are all classified under stage 1 for measurement of ECLs. The loss allowance for all financial assets measured at amortised cost and contract assets were not significant as at 31 December 2025 and 2024.

Guarantees given to banks and other lenders in connection with credit facilities granted to associates, joint ventures and third parties and in respect of mortgage facilities provided for certain purchasers of the Group's properties with an aggregate amount utilised of RMB33,695,877,000 (2024: RMB44,440,639,000) which are not yet past due and there is no information indicating of default and, hence, are all classified under stage 1 for measurement of ECLs.

Reconciliation table between Note 37 and Note 43

	2025		2024	
	RMB'000 (Note 37)	RMB'000 (Note 43)	RMB'000 (Note 37)	RMB'000 (Note 43)
Guarantees in respect of mortgage facilities provided for certain purchasers of the Group's properties	22,515,132	22,515,132	32,545,416	32,545,416
Guarantees given to banks and other lenders in connection with credit facilities granted to joint ventures, associates and joint venture partners provided by the Group	11,168,145	11,180,745	11,879,623	11,895,223
	33,683,277	33,695,877	44,425,039	44,440,639

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit lines to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other loans. In the opinion of the directors of the Company, the Group will have adequate sources of funding to finance its operational needs and manage its liquidity position.

43. Financial Risk Management Objectives and Policies (Continued)

Liquidity risk (Continued)

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Beyond five years RMB'000	Total RMB'000
2025					
Bank and other loans	53,665,890	1,020,576	4,473,920	4,567,538	63,727,924
Senior notes	25,563,107	—	—	—	25,563,107
Corporate bonds	6,795,052	—	—	—	6,795,052
Trade payables	20,146,418	—	—	—	20,146,418
Financial liabilities included in other payables and accruals	22,251,019	—	—	—	22,251,019
Due to related companies	583,246	—	—	—	583,246
Due to non-controlling shareholders	1,842,109	—	—	—	1,842,109
Due to joint ventures and associates	2,554,196	—	—	—	2,554,196
Liabilities under cross-border guarantee arrangements	798,716	—	—	—	798,716
	134,199,753	1,020,576	4,473,920	4,567,538	144,261,787
Financial guarantees issued: Maximum amount guaranteed	33,695,877	—	—	—	33,695,877

	Within one year or on demand RMB'000	In the second year RMB'000	In the third to fifth years, inclusive RMB'000	Beyond five years RMB'000	Total RMB'000
2024					
Bank and other loans	49,798,738	4,103,775	9,308,970	2,463,357	65,674,840
Senior notes	26,314,972	—	—	—	26,314,972
Corporate bonds	8,830,314	9,143,504	—	—	17,973,818
Trade payables	23,277,191	—	—	—	23,277,191
Financial liabilities included in other payables and accruals	23,687,492	—	—	—	23,687,492
Due to related companies	731,427	—	—	—	731,427
Due to non-controlling shareholders	3,033,832	—	—	—	3,033,832
Due to joint ventures and associates	2,583,642	—	—	—	2,583,642
Liabilities under cross-border guarantee arrangements	818,896	—	—	—	818,896
	139,076,504	13,247,279	9,308,970	2,463,357	164,096,110
Financial guarantees issued: Maximum amount guaranteed	44,440,639	—	—	—	44,440,639

43. Financial Risk Management Objectives and Policies (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 31 December 2024.

The Group monitors capital using a net debt to equity ratio, which is net debt divided by the total equity. Net debt includes total bank and other loans, senior notes and corporate bonds less cash and bank balances. Total capital comprises all components of equity (i.e., share capital, non-controlling interests, perpetual capital securities and reserves). The Group aims to maintain a healthy and stable net debt to equity ratio.

As at 31 December 2025, the liabilities of the Group were mainly bank and other loans of approximately RMB61,291 million (31 December 2024: approximately RMB63,275 million) (note 25), senior notes of approximately RMB25,563 million (31 December 2024: approximately RMB26,315 million) (note 26), and corporate bonds of approximately RMB6,795 million (31 December 2024: approximately RMB17,013 million) (note 27). As at 31 December 2025, cash and bank balances of the Group amounted to approximately RMB7,975 million (31 December 2024: approximately RMB8,654 million) (note 22), the net debt of the Group amounted to approximately RMB85,674 million (31 December 2024: approximately RMB97,949 million), total equity of Group amounted to approximately RMB20,601 million (31 December 2024: approximately RMB24,805 million). As at 31 December 2025, the Group's net debt to equity ratio was approximately 416% (31 December 2024: approximately 395%).

As at 31 December 2025, Shenzhen Logan, a wholly-owned subsidiary of the Company (established in the PRC) (the "Issuer"), has totally issued an amount of RMB6.8 billion (2024: RMB17 billion) of corporate bonds, of which RMB6 billion are publicly issued (2024: RMB13.7 billion).

44. Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS		
Investment in a subsidiary	9,851	9,851
Other property, plant and equipment	615	1,813
Total non-current assets	10,466	11,664
CURRENT ASSETS		
Prepayments and other receivables	59,779,683	60,213,510
Cash and bank balances	74,406	17,166
Total current assets	59,854,089	60,230,676
CURRENT LIABILITIES		
Other payables and accruals	27,444,495	27,534,600
Bank loans	5,997,302	6,148,825
Senior notes	23,419,157	17,926,284
Other current liabilities	2,143,950	8,388,688
Total current liabilities	59,004,904	59,998,397
NET CURRENT ASSETS	849,185	232,279
Net assets	859,651	243,943
EQUITY		
Share capital	450,227	450,227
Perpetual capital securities	2,363,346	2,363,346
Reserves (note)	(1,953,922)	(2,569,630)
Total equity	859,651	243,943

Notes to Financial Statements
Year ended 31 December 2025

44. Statement of Financial Position of the Company (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium RMB'000	Exchange reserve RMB'000	Shares held under share award scheme RMB'000	Share-based compensation reserve RMB'000	Other reserve RMB'000	Accumulated loss RMB'000	Total RMB'000
At 1 January 2024	934,188	(1,425,789)	(1,617,174)	97,172	—	(205,115)	(2,216,718)
Loss and total comprehensive expenses for the year	—	(410,298)	—	—	—	57,386	(352,912)
At 31 December 2024 and 1 January 2025	934,188	(1,836,087)	(1,617,174)	97,172	—	(147,729)	(2,569,630)
Loss and total comprehensive expenses for the year	—	769,540	—	—	—	(157,075)	612,465
Shares vested under share award scheme	—	—	35,595	—	(32,352)	—	3,243
At 31 December 2025	934,188	(1,066,547)	(1,581,579)	97,172	(32,352)	(304,804)	(1,953,922)

45. Comparative Information

Certain comparative figures have been reclassified to conform with the current year's presentation.

46. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 30 March 2026.

FIVE YEARS' FINANCIAL SUMMARY

CONSOLIDATED RESULTS

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	6,305,847	23,264,613	47,166,787	41,622,653	78,292,624
Profit attributable to shareholders of the Company	(4,766,819)	(6,298,354)	(8,934,542)	(8,524,081)	9,975,466

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	Year ended 31 December				
	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets	43,807,951	54,859,780	55,886,982	63,069,047	62,570,868
Current assets	144,230,457	157,726,128	192,495,079	215,252,520	223,330,689
Total assets	188,038,408	212,585,908	248,382,061	278,321,567	285,901,557
Current liabilities	143,851,967	157,760,750	163,389,654	181,018,463	155,125,799
Non-current liabilities	23,585,804	30,019,987	52,258,996	45,433,454	63,007,475
Total liabilities	167,437,771	187,780,737	215,648,650	226,451,917	218,133,274
Net assets	20,600,637	24,805,171	32,733,411	51,869,650	67,768,283
Total equity attributable to shareholders of the Company	16,451,542	20,237,421	27,482,946	36,782,728	47,894,616
Non-controlling interests	4,149,095	4,567,750	5,250,465	15,086,922	19,873,667
Total equity	20,600,637	24,805,171	32,733,411	51,869,650	67,768,283

SCHEDULE OF MAJOR PROPERTIES

SOME PROPERTY INTEREST HELD BY THE COMPANY UNDERDEVELOPMENT/FOR FUTURE DEVELOPMENT FOR SALE

Property	Address	Type	Interest attributable to the Company	Land area (sq.m.)	GFA (sq.m.)	Stage of development (note)	Completion deadline
Shenzhen Logan • One Splendid Park 深圳龍光•錦綉公園壹號	OCT Block, Nanshan District, Shenzhen, PRC	Commercial	100%	37,251	388,043	3	2028
Acesite Sightly Bay 玖悅灣	Yundonghai Street, Sanshui District, Foshan, PRC	Residential	100%	36,143	120,638	3	2028
Hong Kong The Corniche 香港凱玥	Lee Nam Road, Ap Lei Chau, Hong Kong Island, Hong Kong	Residential	50%	11,752	83,610	4	2022
Yijing Sunshine Residence 逸景陽光嘉府	Xiashan Street, Chaonan District, Shantou, PRC	Residential	100%	54,381	217,525	3	2028
Shanghai Sirius 上海天曜	Lingang New City, Shanghai, PRC	Residential	100%	139,422	494,226	4	2025
Tianhao Mansion 天皓名邸	Chongzhou Avenue, Chongchuan District, Nantong, PRC	Residential	51%	51,873	130,802	3	2028
Logan City 龍光城	No. 88 Southwest Avenue, West of Dayawan District, Huizhou, PRC	Residential	100%	1,707,115	5,278,755	3	2031

Notes:

1. Site formation or upfront set up works
2. Foundation works
3. Superstructure construction
4. Completed for sale

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