



KWG GROUP HOLDINGS

KWG GROUP HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability Stock Code : 1813

2025
ANNUAL REPORT



Build **Home** with **Heart**
Create **Future** with **Aspiration**

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Corporate Information and Information for Shareholders

CORPORATE INFORMATION

Directors

Executive Directors

KONG Jianmin (*Chairman*)
KONG Jiantao (*Chief Executive Officer*)
KONG Jiannan
CAI Fengjia

Independent Non-executive Directors

TAM Chun Fai
LAW Yiu Wing, Patrick
WONG Man Ming, Melinda

Company Secretary

CHAN Kin Wai
(Resigned on 25 July 2025)
CHAN Sze Yin
(Appointed on 25 July 2025)

Authorised Representatives

KONG Jianmin
(Resigned on 25 July 2025)
CHAN Kin Wai
(Resigned on 25 July 2025)
CAI Fengjia
(Appointed on 25 July 2025)
CHAN Sze Yin
(Appointed on 25 July 2025)

Audit Committee

TAM Chun Fai (*Chairman*)
LAW Yiu Wing, Patrick
WONG Man Ming, Melinda

Remuneration Committee

TAM Chun Fai (*Chairman*)
KONG Jianmin
LAW Yiu Wing, Patrick
WONG Man Ming, Melinda

Nomination Committee

KONG Jianmin (*Chairman*)
TAM Chun Fai
LAW Yiu Wing, Patrick
WONG Man Ming, Melinda

Registered Office

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

Principal Place of Business in Hong Kong

Room 1301, 13th Floor
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

Principal Share Registrar and Transfer Agent

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

Hong Kong Branch Share Registrar

Computershare Hong Kong Investor
Services Limited
17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Principal Bankers

Agricultural Bank of China Limited
China Construction Bank
Corporation
China Minsheng Banking Corp. Ltd.
Hang Seng Bank (China) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank
of China (Asia) Limited
Industrial and Commercial
Bank of China Limited
Shanghai Pudong Development
Bank Co., Ltd.
Standard Chartered Bank
(China) Limited
Standard Chartered Bank
(Hong Kong) Limited
The Bank of East Asia, Limited
The Hongkong and Shanghai
Banking Corporation Limited

Auditor

Prism Hong Kong Limited
Registered Public Interest Entity
Auditor

Legal Advisors

as to Hong Kong law:
Sidley Austin

as to Cayman Islands law:
Conyers Dill & Pearman

INFORMATION FOR SHAREHOLDERS

Website

www.kwggroupholdings.com

Stock Code

1813 (Main Board of The Stock Exchange of Hong Kong Limited)

2025 Financial Calendar

Interim results announcement	: 28 August 2025
Annual results announcement	: 31 March 2026
Closure of register of members ^(Note)	: 29 May to 3 June 2026 (both days inclusive)
Annual general meeting	: 3 June 2026

Note: For the purpose of determining shareholders' entitlement to attend and vote at the annual general meeting

Corporate Profile

Founded in 1995, KWG Group Holdings Limited (“KWG” or the “Company”, together with its subsidiaries, collectively the “Group”) was listed on the main board of The Stock Exchange of Hong Kong Limited (stock code: 01813.HK) in July 2007. As one of the leading integrated urban operators in China, the Group has always adhered to its core philosophy of “building home with heart, creating future with aspiration”, and upheld the development strategy of “originating from Guangzhou, expanding nationwide across China”. Over the years, with the focus on first- and second-tier cities, KWG has been making efforts in the business development in the Greater Bay Area and Yangtze River Delta Region, as well as the Bohai Rim and other important urban economic zones in Central and Western China. Currently, it has established a presence in over 40 cities.

Over the past 30 years, the Group has established a comprehensive property development system that is well supported by a balanced portfolio offering different types of products, including mid- to high-end residential properties, serviced apartments, villas, office buildings, hotels and shopping malls. While deepening its business in real estate development and commercial operation, the Group has also made strategic expansions into a wide range of segments including education and to achieve synergic development with its business in the real estate segment.

Looking forward, while focusing on the project development of residential properties and commercial properties, the Group will also continue its endeavor to attach great importance to “environmental, social and governance (the “ESG”)" issues, thereby promoting the Company’s environmental, social and governance practices in all aspects and moving towards sustainable development.



Honours and Awards

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Some of the awards received by the Group are set out below:

No	Business type/ city of company	Time of award	Name of award	Entity/ project being award	Award institution	Responsible area/unit (department)
1	The Group	13/03/2025	Blooming Brands Annual Extraordinary Experience Commercial Gravitational Field TOP10	KWG • U Fun (Guangzhou Knowledge City)	Consumer Discipline	Product Promotion Center
2	The Group	26/03/2025	Mall China Shopping Mall Industry 2024 List of Excellent Stars — List of Excellent Stars of Themed Businesses	KWG M • Cube (Beijing)	Mall China	Product Promotion Center
3	The Group	29/05/2025	“Golden Coordinate” Award —Annual Shopping Mall Marketing Innovation Award	KWG U Fun (Guangzhou Knowledge City)	Winshang.com	Product Promotion Department
4	The Group	24/05/2025	Performance Strength Index • 2025 Commercial Office Asset Operation Performance (30)	Shanghai International Metropolis Plaza	Guandian	Product Promotion Center
5	The Group	19/06/2025	2025 • China Real Estate Commercial Management • Benchmarking Project (Enterprise) Award — Elite Business	Guangzhou International Finance Place	CRIC Property Management	Product Promotion Center
6	The Group	26/06/2025	2025 CCFA Golden Lily Best Practice Case Award for Shopping Mall — Marketing Innovation Theme Case ★★★★★ KWG M • Cube (Beijing): Restructuring a New Ecosystem for Neighborhood Commerce with “Chongwenmen Wet Market”	KWG M • Cube (Beijing)	China Chain Store & Franchise Association	Product Promotion Center
7	The Group	12/11/2025	2025 Annual Innovation Performance in Commercial Real Estate Operation	KWG • U Fun (Suzhou)	Guandian	Product Promotion Center
8	The Group	12/11/2025	2025 Benchmark for Cities’ Business Social Influence	KWG • U Fun (Shanghai)	Guandian	Product Promotion Center
9	The Group	12/11/2025	2025 Commercial Office Asset Operation Performance	Guangzhou International Finance Place	Guandian	Product Promotion Center
10	The Group	05/12/2025	2025 Top 100 Outstanding Shopping Center Operation Project Teams in China	Operations Team of KWG • U Fun (Suzhou)	Winshang.com	Product Promotion Center

Chairman's Statement

Go through the cycles with steady progress to reach further Promote sustainable operation to adhere to long-termism!

2025 marked a pivotal year for China's real estate market as it transitioned from deep adjustment to stabilization and recovery. State policies focused on "controlling new supply, destocking inventory, and optimizing supply," and continued to give support to the market. The policies aimed to fully implement the "good housing" product standards to lay a solid foundation for the industry's high-quality development. The overall market exhibited a pattern of "stable quantity with falling prices, structural divergence, and expectations reshaped," and remained in a critical phase of transition towards enhanced quality and efficiency. Amidst challenging conditions and expectations, KWG Group has always adhered to the development philosophy of "steady operation and quality first." During the year, the Group achieved presales revenue of RMB7.088 billion and presales area of 277,300 square meters. Our strategy of focusing on high-tier cities realized stable operations and our projects in key areas continued to make contribution to our results. The Group's shopping centers, office buildings, and hotels, as part of its diversified portfolio, maintained steady operations. The Group firmly committed to the mission of "guaranteeing the delivery of buildings and stabilizing people's livelihoods," and delivered a total of 5,855 units of properties with a total gross floor area of approximately 900,000 sq.m. throughout the year. This demonstrated our commitment to fulfilling corporate social responsibility and advancing steadily towards high-quality development during the industry's bottoming-out phase.

With 31 years of industry experience, KWG Group has accumulated substantial capabilities amidst market fluctuations and demonstrated its development resilience during the industry's adjustment period. The Group still has numerous high-quality projects in high-tier cities and key areas including Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong, Chengdu and others. The Guangdong-Hong Kong-Macao Greater Bay







Area (the "GBA") continues to be the ballast for performance, providing robust support for corporate operations. The Group always maintains proactive communication with its creditors with its domestic bonds extended by a restructuring resolution while its off-shore debts restructuring proposal progressing in an orderly manner. By advancing domestic and off-shore debt restructuring, enhancing debt structures, and strategically revitalizing high-quality assets, the Group maximizes the protection of all creditors' legitimate rights and interests.



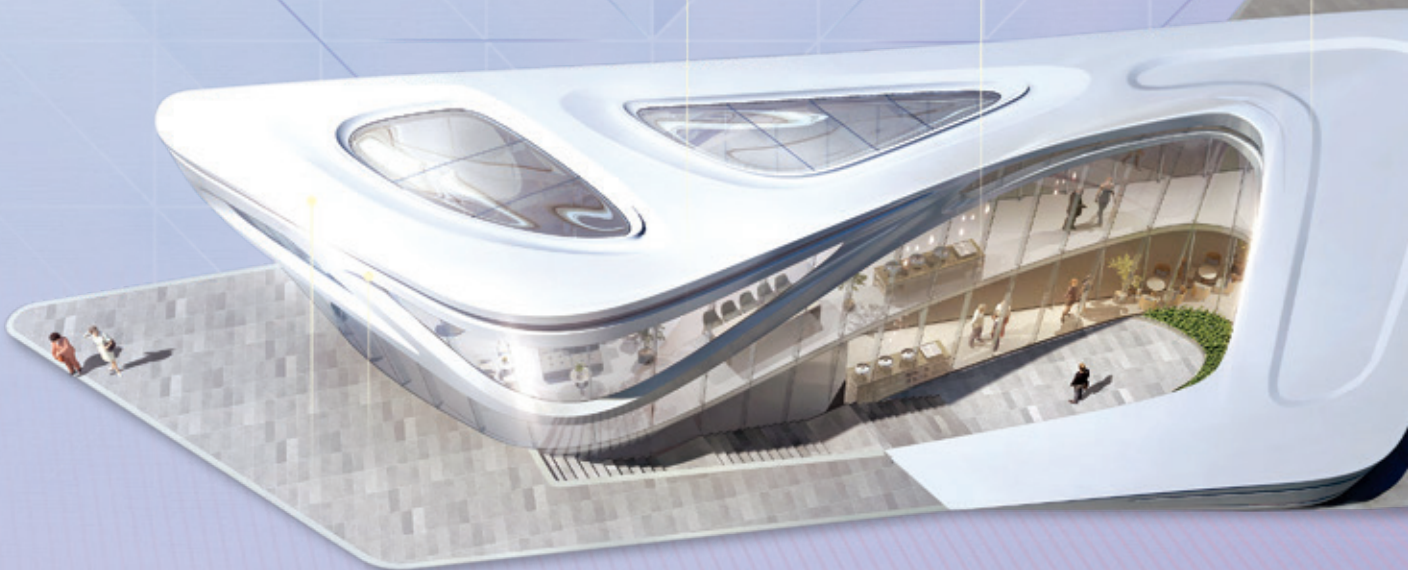
In terms of environment, social and governance (ESG), KWG Group continues to deepen its efforts in these areas. The Group employs a multi-pronged approach to deliver its ESG practices: green building, and energy conservation and emission reduction serve as the core drive for the corporate green transformation while public welfare initiatives demonstrate our commitment to social responsibility. The number of green building certifications continue to grow in a steady pace. Our public welfare and sustainability initiatives continue to gain recognition by both the industry and the society. These further exemplify the Group's corporate social impact and how we achieve the "dual carbon" goals through actions in a bid to further align corporate development with social value creation.

Outlook

In the year ahead, KWG Group will continue to take a proactive approach to face the challenges in the market. Adhering to our core philosophy of "building home with heart, creating future with aspiration", the Group will focus on high-quality residential development in high-tier cities, strengthen our core presence in the GBA, refine operations and innovate products to enhance market competitiveness. We remain committed to our core mission of "guaranteeing the delivery of buildings and stabilizing people's livelihoods" and will strengthen sales cash collection and move forward to debt resolution in full steam. The Group has always adhered to long-term perspective and steady operation.

Appreciation

On behalf of the Group and the board of directors, I would like to extend my sincere appreciation to all shareholders, investors, partners, and customers who have long supported and helped KWG. I would also like to express my uttermost gratitude to all our directors, management and employees for their unwavering support and dedication. With our united strength and persevere, we believe that we can weather the adjustment phase in the industry at a steady pace and march into long-term success, and achieve corporate sustainable and high-quality development.





THE CORNICHE

Management Discussion and Analysis





Financial Review

Revenue

Revenue of the Group comprises primarily the (i) gross proceeds from the sale of properties, (ii) gross recurring revenue received and receivable from investment properties and (iii) gross revenue from hotel room rentals, food and beverage sales and other ancillary services when the services are rendered. The revenue is primarily generated from its three business segments: property development, property investment and hotel operation.

The revenue amounted to approximately RMB6,761.9 million in 2025, representing a decrease of 38.9% from approximately RMB11,061.5 million in 2024.

In 2025, the revenue generated from property development, property investment and hotel operation were approximately RMB5,313.9 million, RMB797.5 million and RMB650.5 million, respectively.

Proportionate revenue amounted to approximately RMB10,526.8 million in 2025, representing a decrease of 30.6% from approximately RMB15,172.7 million in 2024.

Property development

Revenue generated from property development decreased by 43.8% to approximately RMB5,313.9 million in 2025 from approximately RMB9,462.4 million in 2024, primarily due to a decrease in the total gross floor area ("GFA") delivered to 536,993 sq.m. in 2025 from 623,944 sq.m. in 2024.

The average selling price ("ASP") decreased from RMB15,165 per sq.m. in 2024 to RMB9,896 per sq.m. in 2025.

Proportionate revenue generated from property development decreased by 33.6% to approximately RMB8,745.5 million in 2025 from approximately RMB13,174.2 million in 2024, primarily due to a decrease in the total proportionate GFA delivered to 855,050 sq.m. in 2025 from 931,209 sq.m. in 2024. The proportionate ASP decreased from RMB14,147 per sq.m. in 2024 to RMB10,228 per sq.m. in 2025.

Property investment

Revenue generated from property investment decreased by 10.2% to approximately RMB797.5 million in 2025 from approximately RMB888.1 million in 2024, primarily due to the decrease in volume of rental business resulting from downturn in the overall economic environment.

Hotel operation

Revenue generated from hotel operation decreased by 8.5% to approximately RMB650.5 million in 2025 from approximately RMB711.0 million in 2024, primarily due to a decrease in occupancy rate of hotels resulting from downturn in the overall economic environment.

Cost of Sales

Cost of sales of the Group primarily represents the costs incurred directly for the Group’s property development activities. The principal component of cost of sales is cost of properties sold, which includes the direct cost of construction, cost of obtaining land use rights and capitalised borrowing costs on related borrowed funds during the period of construction.

Cost of sales decreased by 37.3% to approximately RMB5,751.1 million in 2025 from approximately RMB9,172.8 million in 2024, mainly due to the decrease in total GFA delivered in sale of properties.

Land cost per sq.m. decreased from RMB5,893 in 2024 to RMB4,667 in 2025.

Construction cost per sq.m. decreased from RMB5,923 in 2024 to RMB4,493 in 2025, due to the change in delivery portfolio with different city mix compared with that in 2024.

Proportionate cost of sales decreased by 24.4% to approximately RMB10,166.5 million in 2025 from approximately RMB13,441.9 million in 2024. Proportionate land cost per sq.m. decreased from RMB6,056 in 2024 to RMB5,269 in 2025. Proportionate construction cost per sq.m. decreased from RMB5,722 in 2024 to RMB3,957 in 2025.



Gross Profit

Gross profit of the Group was approximately RMB1,010.8 million in 2025, whereas gross profit of approximately RMB1,888.8 million was recorded in 2024. The decrease of gross profit was principally due to the decrease in total revenue in 2025.

Other Income and Gains, Net

Other income and gains increased by 796.8% to approximately RMB4,682.3 million in 2025 from approximately RMB522.1 million in 2024, which mainly due to the proceeds from the restructuring of domestic bonds.

Selling and Marketing Expenses

Selling and marketing expenses of the Group decreased by 19.8% to approximately RMB591.0 million in 2025 from approximately RMB737.0 million in 2024, which mainly due to the decrease in sales leading to a reduction in related expenses.

Administrative Expenses

Administrative expenses of the Group decreased by 22.5% to approximately RMB999.0 million in 2025 from approximately RMB1,288.8 million in 2024, mainly due to the optimization of corporate structure in order to save expenses.

Other Operating Expenses, Net

The Group reported other operating expenses of approximately RMB2,681.8 million for 2025 (2024: approximately RMB2,285.4 million). This was mainly attributable to impairment losses made on properties developed by the Group.

Fair Value Losses on Investment Properties, Net

The Group reported fair value losses on investment properties of approximately RMB1,298.7 million for 2025 (2024: approximately RMB1,890.3 million). In response to the worsening of the PRC property market, a more prudent approach had been adopted during the revaluation process to reflect the current market condition, resulting in a significant revaluation losses during the year.

Finance Costs

Finance costs of the Group being approximately RMB2,706.6 million in 2025 (2024: approximately RMB2,929.1 million), were related to the borrowing costs on certain general corporate loans and partial senior notes. Since such borrowings were not earmarked for project development, thus they had not been capitalised.

Share of Losses of Joint Ventures

The Group recorded a share of losses of joint ventures of approximately RMB1,602.8 million in 2025 (2024: approximately RMB883.0 million). This was mainly due to significant losses recorded in the properties delivered during this year.

Income Tax Credits/(Expenses)

The Group recorded income tax credits of approximately RMB797.3 million in 2025, whereas an income tax expenses of approximately RMB373.0 million was recorded in 2024. It was mainly due to the reversal of income tax expenses accrued in previous years that were no longer required to be paid.

Loss for The Year

The Group reported loss for the year of approximately RMB3,462.2 million in 2025 (2024: approximately RMB8,151.0 million), as a result of the above-mentioned factors.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2025, the carrying amounts of the Group's cash and bank balances were approximately RMB634.4 million (31 December 2024: approximately RMB787.4 million).

Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place certain amounts of pre-sales proceeds received at designated bank accounts as guarantee deposits for construction of the relevant properties. As at 31 December 2025, the Group's restricted cash was approximately RMB448.3 million (31 December 2024: approximately RMB634.9 million).

Borrowings and Charges on the Group's Assets

As at 31 December 2025, the Group's bank and other loans, senior notes and domestic corporate bonds were approximately RMB40,818.5 million, RMB27,658.0 million and RMB5,130.7 million respectively. Amongst the bank and other loans, approximately RMB24,688.9 million will be repayable within 1 year, approximately RMB9,684.7 million will be repayable between 2 and 5 years and approximately RMB6,444.9 million will be repayable over 5 years. All of the senior notes have been presented as current liabilities. Amongst the domestic corporate bonds, approximately RMB700.1 million will be repayable within 1 year, approximately RMB57.0 million will be repayable between 2 and 5 years, and approximately RMB4,373.6 million will be repayable over 5 years.

As at 31 December 2025, the Group's bank and other loans of approximately RMB40,410.7 million and domestic corporate bonds of approximately RMB5,130.7 million were secured by buildings, land use rights, investment properties, properties under development, completed properties held for sale, receivables from properties sold and equity interests of certain subsidiaries of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their shares.

The carrying amounts of all the Group's bank and other loans were denominated in RMB except for certain loan balances with an aggregate amount of approximately RMB2,949.4 million as at 31 December 2025 which were denominated in Hong Kong dollar of approximately RMB1,810.5 million and denominated in U.S. dollar of approximately RMB1,138.9 million respectively. All of the Group's bank and other loans were charged at floating interest rates except for loan balances with an aggregate amount of approximately RMB9,620.8 million which were charged at fixed interest rates as at 31 December 2025. The Group's senior notes were denominated in U.S. dollar and charged at fixed interest rates as at 31 December 2025. The Group's domestic corporate bonds were denominated in RMB and charged at fixed interest rates as at 31 December 2025.

Gearing Ratio

The gearing ratio is measured by the net borrowings (total borrowings net of cash and bank balances) over the total equity. As at 31 December 2025, the gearing ratio was 1,098.0% (31 December 2024: 789.6%).

Risk of Exchange Rate Fluctuation

The Group mainly operates in Chinese Mainland, so most of its revenues and expenses are measured in RMB. In addition, except for the above mentioned, the Company's domestic corporate bonds were denominated in RMB. The value of RMB against the U.S. dollar and other currencies may fluctuate and is affected by, among other things, changes in the PRC's political and economic conditions. The conversion of RMB into foreign currencies, including the U.S. dollar and the Hong Kong dollar, has been based on rates set by the People's Bank of China.

During 2025, the exchange rates of RMB against the U.S. dollar and the Hong Kong dollar increased and the Board expects that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Contingent Liabilities

- (i) As at 31 December 2025, the Group had the following contingent liabilities relating to guarantees in respect of mortgage facilities for certain purchasers amounting to approximately RMB8,471.2 million (31 December 2024: approximately RMB9,584.7 million). This represented the guarantees in respect of mortgage facilities granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interests and penalties owed by the defaulting purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the Board considers that in case of default in payments by the purchasers, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interests and penalties and therefore no provision has been made in the financial statements as at 31 December 2025 and 2024 for the guarantees.

- (ii) As at 31 December 2025 and 2024, the Group had provided guarantees in respect of certain bank loans for its joint ventures, associates, third parties and related companies.

Market Review

2025 witnessed a pivotal transition of China's real estate market transitions from a deep adjustment to stabilization and recovery. Under a combined effect of a complex macroeconomic environment and ongoing policy refinements, the overall market exhibited a multifaceted pattern of "stable quantity with falling prices, structural divergence, and expectations reshaped" with gradual signs of stability after downturn. "Market divergence, stock optimization and high-quality development" emerged as core characteristics. While the new house market was still in the L-shaped stabilizing staircase, the second-hand house market showed a more notable descending trend, resulting in a phenomenon of differential parallel run of the two segments. A great number of houses were sold under the strategy of "increasing trade volume by lowering prices", indicating somewhat cautious market sentiment and the fact of ongoing price adjustments.

According to data from the National Bureau of Statistics, from January to December 2025, the nationwide property development investment decreased by 17.2% year-on-year to RMB8,278.8 billion; the sales area of commodity properties decreased by 8.7% year-on-year to 881.01 million sq.m.; the sales of commodity properties decreased by 12.6% year-on-year to RMB8,393.7 billion, indicating a significantly lower decrease as compared to 2024, which was a sign of stabilizing after adjustments. Available funds for property development enterprises decreased by 13.4% year-on-year to RMB9,311.7 billion, reflecting an improvement of decrease of 3.6% year-on-year after consecutive 4 years (48 months) of falling since 2022. However, there was no significant improvement of property enterprises' financial situation and overall debt, property delivery and inventory risks still persisted.

2025 was a key transition period for the real estate industry shifting from scale expansion to quality and efficiency enhancement. The market continued its overall trend of bottoming out and adjustments. The Central Economic Work Conference stressed stabilizing the real estate market and steered core principles of "controlling new supply, destocking inventory, and optimizing supply" to provide comprehensive system-wide support. It aimed to fully implement the "good housing" product standards to lay a solid foundation for the industry's high-quality development.

Performance Review

Amidst deep market adjustments, KWG Group responded to directives from the Central and local governments by consistently prioritizing "guaranteeing the delivery of buildings, stabilizing cash flows, and resolving debts" as core operational objectives. In the meantime, the Group vigorously advanced debt restructuring while maintaining stable progress in daily operations.

In 2025, the Group had a total of 139 major projects (excluding residual projects), spanning 42 cities in Chinese Mainland and Hong Kong. The Group recorded property sales revenue of RMB5.314 billion, gross pre-sale amounted to RMB7.088 billion for the year, with an pre-sales area of 277,300 sq.m., at an average pre-selling price of RMB25,570 per sq.m. The Guangdong-Hong Kong-Macao Greater Bay Area continued to play a stabilizing role, contributing approximately 81% of the total. The Group's land reserve, in terms of attributable gross floor area, was 11,240,000 sq.m., with an attributable interest ratio of approximately 75.4%, mainly distributed in high-tier cities such as Beijing, Shanghai, Guangzhou, Shenzhen, Hong Kong, Chengdu, Tianjin and Foshan.

In 2025, guided by the policy of "guaranteeing the delivery of buildings and stabilizing people's livelihoods" the Group made every effort to guarantee high-quality project delivery throughout the year. It delivered a cumulative total of 5,855 units with a total gross floor area of approximately 900,000 sq.m. This demonstrated our commitment to fulfilling promises to customers and reinforcing market confidence. As a practitioner of the "good housing" standard, Guangzhou Landmark Arte Masterpiece, Guangzhou Richmond Greenville and Hong Kong The Corniche continued to contribute to the Group's core performance through their exceptional product excellence.

Investment Properties and Hotels

As a renowned urban operation service provider in China, KWG Group has developed a diverse investment property portfolio, including malls, office buildings, and hotels. The Group currently owns 12 shopping malls under operation, 9 office buildings, 13 self-operated branded hotels under development and management, and 5 cooperative hotels with foreign brands.

In 2025, the Group's rental income amounted to RMB798 million. Against a macroeconomic backdrop of slow recovery in consumption and persistent economic pressure, the Group's operating properties faced market challenges. The Group managed to stabilize rental income by strengthening tenant management, optimizing operational efficiency, and leveraging the brand influence of its award-winning projects including 2025 • China Real Estate Commercial Management • Benchmarking Project (Enterprise) Award — Elite Business. Besides, its core commercial projects in regions such as Beijing and Guangzhou continued to receive recognition from authoritative industry awards for their outstanding operational performance.

During 2025, revenue from hotel business amounted to RMB650 million. Despite the pressure on the market, the Group continued to maintain steady operations. With years of management expertise and in-depth cooperation with international hotel management groups, the Group's own brand, The Mulian, has steadily enhanced its brand influence, and the cooperative hotel business has been conducted robustly. Two newly added hotels of The Mulian in Guangzhou and Chengdu have emerged as key growth drivers for the hotel business, laying the foundation for its overall recovery.

Outlook

In 2026, the general market will usher in an "L-shaped" phase of bottoming and stabilizing around a nadir characterized by "weak recovery, slow balance, and intensive differentiation". As new urbanization continues its development, urban renewal and the construction of "high-quality housing" will become the long-term priorities, which will jointly promote the stable operation of the real estate market and high-quality transformation of the sector to achieve sustainable development of the real estate industry.

Despite facing multiple challenges including structural differentiation of market, pressure on sales, tight capital conditions, and slow recovery of commercial sector consumption, KWG Group consistently adheres to its operational base-line: ensuring delivery of properties and stable delivery. Furthermore, it continues to focus on sales and cash flow management, and strives to improve the operational performance of its commercial segment by way of operational optimization and brand upgrades. While debt restructuring advances steadily, daily operations maintain their overall stability. The Group will consistently adhere to the core philosophy of "building home with heart, creating future with aspiration", continuously creating value for its customers from a long-term perspective.

The Group's Property Development Overview

As of 31 December 2025, the Group's main projects are located in Guangzhou, Suzhou, Chengdu, Beijing, Hainan, Shanghai, Tianjin, Nanning, Hangzhou, Nanjing, Foshan, Hefei, Ezhou, Xuzhou, Jiaxing, Taizhou, Chongqing, Taicang, Zhaoqing, Zhongshan, Liuzhou, Shenzhen, Huizhou, Jiangmen, Yancheng, and Hong Kong.

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
1	The Summit	Guangzhou	Residential/villa/serviced apartment/ office/commercial/hotel	757	100
2	International Metropolitan Plaza	Guangzhou	Office/commercial	39	50
3	Tian Hui Plaza (including The Riviera and Top Plaza)	Guangzhou	Serviced apartment/office/commercial/ hotel	45	33.33
4	KWG Flourishing Biotech Square	Guangzhou	Office/commercial	84	100
5	KWG Skysite	Guangzhou	Villa/serviced apartment/office/ commercial/hotel	295	100
6	The Eden	Guangzhou	Residential/commercial	2	50
7	Paradise by Moony Sky	Guangzhou	Villa/hotel	37	100
8	Essence of City	Guangzhou	Residential/villa/commercial	13	100
9	International Commerce Place	Guangzhou	Office/commercial	50	50
10	CFC (including Mayfair and IFE (International Finance Edifice))	Guangzhou	Serviced apartment/office/commercial	7	33.33
11	The Horizon	Guangzhou	Residential/villa/serviced apartment/ office/commercial/hotel	14	50
12	Blooming River	Guangzhou	Residential/villa/commercial	39	50
13	Nansha River Paradise	Guangzhou	Residential/commercial	4	50
14	V-city	Guangzhou	Serviced apartment/commercial	120	70
15	Montkam	Guangzhou	Residential/villa	3	30
16	The Beryl (Guangzhou Development Area Hotel A Project)	Guangzhou	Villa/serviced apartment/commercial/ hotel	11	60
17	The Beryl (Guangzhou Development Area Hotel B Project)	Guangzhou	Villa/serviced apartment/office/ commercial	22	100
18	Landmark Arte Masterpiece	Guangzhou	Residential/serviced apartment/ commercial	89	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
19	Clover Shades	Guangzhou	Residential/commercial	18	62.5
20	The Emerald	Guangzhou	Residential	53	100
21	KWG Biovalley	Guangzhou	Villa/serviced apartment/office/ commercial	192	80
22	Longyatt Mansion	Guangzhou	Residential/commercial	68	100
23	Dreams Garden	Guangzhou	Residential/commercial	238	100
24	Lakeside Mansion	Guangzhou	Residential/commercial	295	100
25	Richmond Greenville	Guangzhou	Residential	68	100
26	Guangzhou Nansha Project	Guangzhou	Educational	89	60
27	The Star Garden	Guangzhou	Residential/commercial	194	100
28	ONE68	Guangzhou	Serviced apartment/office/commercial/ hotel	69	100
29	IFP	Guangzhou	Office/commercial	61	100
30	Four Points by Sheraton Guangzhou, Dongpu	Guangzhou	Hotel	35	100
31	The Mulian Huadu	Guangzhou	Hotel	25	100
32	W Hotel/W Serviced Apartments	Guangzhou	Hotel/serviced apartment	80	100
33	The Mulian Guangzhou	Guangzhou	Hotel	8	100
34	The Sapphire	Suzhou	Residential/serviced apartment/office/ commercial/hotel	37	100
35	Suzhou Apex	Suzhou	Residential/serviced apartment/ commercial/hotel	127	100
36	Leader Plaza	Suzhou	Serviced apartment/office/commercial	21	100
37	Fortune Plaza	Suzhou	Office/commercial/hotel	18	100
38	Suzhou Jade Garden	Suzhou	Residential/commercial	2	100
39	Swan Harbor Park	Suzhou	Residential/serviced apartment/office/ commercial/hotel	87	50
40	Blessedness Seasons	Suzhou	Residential/commercial	3	49
41	The Vision of the World	Chengdu	Residential/serviced apartment/ commercial	39	100
42	Chengdu Cosmos	Chengdu	Residential/serviced apartment/office/ commercial/hotel	225	100

Management Discussion and Analysis

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
43	Yunshang Retreat	Chengdu	Residential/villa/serviced apartment/ commercial/hotel	568	55
44	The Jadeite	Chengdu	Residential/villa/commercial/hotel	22	100
45	Fragrant Seasons	Beijing	Residential/villa/serviced apartment/ commercial	1	100
46	La Villa	Beijing	Residential/villa/commercial	1	50
47	Beijing Apex	Beijing	Residential/villa/serviced apartment/ commercial	2	50
48	M • Cube	Beijing	Commercial	16	100
49	Uptown Riverside I	Beijing	Serviced apartment/office/commercial	128	100
50	Uptown Riverside II	Beijing	Serviced apartment/office/commercial	53	100
51	Rose and Ginkgo Mansion	Beijing	Residential/villa/office/commercial	27	33
52	The Core of Center (Beijing Niulanshan Complex Project)	Beijing	Residential/villa/commercial/hotel	186	100
53	New Chang'an Mansion	Beijing	Residential/office/commercial/hotel	30	100
54	Pearl Coast	Hainan	Residential/villa/commercial/hotel	88	100
55	Moon Bay	Hainan	Residential/villa/commercial/hotel	328	100
56	The Cloud World	Hainan	Villa/commercial	76	100
57	International Metropolis Plaza	Shanghai	Office/commercial	39	100
58	Shanghai Sapphire	Shanghai	Residential/serviced apartment/ commercial	43	85.3
59	Amazing Bay	Shanghai	Residential/serviced apartment/office/ commercial/hotel	24	50
60	Vision of the World	Shanghai	Residential/serviced apartment/ commercial/hotel	58	51
61	Glory Palace	Shanghai	Residential	3	100
62	KWG Biovalley	Shanghai	Office/commercial	121	90
63	Jinnan New Town	Tianjin	Residential/office/commercial/hotel	189	25
64	Tianjin The Cosmos	Tianjin	Residential/villa/commercial	173	100
65	Tianjin Apex	Tianjin	Residential/office/commercial	32	100
66	Beautiful and Happy Life	Tianjin	Residential/commercial	4	100

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
67	Joy Fun City	Tianjin	Residential/commercial	159	60
68	The Core of Center	Nanning	Residential/villa/serviced apartment/ commercial/hotel	240	100
69	International Finance Place	Nanning	Office/commercial	57	100
70	Top of World	Nanning	Residential/villa/serviced apartment/ commercial/hotel	78	100
71	Fragrant Season	Nanning	Residential/villa/commercial	8	100
72	Impression Discovery Bay I	Nanning	Residential/commercial	1	34
73	Impression Discovery Bay II	Nanning	Residential/commercial	3	34
74	Emerald City	Nanning	Residential/serviced apartment/ commercial	228	100
75	The Moon Mansion	Hangzhou	Residential/villa	3	100
76	Sky Ville	Hangzhou	Residential/villa	1	100
77	Puli Oriental	Hangzhou	Residential/commercial	8	50
78	Malus Moon	Hangzhou	Residential/villa/commercial	4	100
79	Precious Mansion	Hangzhou	Residential/office/commercial	28	100
80	Season Mix	Hangzhou	Residential/commercial/hotel	14	25
81	South Bank Palace	Nanjing	Residential/commercial	1	19.75
82	Ruyi Palace	Nanjing	Residential/commercial	1	50
83	Oriental Bund	Foshan	Residential/villa/serviced apartment/ commercial/hotel	828	50
84	The Riviera	Foshan	Residential/commercial	10	100
85	Foshan Apex	Foshan	Residential/serviced apartment/ commercial	6	50
86	China Image	Foshan	Residential/commercial	3	34
87	The One	Hefei	Residential/commercial	58	100
88	Park Mansion	Hefei	Residential	4	100
89	The Buttonwood Season I	Ezhou	Residential/villa/commercial	9	100
90	The Buttonwood Season II	Ezhou	Residential/villa/commercial	131	100
91	Exquisite Bay	Xuzhou	Residential/commercial	6	100
92	Fragrant Seasons	Xuzhou	Residential/commercial	11	50

Management Discussion and Analysis

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest ('000 sq.m.)	Interest Attributable to the Group (%)
93	Majestic Mansion	Jiaxing	Residential/commercial	3	100
94	Noble Peak	Jiaxing	Residential	2	100
95	International Commercial Plaza	Jiaxing	Residential/serviced apartment/office/ commercial/hotel	301	100
96	Top of World Residence I	Taizhou	Residential	1	100
97	Top of World Residence II	Taizhou	Residential/commercial	4	100
98	Linhai Mansion	Taizhou	Residential/commercial	2	100
99	Lead Peak Mansion	Taizhou	Residential/commercial	1	100
100	Emerald the Bay	Taizhou	Residential/serviced apartment/office/ commercial	255	50
101	Jinan Tianchen	Jinan	Residential/commercial	1	20
102	The Inherited Villa	Changshu	Residential	1	25
103	The Riviera Chongqing	Chongqing	Residential/commercial/hotel	9	100
104	The Cosmos Chongqing	Chongqing	Residential/serviced apartment/office/ commercial/hotel	213	100
105	The Moon Mansion	Chongqing	Residential/commercial	1	39
106	Mansion of Jasper	Chongqing	Residential/commercial	1	50
107	Jade Moon Villa	Chongqing	Residential/commercial	1	50
108	Jinzhu Tianyi Huayuan	Taicang	Residential	9	100
109	Exquisite Palace	Wuxi	Residential/commercial	3	45
110	Vision of the World	Zhaoqing	Residential/commercial	69	100
111	River View Mansion	Zhaoqing	Residential/commercial	1	33
112	The Moon Mansion	Zhongshan	Residential/commercial	31	50
113	Serenity in Prosperity	Nantong	Residential/villa/commercial	5	51
114	Oriental Beauty	Nantong	Residential	1	70
115	The Moon Mansion	Liuzhou	Residential/villa/commercial	4	100
116	Fortunes Season	Liuzhou	Residential/commercial/hotel/ educational	801	100
117	Shenzhen Bantian Project	Shenzhen	Serviced apartment/office/commercial/ hotel	61	51
118	Grand Oasis	Shenzhen	Serviced apartment/office/commercial/ hotel	7	55

No.	Project	District	Type of Product	Total GFA Attributable to the Group's Interest (‘000 sq.m.)	Interest Attributable to the Group (%)
119	Shenzhen Longhua Project	Shenzhen	Residential/office/commercial/ industrial/educational	79	50
120	Skyline Seasons	Huizhou	Residential/commercial	203	100
121	Huizhou Longmen Project- Educational#[2019]011	Huizhou	Educational	11	100
122	Huizhou Longmen Project- Educational#[2019]014	Huizhou	Educational	61	100
123	Jiangmen Apex International	Jiangmen	Residential/serviced apartment/ commercial	29	100
124	Cullinan Mansion	Wenzhou	Residential/commercial	2	100
125	Art Wanderland	Dongguan	Residential/commercial	3	12.5
126	Center Mansion	Dongguan	Residential/villa/commercial	6	20
127	Yangzhou Apex	Yangzhou	Residential/commercial	82	100
128	Parkview Palace	Ningbo	Residential	2	49
129	Meishan Apex	Meishan	Residential/commercial	1	100
130	River State	Meishan	Residential/commercial	31	34
131	Chenzhou Wangxian Eco- tourism Project	Chenzhou	Residential/villa	61	50
132	KWG Tusholdings Ice Snow	Wuzhou	Residential/commercial	210	100
133	Meet	Xi'an	Serviced apartment/commercial/hotel	12	100
134	Salar de Uyuni	Zhaotong	Residential/commercial/hotel	158	67.11
135	Salar de Uyuni Guan Lake [Phase 2 — #17–28]	Zhaotong	Residential/Commercial	87	70.56
136	Salar de Uyuni Guan Lake [Phase 1 — #17–29]	Zhaotong	Residential/Commercial	112	70.56
137	KWG Haya City	Yancheng	Residential/serviced apartment/ commercial/hotel	499	100
138	Phoenix International	Fuzhou	Serviced apartment/office/commercial	47	22.4
139	The Corniche (formerly known as Hong Kong Ap Lei Chau Project)	Hong Kong	Residential	29	50

EMPLOYEES AND EMOLUMENT POLICIES

As at 31 December 2025, the Group employed a total of approximately 1,600 employees (31 December 2024: approximately 1,800). Employee benefit expense (excluding Directors' and chief executive's remuneration) of the Group incurred was approximately RMB343.9 million during the year ended 31 December 2025. The remuneration of employees was determined based on their performance, skill, experience and prevailing industry practices. The Group reviews the remuneration policies and packages on a regular basis and will make necessary adjustment to be commensurate with the pay level in the industry. In addition to basic salary, the provident fund scheme (according to the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or state-managed retirement pension scheme (for the PRC employees), employees may be offered with discretionary bonus and cash awards based on individual performance.

The Company has adopted the share option scheme and the share award scheme in order to recognise and motivate the contributions by the eligible participants of the Group, and help in retaining them for the Group's further development.

In addition, training and development programmes are provided on an on-going basis throughout the Group.

Directors and Senior Management's Profile

Directors

Executive Directors

KONG Jianmin, aged 58, is the founder of the Group. He has been an executive director and the chairman of the Company (the "Chairman") since July 2007. Mr. KONG is also the chairman of the nomination committee and a member of the remuneration committee of the Company. He is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, business operation and sales and marketing. Mr. KONG graduated from Jinan University (暨南大學) in the PRC majoring in computer science in 1989. Mr. KONG has over 31 years of experience in property development and investment. He founded the Group in November 1994. Prior to founding the Group, from December 1985 to July 1993, he worked at Guangzhou Baiyun Road Sub-branch of Industrial and Commercial Bank of China Limited, where he served as a credit officer. Mr. KONG is a non-executive director and the chairman of KWG Living which is listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Mr. KONG is a brother of Messrs. KONG Jiantao and KONG Jiannan, both are executive directors of the Company. Mr. KONG is also a director of most of the Company's subsidiaries incorporated in the British Virgin Islands (the "BVI"), Hong Kong and the PRC.

KONG Jiantao, aged 55, has been an executive director and the chief executive officer of the Company (the "Chief Executive Officer") since July 2007. Mr. KONG is responsible for the overall operation of the Group's projects. He has over 31 years of experience in property development and has been a director of the Group since 1995. Mr. KONG is the younger brother of Messrs. KONG Jianmin and KONG Jiannan, both are executive directors of the Company. Mr. KONG is also a director of most of the Company's subsidiaries incorporated in the BVI and the PRC.

KONG Jiannan, aged 60, has been an executive director and executive vice president of the Company since July 2007. He is responsible for coordinating and managing human resources, administrative management, IT management and legal affairs of the Group. Mr. KONG graduated from the Guangzhou Radio and TV University (廣州市廣播電視大學) (also known as the Open University of China (Guangzhou) (國家開放大學(廣州))) in the PRC majoring in law in October 1988. Mr. KONG has over 25 years of experience in the real estate industry. From November 1997 to June 2007, he served as a director of Guangzhou Hejing Real Estate Co., Ltd. (廣州合景房地產開發有限公司), a subsidiary of the Company, where he was primarily responsible for coordinating and managing human resources, administrative management and IT management. Prior to joining the Group, from September 1984 to October 1997, he worked at the Dongshan District Justice Bureau (東山區司法局) in Guangzhou, the PRC, where he last served as a section chief. Mr. KONG is an executive director of KWG Living which is listed on the Stock Exchange. Mr. KONG is the elder brother of Messrs. KONG Jianmin and KONG Jiantao, both are executive directors of the Company. Mr. KONG is also a director of most of the Company's subsidiaries incorporated in the BVI, Hong Kong and the PRC.

CAI Fengjia, aged 56, has been an executive director of the Company and the chief executive officer of the Company's real estate business since September 2018 and December 2017 respectively. Mr. CAI graduated from Hunan University with a bachelor's degree in architecture and is a registered architect. Mr. CAI joined the Group in May 2007 and served as the deputy general manager of its Suzhou's real estate sector, the general manager of its Hangzhou's real estate sector and the general manager of Eastern China District. Prior to joining the Group, Mr. CAI worked in Guangdong Provincial Architectural Design Institute (廣東省建築設計院) from 1992 to 2005.

Directors and Senior Management's Profile

Independent Non-Executive Directors

TAM Chun Fai, aged 63, is an independent non-executive director of the Company, the chairman of the audit committee of the Company, the chairman of the remuneration committee of the Company and a member of the nomination committee of the Company. Mr. TAM joined the Company in June 2007. He graduated from The Hong Kong Polytechnic University with a bachelor's degree in accountancy. He is a regular member of Chartered Financial Analyst and a member of the Hong Kong Institute of Certified Public Accountants. Mr. TAM has almost 41 years of experience in auditing, corporate advisory services and financial management, as well as compliance work. He is an independent non-executive director of Hi Sun Technology (China) Limited, which is listed on the Stock Exchange.

LAW Yiu Wing, Patrick, aged 62, is an independent non-executive director of the Company and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Mr. LAW joined the Company in July 2022. Mr. LAW holds a Bachelor of Building (Hons.) Degree from the University of New South Wales, Australia and a Master of Business Administration Degree from the Australian Graduate School of Management. He is a member of the Australian Institute of Building and CPA Australia. Mr. LAW has extensive experience in property development, strategic planning, financial and general management gained from listed companies. Mr. LAW was the Chief Operating Officer, Hong Kong of Minmetals Land Limited, a company listed on the Stock Exchange from September 2006 to July 2022.

WONG Man Ming, Melinda, aged 51, is an independent non-executive director of the Company and a member of each of the audit committee, the remuneration committee and the nomination committee of the Company. Ms. WONG joined the Company in April 2024. Ms. WONG obtained her bachelor's degree in business administration (accounting) from Washington State University in the United States in 1999. She was a certified public accountant in the state of Washington in 2004, and she is currently a regular member of the American Institute of Certified Public Accountants. Ms. WONG has over 20 years of experience in the accounting and corporate finance industry. Ms. WONG started her career with Deloitte Touche Tohmatsu, an international audit firm, in 1999. In 2003, Ms. WONG joined Rexcapital (Hong Kong) Limited and commenced her career in the corporate finance field. Throughout the period from August 2004 to July 2011, Ms. WONG worked in the investment banking or corporate finance departments of Shang International Finance Limited (formerly known as Somerley Capital Limited), UOB Asia (Hong Kong) Limited, Macquarie Capital (Hong Kong) Limited, and Optima Capital Limited respectively, where she was involved in a wide range of takeovers, mergers and acquisitions, initial public offerings, privatisations and other corporate finance advisory work for Hong Kong listed issuers. From August 2011 to January 2019, Ms. WONG worked at the Listed Issuer Regulation team of the Listing Division of Hong Kong Exchanges and Clearing Limited, primarily responsible for monitoring listed issuers' compliance with the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). In January 2019, Ms. WONG rejoined Optima Capital Limited as a director in the corporate finance department and remained in such position until September 2022. Ms. WONG is now a non-executive director of PT International Development Corporation Limited, a company listed on the Stock Exchange (stock code: 372).

Senior Management

LI Ning, aged 61, is the general manager of development and design of products. Mr. LI joined the Group in November 2010 and is mainly responsible for the development and design of products of the Group. Mr. LI graduated from Murdoch University, Australia with a master's degree in business administration. Mr. LI is a grade-one national registered architect and senior architecture design engineer. Mr. LI has over 34 years of experience in designing large-scaled integrated architecture and operational management.

JIN Yanlong, aged 46, is the general manager of the Southern China District of the Group. Mr. JIN joined the Group in June 2008 and was previously the engineering manager, the deputy general manager of its Hangzhou's real estate sector and the general manager of its Suzhou's real estate sector. Currently, Mr. JIN is mainly responsible for the overall management and operation of Southern China District of the Group. Mr. JIN obtained a bachelor's degree in electrical engineering and automation from Nanjing Tech University.

ZUO Wei, aged 48, is the General Manager of the Finance Department of the Group. Mr. ZUO joined the Group in August 2025 and is responsible for the management of finance and treasury center of the Group. Mr. ZUO graduated from Zhongnan University of Economics and Law with a master's degree in business administration. Prior to joining the Group, Mr. ZUO worked in Future Land Development Holdings Limited, CIFI Holdings (Group) Company Limited and China Vanke Company Limited. He has extensive experience in the real estate financial management.

Corporate Governance Report

Corporate Governance Code

The Group believes that sound and good corporate governance practices are not only key elements in enhancing investor's confidence and the Company's accountability and transparency, but also important to the Company's long-term success. Key practices adopted by the Company on corporate governance are as follows:

- Develop and review the Company's policies and practices on corporate governance
- Review and monitor the training and continuous professional development of directors and senior management
- Review and monitor the Company's policies and practices on compliance with legal and regulatory requirements

The Group strives to attain and maintain effective corporate governance practices and procedures. Throughout the year, the Company has complied with the requirement under the code provisions set out in the Corporate Governance Code (the "CG Code") as set out in Appendix C1 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), save as disclosed below.

- Code provision C.5.7 of Part 2 of the CG Code stipulates that if a substantial shareholder or a director has a conflict of interest in a matter to be considered by the board which the board has determined to be material, the matter should be dealt with by a physical board meeting rather than a written resolution. Independent non-executive directors who, and whose close associates, have no material interest in the transaction should be present at that board meeting.

During the year, the following continuing connected transactions were dealt by written resolutions instead of physical board meeting:

- The Board approved the continuing connected transactions in relation to the renewal of leasing of properties to Guangzhou Kai Chuang Business Investments Group Company Limited* (廣州凱創商務投資集團有限公司) ("Guangzhou Kai Chuang") by way of passing the written resolutions. Mr. KONG Jiantao is the executive Director and chief executive officer of the Company, and also the ultimate beneficial owner of Guangzhou Kai Chuang. Therefore, Mr. KONG Jiantao was regarded as having material interests therein. Please refer to the Company's announcements dated 21 March 2025, 30 May 2025 and 30 September 2025, respectively, for details.
- the renewal of (1) property lease framework agreement; (2) publicity planning services framework agreement; (3) property agency services framework agreement; (4) residential property management services framework agreement; (5) commercial property management services framework agreement; and (6) commercial operational and value-added services framework agreement between the Company and KWG Living. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan, being the executive Directors, are the ultimate controlling shareholders of each of the Company and KWG Living pursuant to the shareholders' agreements entered into among their respective controlled entities. Therefore, KWG Living, as an associate of the controlling shareholders of the Company, is a connected person of the Company. Please refer to the Company's announcement dated 11 December 2025 for details.

The Board considered that (1) the terms of the above transactions are on normal commercial terms or better, and the relevant terms of the agreements for each of the transactions (including the relevant annual caps) are fair and reasonable, and are in the interests of the Company and the shareholders of the Company (the "Shareholders") as a whole; (2) the relevant Directors have abstained from voting on the relevant resolutions of the above transactions; and (3) the adoption of written resolutions would facilitate and maximize the effectiveness of decision-making and implementation. The Board shall nevertheless review its board meeting arrangement from time to time to ensure the appropriate action is being taken to comply with the requirements under the CG Code.

- Code provision F.2.2 of Part 2 of the CG Code stipulates that the chairman of the board should attend the annual general meeting. Mr. KONG Jianmin, an executive Director and the chairman of the Board, was unable to attend the annual general meeting of the Company convened and held on 3 June 2025, due to his other engagements. In the absence of Mr. KONG Jianmin from the aforesaid annual general meeting, Mr. KONG Jiannan, an executive Director, acted as the chairman of the aforesaid annual general meeting to ensure an effective communication with the Shareholders. Mr. KONG Jianmin has also followed up with Mr. KONG Jiannan for any opinions or concerns of the Shareholders expressed at the annual general meeting afterward.
- Code provision C.6.2 of Part 2 of the CG Code stipulates that, a board meeting should be held to discuss the appointment of the company secretary and the matter should be dealt with by holding a physical board meeting rather than a written resolution.

The appointment of the current Company Secretary of the Company, Mr. CHAN Sze Yin ("Mr. CHAN") was dealt with by way of circulation of written resolutions in lieu of holding a physical board meeting on 25 July 2025.

Although a physical board meeting was not held to discuss the appointment, the Directors were well informed of the educational background and working experiences of Mr. CHAN and were satisfied that Mr. CHAN possesses the required qualifications and expertise of the position. Prior to such appointment, all Directors were individually consulted with no dissenting opinion on the proposed matter. As such, it was considered that a physical board meeting was not necessary for approving the said appointment.

Statements Of Disciplinary Action

On 11 November 2025, the Stock Exchange issued statements of disciplinary action to the Company, six current Directors and a former Company Secretary, respectively.

Pursuant to the aforesaid statement of disciplinary action, the listing committee of the Stock Exchange alleged that the Company breached Rule 14.41(a) for its failure to despatch the circular by the extended deadline and Rule 2.12A for its failures to provide information in response to the Stock Exchange's enquiries within the time limit imposed.

The relevant Directors had breached Rules 3.08 and 3.09B(2) that failed to exercise reasonable skill, care and diligence in the discharge of their directors' duties and use their best endeavours to procure the Company's compliance with the Listing Rules in respect of the despatch of the circular by the extended deadline and to provide information in response to the Stock Exchange's enquiries.

Two former authorised representatives had also failed to act as the principal channel of communication between the Stock Exchange and the Company, in breach of Rule 3.06.

The Company, the relevant Directors and the former Company Secretary did not contest their respective breaches and agreed to the sanctions and directions imposed on them, as set out in the statements of disciplinary action. As at the date of this report, the relevant Directors and the former Company Secretary completed the 18 hours' training on regulatory and legal topics and the Listing Rule compliance as directed by the Stock Exchange.

For details, please refer to the regulatory announcement issued by the Stock Exchange dated 11 November 2025 and the announcement of the Company dated 11 February 2026.

Corporate Strategy, Business Model and Culture

The Group is continuing to uphold the mission of "Build Home with Heart, Create Future with Aspiration" through the alignment of the Group's culture, values and strategies. The Group's strategies includes balanced and sound asset management strategy, rigorous and pragmatic land reserve strategy, comprehensive and diversified industrial layout strategy and policy-oriented development and planning strategy. Each of the employees of the Group understand and implement the following Group's standard:

- Advocate finding problems and giving suggestions; object to proposing problems without giving suggestions.
- Advocate personal involvement and pragmatism; object to grandiose ideas and working behind closed doors.
- Advocate sufficient communication and working together; object to getting benefits at others expense.
- Advocate efficient execution and being result-oriented; object to procrastination and opportunism.
- Advocate service consciousness and putting customers first; object to superiority and bureaucracy.
- Advocate taking responsibility and admitting to mistakes; object to muddling along and finding excuses.
- Advocate integrity and conservation; object to corruption and extravagance.

During the year, the Group continued to strengthen its culture through the implementation of the Group's standard to achieve the Company's mission, values and strategies.

More information about the Group's culture is available on the Company's website.

Board of Directors

The Board is in charge of the task of maximizing the financial performance of the Company and making decisions in the best interest of the Company. The Board is also responsible for formulating business policies and strategies, directing and supervising management of the Group, adopting and monitoring internal business and management control, approving and monitoring annual budgets and business plans, reviewing operational and financial performance, considering dividend policy, reviewing and monitoring the Company's systems of financial control and risk management. The Board has delegated the day-to-day management, administration and operation of the Group and implementation and execution of Board policies and strategies to the executive Directors and management of the Company.

All Directors have full and timely access to all relevant information in relation to the Group's businesses and affairs as well as unrestricted access to the advice and services of the company secretary of the Company (the "Company Secretary"). The Directors may seek independent professional advice at the Company's expenses in carrying out their duties and responsibilities.

Board Composition

As at the date of this report, the Board has seven Directors, including four executive Directors, Mr. KONG Jianmin (Chairman), Mr. KONG Jiantao (Chief Executive Officer), Mr. KONG Jiannan and Mr. CAI Fengjia and three independent non-executive Directors, Mr. TAM Chun Fai, Mr. LAW Yiu Wing, Patrick and Ms. WONG Man Ming, Melinda. Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan are brothers. Save as disclosed above, there is no financial, business, family or other material/relevant relationship among members of the Board.

The biographical details of the Directors, including relationships among members of the Board, are set out on pages 26 and 27 of this report. The latest list of Directors setting out their roles and responsibilities is available for inspection at the websites of the Company and the Stock Exchange.

Board Diversity

The Board has adopted a board diversity policy (the "Diversity Policy") which sets out the approach by the Company to achieve diversity on the Board. Under the Diversity Policy, the Company recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining its competitive advantage and supporting its sustainable development. In determining an optimum composition of the Board, the Company will consider all aspects of diversity and will also take into account factors based on its own business model and specific needs from time to time. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, skills and industry experience and expertise, cultural and educational background, and professional experience. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Board currently has one female Director out of seven Directors, and is committed to improving gender diversity as and when suitable candidates are identified. The Group is determined to maintain gender diversity and equality in terms of the whole workforce.

The current composition and structure of the Board are established with reference to the Diversity Policy, reflecting diverse mix of educational background, professional knowledge, industry experience and length of service, which are also in line with the Group’s demand for all-round sustainable development. The diversity mix of the Board as at the date of this report is summarised in the following charts:

Diversity Mix



Remarks: INED — independent non-executive Directors
ED — executive Directors

Chairman and Chief Executive Officer

Mr. KONG Jianmin is the Chairman and Mr. KONG Jiantao is the Chief Executive Officer. As disclosed, Mr. KONG Jianmin and Mr. KONG Jiantao are brothers. Despite their relationship, the divisions of responsibilities between the Chairman and the Chief Executive Officer are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability.

The Chairman is mainly responsible for providing leadership to the Board and ensuring that the Board functions effectively; providing all Directors with that information which is adequate, complete and reliable in a timely manner, formulating good corporate governance practice and process and making sure to adopt proper measures to maintain effective contact with the Shareholders. The Chief Executive Officer is mainly responsible for the daily operations and the overall management of the Group, execution of business policies and objectives as formulated and adopted by the Board and reported to the Board for the overall operation of the Group.

Independent Non-executive Directors

The Company currently has three independent non-executive Directors (“INEDs”), representing more than one-third of the Board and at least one of them has appropriate professional qualifications or accounting or related financial management expertise. The Company has received from each of the INEDs an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules, therefore the Company considered all the INEDs to be independent.

During the year, the INEDs contributed to the Company on which they serve the benefit of their skills, expertise and varied backgrounds and qualifications through regular attendance of Board and Board committees meetings, and proposed their independent opinions on several matters in relation to strategy, policy, the Company's performance and risk monitoring.

Mr. TAM Chun Fai has served as independent non-executive Director for over 9 years. Despite his long term of service, however, the Board is of the view that his individual independence should not be determined solely by the length of service. Mr. TAM Chun Fai made positive contributions to the Company by proposing independent, constructive and well-founded opinions over his term of office, and his succession in service as directors will bring about certain stability to the Board. In addition, it will also be of great benefit to the Board to maintain its members who have rendered long term service to the Company and are familiar with the Group's business and its market situation. The Board will also consider that he can still continue to demonstrate a high degree of independent judgment after taking into consideration of the factors that may affect his independence pursuant to Rule 3.13 of the Listing Rules, hence, Mr. TAM Chun Fai is considered to be independent.

In compliance with Rule 3.09D of the Listing Rules which took effect on 31 December 2023, Ms. WONG Man Ming, Melinda ("Ms. WONG"), who was appointed as a Director on 1 April 2024, obtained the legal advice referred to in Rule 3.09D on 28 March 2024. Ms. WONG confirmed that she understood her obligations as a director of the Company.

Appointments and Re-election of Directors

Each Director has entered into a service contract or a letter of appointment with the Company for a term of three years, subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the Company's Articles of Association (the "Articles of Association").

Directors' Insurance

The Company has purchased suitable and adequate insurance coverage for all Directors against their litigation liabilities arising from legal actions due to the performance of corporate activities. The Company reviews the insurance purchased annually to ensure the provision of reasonable and sufficient protection.

Operation of the Board

During the year, the Board held four regular meetings. At these board meetings, Directors discussed and exchanged their views on significant issues and general operations of the Group, formulated business policies and strategies, reviewed the Group's financial and operational performance, and approved the annual and interim results of the Group. It also reviewed the Group's risk management and internal control systems, board diversity, remuneration policy, whistleblowing and anti-corruption policies and systems and environmental, social and governance report etc.

In addition to the aforesaid regular meetings, the senior management of the Group provides to Directors, on a regular basis, monthly updates and other information with respect to the performance, business activities and development of the Group. Throughout the year, the Directors participate in the deliberation and approval of certain matters of the Company by way of written resolutions with supporting explanatory materials, supplemented by additional verbal and/or written information from the Company Secretary or other executives of the Company as and when required. Whenever warranted, additional board meetings are held.

During the year, the Chairman held one meeting with independent non-executive Directors without the presence of other Directors.

Attendances of the Directors at the board meetings and the annual general meeting in 2025 are set out as follows:

Directors	Meetings Attended/ Eligible to Attend	Attendance at 2025 Annual General Meeting
<i>Executive Directors</i>		
KONG Jianmin (<i>Chairman</i>)	2/4	×
KONG Jiantao (<i>Chief Executive Officer</i>)	4/4	×
KONG Jiannan	4/4	√
CAI Fengjia	4/4	×
<i>Independent Non-executive Directors</i>		
TAM Chun Fai	4/4	√
LAW Yiu Wing, Patrick	4/4	√
WONG Man Ming, Melinda	4/4	√

Regular board meetings in each year are scheduled well in advance to facilitate maximum attendance of Directors. At least 14 days' notice of a regular board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying board papers are normally sent to Directors at least 3 days before the intended date of a board meeting. Directors may participate in meetings in person, by phone or by other communication means. All minutes are kept by the Company Secretary and are open for inspection at reasonable time on reasonable notice by any Director.

Directors are required to declare their respective interests (if any) in the matters to be considered at the board meetings in accordance with the Articles of Association, and a Director who is considered to be materially interested in the matter shall abstain from voting right for approving such matter.

Compliance with Model Code

The Company has adopted the Model Code for Securities Transactions by Directors of the Listed Issuers (the “Model Code”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2025.

Training and support for Directors

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Upon appointment to the Board, all newly appointed Directors have been provided with necessary induction training and materials to ensure that they have proper understanding of the operation and business of the Company and their responsibilities under the relevant laws, regulations and rules.

To further ensure that all Directors are adequately informed about the Company’s business and operations as well as his responsibilities under relevant laws, rules and regulations, all Directors are regularly provided materials regarding the Company’s most recent performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time. The Company has also organized a seminar on the Listing Rules with the participation of external legal counsels.

During the year, the Directors have participated in adequate continuous professional development through their attendance of seminars, taking training courses and online learning resources. According to the information provided to the Company by the Directors, they attended the following trainings as of 31 December 2025:

Directors	Attending trainings, seminars, conferences or briefings
<i>Executive Directors</i>	
KONG Jianmin	√
KONG Jiantao	√
KONG Jiannan	√
CAI Fengjia	√
<i>Independent Non-executive Directors</i>	
TAM Chun Fai	√
LAW Yiu Wing, Partick	√
WONG Man Ming, Melinda	√

Annual Remuneration Payable to the Members of Senior Management

The annual remuneration of the members of the senior management by band for the year ended 31 December 2025 is as follows:

Remuneration Bands (RMB)	Number of Individuals
0–1,000,000	2
1,000,001–1,500,000	1

Board Committees

The Board has established four board committees, namely Audit Committee, remuneration committee of the Company (the “Remuneration Committee”), nomination committee of the Company (the “Nomination Committee”) and executive committee of the Company (the “Executive Committee”). Each of the Board committees has its respective written terms of reference approved by the Board, which cover its duties, authority and functions. Such terms of reference comply with the requirements of the Listing Rules and have taken into account the specific business needs of the Company. The Board committees have sufficient resources to perform their duties, report to the Board on the results of their meetings, raise key issues and findings, and provide recommendations to assist the Board in decision-making.

Audit Committee

The Audit Committee was established in 2007. The terms of reference of the Audit Committee was determined and updated in accordance with the Corporate Governance Code, which was amended from time to time. As at the date of this report, the Audit Committee comprises three members who are independent non-executive Directors, namely Mr. TAM Chun Fai (chairman), Mr. LAW Yiu Wing, Partick and Ms. WONG Man Ming, Melinda.

The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of external auditor, review financial statements and express material advice in respect of financial reporting matters, as well as review the financial control, internal control, risk management systems, corporate governance and environmental, social and governance of the Company. The terms of reference of the Audit Committee are available for inspection at the websites of the Company and the Stock Exchange respectively.

The Environmental, Social and Governance Committee (the “ESG Committee”) was established in 2021 under the Audit Committee. The ESG Committee is responsible to assist the Audit Committee to formulate policies and reporting guidelines on environmental, social and governance matters with reference to the requirements of the rules governing the listing of securities on the Stock Exchange from time to time.

Two Audit Committee meetings were held during the year. The work of the Audit Committee is summarized as follows:

- met with the auditor to discuss the accounting and audit issues of the Group, and reviewed their findings, recommendations and representations;
- reviewing and monitoring the integrity of the Groups’ financial statements and annual reports and account, and interim reports;
- reviewing the Group’s internal audit function;
- reviewing the Group’s financial and accounting policies and practices;
- reviewed the Group’s continuing connected transactions, financial control, internal control and risk management systems and whistleblowing and anti-corruption systems;
- reviewed the independence of the external auditor, recommended the appointment of external auditor and its terms of appointment and any issues related to its resignation;
- reviewed the corporate governance of the Company; and
- reviewed the Group’s environmental, social and governance related matters under Appendix C2 of the Listing Rules.

The Audit Committee also had a private meeting with the external auditor without the presence of the management to discuss any area of concern.

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

Committee Members	Meetings Attended/ Eligible to Attend
TAM Chun Fai	2/2
LAW Yiu Wing, Partick	2/2
WONG Man Ming, Melinda	2/2

Remuneration Committee

The Remuneration Committee was established in 2007. The terms of reference of the Remuneration Committee was determined and updated in accordance with the Corporate Governance Code, which was amended from time to time. As at the date of this report, the Remuneration Committee comprises an executive Director, namely Mr. KONG Jianmin, and three independent non-executive Directors, namely Mr. TAM Chun Fai (chairman), Mr. LAW Yiu Wing, Partick and Ms. WONG Man Ming, Melinda.

The primary duties of the Remuneration Committee are to formulate and make recommendations on remuneration policy and remuneration package (including but not limited to the share scheme of the Company) of the Directors and members of senior management to the Board. The terms of reference of the Remuneration Committee are available for inspection at the websites of the Company and the Stock Exchange respectively.

A Remuneration Committee meeting was held during the year. The work of the Remuneration Committee is summarized below:

- reviewed the remuneration policies of the Group; and
- reviewed the remuneration packages of the Directors and senior management.

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

Committee Members	Meeting Attended/ Eligible to Attend
TAM Chun Fai	1/1
KONG Jianmin	0/1
LAW Yiu Wing, Partick	1/1
WONG Man Ming, Melinda	1/1

Nomination Committee

The Nomination Committee was established in 2007. The terms of reference of the Nomination Committee was determined and updated in accordance with the Corporate Governance Code, which was amended from time to time. As at the date of this report, the Nomination Committee comprises an executive Director, namely Mr. KONG Jianmin (chairman), and three independent non-executive Directors, namely Mr. TAM Chun Fai, Mr. LAW Yiu Wing, Partick and Ms. WONG Man Ming, Melinda.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board and make recommendations to the Board regarding the selection of director candidates. The terms of reference of the Nomination Committee are available for inspection at the websites of the Company and the Stock Exchange respectively.

Two Nomination Committee meetings were held during the year. The work of the Nomination Committee is summarized as follows:

- reviewed the structure, size and composition (including skills, expertise and experience) and the diversity of the Board;
- evaluated the independence of INEDs; and
- considered the retirement and re-election of the Directors and reviewed whether the time and attention made to the Company's affairs is sufficient by each Director.

The Nomination Committee has set the measurable objectives including but not limited to gender, age, cultural and educational background, length of service and professional experience for the implementation of board diversity of the Company. Details are set out in the paragraphs under "Board Composition" and "Board Diversity" in this report. The Nomination Committee reviews the Diversity Policy to ensure its continued effectiveness from time to time. It is of the view that the Board are drawn from a diverse background and professional experience, thereby ensuring critical review and control of the management process. The balanced composition of the Board

brings effective performance by providing sound judgment on strategic issues and effective oversight of and guidance to management. The biographical details of the Directors set out in pages 26 and 27 of this report demonstrate a diversity of skills, expertise, experience and qualifications.

Having reviewed the implementation of the Diversity Policy and the structure, size and composition of the Board, the Nomination Committee considered that the requirements of the board diversity policy had been met.

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

Committee Members	Meeting Attended/ Eligible to Attend
KONG Jianmin	1/2
TAM Chun Fai	2/2
LAW Yiu Wing, Partick	2/2
WONG Man Ming, Melinda	2/2

Nomination Policy

The Company’s policy for the nomination of Directors (the “Nomination Policy”) was adopted pursuant to resolutions of the Board. Pursuant to the Nomination Policy, the Nomination Committee shall nominate suitable candidates to the Board for it to consider and make recommendations to the Shareholders for election as Directors at general meetings of the Company or to appoint as Directors to fill casual vacancies or as an addition to the existing Board. The non-exhaustive factors listed below would be used as reference by the Nomination Committee in assessing the suitability of a proposed candidate:

- Reputation for integrity;
- Accomplishment and experience;
- Compliance with legal and regulatory requirements;
- Commitment in respect of available time and relevant interest; and
- Diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service.

The Nomination Committee shall also assess the independence of independent non-executive Directors, and shall take into account factors for independence as prescribe by the Listing Rules in force as amended from time to time.

Executive Committee

The Executive Committee was established in 2019 and performs its duty in accordance with the terms of reference which were amended from time to time. As at the date of this report, the Executive Committee comprises executive Directors, namely Mr. KONG Jianmin (chairman), Mr. KONG Jiantao, Mr. KONG Jiannan and Mr. CAI Fengjia. The Board has delegated to the Executive Committee with authority and responsibility for handling the management functions and day-to-day operations of the Company, while reserving certain key matters such as the declaration of interim dividend, making recommendation of final dividend or other distributions for the approval by the Board. The Executive Committee monitors the execution of the Company's business plans and the operations of business units of the Company and convenes meeting regularly as and when necessary.

Audit and Accountability

Financial reporting

The Directors acknowledged their responsibility for preparing the financial statements of the Group for the year ended 31 December 2025, and confirmed that the financial statements contained herein gave a true and fair view of the results and state of affairs of the Group during the year. Save as disclosed in the paragraph named "Material Uncertainty Related to the Going Concern" under the Independent Auditor's Report and Note 2.1 to the consolidated financial statements of this report, the Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

External Auditor

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" contained in this report.

For the year ended 31 December 2025, the external auditor's remuneration in respect of audit services provided to the Group amounted to RMB5,200,000 and fees for non-audit services amounted to an aggregate amount of RMB60,000, being the service charge for the review of financial information and other reporting services.

Risk Management and Internal Control

The Board is responsible for maintaining sound and effective risk management and internal control systems in order to safeguard the Group's assets and the Shareholders' interests, and reviewing and monitoring the effectiveness of such systems on a regular basis. The Audit Committee assists the Board in performing its governance functions regarding, among others, finance, operation, compliance, risk management and internal control of the Group. The Board and the Audit Committee receive reports on internal control and risk management on irregular basis as required. The Group's risk management team assists the Board and/or the Audit Committee in reviewing the effectiveness of the risk management and internal control systems on an ongoing basis. Such systems are designed to manage rather than eliminate the risk of failure to achieve the Group's business goals, and can only provide reasonable but not absolute assurance against material misstatement or loss.

The Group adopts the "three lines of defense" model as the basic structure of its risk management and internal control systems:

First line of defense: The Group integrates the risk management system into the core operating practices of its business. Each operating unit is responsible for identifying and evaluating their own risks, setting appropriate risk control measures within the scope of their responsibilities, strictly implementing relevant risk control measures, and reporting to the management on the status of risk management in a timely manner.

Second line of defense: Each functional department of the Group provides and promotes the methodology and tools of risk management and control for the first line of defense, and at the same time, coordinates with each other especially for the management of significant matters involving various fields, processes and departments, and gives risk reminders and carries out control strategy study on such basis.

Third line of defense: The Group's risk management team is mainly responsible for monitoring the compliance with policies and procedures by the Group and its major departments as well as the effectiveness of its internal control structure, conducting independent assessment, providing constructive advice to relevant management and reporting to the executive Directors. The Group's risk management team organizes regular risk assessment of the Group and formulates internal audit plan for the year based on the results of the risk assessment, and at the same time, reports to the Audit Committee on the results of the audit on a regular basis.

The Board has reviewed and assessed the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2025 and considered that such systems are effective and adequate.

The Company has established a whistleblowing policy for the employees of the Group and those who deal with the Group (e.g. customers and suppliers) to raise their concerns about possible improprieties in any matter related to the Group in confidence and anonymity.

In addition, the Group is committed to abiding by all laws and regulations to prevent corruption and bribery in all business dealing. The Group's anti-corruption policy provides information and guidance to employees of the Group and related third parties who deal with the Group on how to recognize and deal with bribery and corruption and to handle corporate donation and sponsorship activities of the Group.

Both the whistleblowing policy and the anti-corruption policy have been reviewed on a regular basis, any suspected cases will be reported to the Audit Committee. During the year, no case of whistleblowing was noted by the Audit Committee under review.

Major Risks and Uncertainties

The following lists out the main risks and uncertainties faced by the Group. As it is not exhaustive in listing out all factors, there may be other risks and uncertainties which are unknown or currently not but may become material in future, save as those disclosed below. In addition, investors are advised to make their own judgment or consult professionals before making any investment in the securities of the Company.

- Changes in policies, fluctuations in interest rates, imbalances between supply and demand, changes in general economic conditions, and changes in the supply and demand for financing may pose risks to the Group's business, which may adversely affect the Group's financial condition or results of operations.
- Defaults from buyers or strategic business partners, internal process, human and systemic deficiencies or failures, and reputational impacts due to inadequate response to adverse events may adversely affect the Group's operations to varying degrees. Even though the Group has put in place relevant measures to prevent accidents, accidents may still occur, which may damage the Group's reputation and economic interests.

Policy on Inside Information

The Company has adopted policies on monitoring, reporting and disclosure of inside information (as defined in the Listing Rules). This ensures timely reporting and disclosure as well as fulfilment of the Group's continuous disclosure obligations.

Company Secretary

All Directors have access to the advice and services of the Company Secretary. The Company Secretary is responsible for ensuring the Board policies and procedures are followed and for facilitating information flows and communications among Directors and its committees as well as with shareholders and management.

Mr. CHAN Kin Wai resigned as Company Secretary and Mr. CHAN Sze Yin was appointed as Company Secretary on 25 July 2025. Mr. CHAN Sze Yin is a member of the Hong Kong Institute of Certified Public Accountants. He undertook over 15 hours of relevant professional training to update his skills and knowledge during the year.

Shareholder Relations

The Company understands the importance of maintaining effective mutual communication with its Shareholders and values every opportunity to communicate with them. The Company has disclosed clear and relevant information to Shareholders through various channels in a timely manner. The Company has also complied with the Listing Rules by posting announcements, notices, annual reports, interim reports, shareholders' circulars and monthly updates etc. on the websites of the Stock Exchange and the Company. Shareholders can receive the printed annual and interim reports by post as requested. Apart from these documents, press releases and newsletters are posted on the Company's website to enhance its transparency. Being constantly updated in a timely manner, the website also contains a wide range of additional information on the Company's business activities.

In addition to publication of information, the annual general meeting of the Company provides a platform for communication between Shareholders and Directors. Executive Director(s) and independent non-executive Directors attends the annual general meeting to ensure Shareholders' views are communicated to the Board. Moreover, the briefing on the Company's business and the questions and answer session at the meeting allow Shareholders to stay informed of the Group's strategies and goals.

The annual general meeting proceedings are reviewed from time to time to ensure that the Company follows best corporate governance practices and Shareholders' rights are preserved. Notice of annual general meeting is delivered to all Shareholders at least 21 clear days prior to the date of the meeting, setting out details of each proposed resolution, voting procedures (including procedures for demanding and conducting a poll) and other relevant information. At the beginning of the meeting, the procedures for demanding and conducting a poll will be explained by the chairman of the meeting. Vote results are released by way of publication of an announcement.

Shareholders' Rights

Procedures for shareholders to convene an Extraordinary General Meeting ("EGM")

Pursuant to the article 58 of the Articles of Association, any one or more member(s) 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 (the "EGM Requisitionists"), on a one vote per share basis, shall at all times have the right, by written requisition to the Board or the Company Secretary, to require the EGM to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition.

The EGM Requisitionists can deposit the written request at the Company's principal place of business in Hong Kong, which is presently situated at Room 1301, 13th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong. The EGM Requisitionists must state in their request(s) the objects of the EGM, and such request must be signed by all the EGM Requisitionists, any may consist of several documents in like form, each signed by one or more of the EGM Requisitionists.

The share registrar will verify the EGM Requisitionists' particulars in the EGM Requisitionists' request. Promptly after confirmation from the share registrar that the EGM Requisitionists' request is in order, the Company Secretary will arrange the Board to convene an EGM by serving sufficient notice to all the registered Shareholders in accordance with all the relevant statutory and regulatory requirements. On the contrary, if the EGM Requisitionists' request is verified not in order, the EGM Requisitionists will be advised of this outcome and accordingly, an EGM will not be convened as requested.

If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the EGM Requisitionists' himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the EGM Requisitionists by reason of the Board's failure to duly convene the EGM shall be reimbursed to the EGM Requisitionists by the Company.

Procedures for putting forward proposals at general meeting

There are no provisions in the Articles of Association or the Companies Act of the Cayman Islands for Shareholders to put forward new resolutions at general meetings. However, Shareholders are requested to follow the article 58 of the Articles of Association for including a resolution at the EGM. The requirements and procedures are set out above. Pursuant to the article 85 of the Articles of Association, no person other than a director retiring at the meeting shall, unless recommended by the directors for election, be eligible for election as a director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the principal place of business in Hong Kong or at the share registrar of the Company provided that such notices must be lodged with the Company at least fourteen (14) days prior to the date of the general meeting of election but no earlier than the day after despatch of the notice of the general meeting appointed for such election. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules. The procedures for Shareholders to propose a person for election as director is posted on the Company's website.

Investor Relations

Communication with Shareholders

Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations department which contact details are as follows:

Investor Relations Department
KWG Group Holdings Limited
Room 1301, 13th Floor,
Harcourt House,
39 Gloucester Road,
Wanchai, Hong Kong

Fax: (852) 2878 7091
Email: ir@kwggroupholdings.com

Constitutional documents

During the year, no changes have been made to the memorandum and articles of association of the Company which is available on the websites of the Company and HKEXnews.

Dividend Policy

The Company has adopted a dividend policy which aims to provide the Shareholders with a sustainable dividend out of the profit of the Group. Declaration of dividends is subject to the discretion of the Board, taking into consideration of factors such as the Group's financial results, Shareholders' interests, general business conditions and strategies, capital requirements, taxation considerations, contractual, statutory and regulatory restriction and any other factors that the Board may deem relevant. The policy will be reviewed from time to time so as to keep in line with the future prospects and capital requirements of the Group and the changes in market conditions.

The Board are pleased to present its report together with the audited financial statements of the Group for the year ended 31 December 2025.

Principal Activities

The principal activities of the Group are property development, property investment and hotel operation, the details of principal activities of its principal subsidiaries are set out in note 1 to the financial statements.

Business Review

A fair review of the Group's business during the year, including an analysis of the Group's performance using financial key performance indicators, a description of the principal risks and uncertainties facing by the Group, an indication of likely future development in the Group's business, and particulars of important events affecting the Group that have occurred since the end of the year ended 31 December 2025 (if any) can be found in the sections headed, the "Chairman's Statement" and the "Management Discussion and Analysis" in this report. The financial risk management objectives and policies of the Group can be found in note 43 to the financial statements.

The Environmental, Social and Governance Report of the Company for the year ended 31 December 2025 will be published on the websites of the Company (www.kwggroupholdings.com) and the HKEXnews (www.hkexnews.hk).

Results and Dividends

The Group's results for the year ended 31 December 2025 are set out in the Consolidated Statement of Profit or Loss on page 72.

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

Five Year Financial Summary

A financial summary of the Group for the last five financial years is set out on page 180 of this report.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year are set out on page 132 to the financial statements of this report.

Investment Properties, Properties under Development and Completed Properties Held for Sale

Details of investment properties of the Group during the year are set out in note 14 to the financial statements; and details of the properties under development of the Group and completed properties held for sale by the Group during the year are set out in notes 19 and 20 respectively. Further details of the Group's major investment properties are set out on page 179 of this report.

Shares in issue

The details of the movement in the Company's share capital during the year are set out in note 30 to the financial statements of this report.

Pre-emptive Rights

There is no provision for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing Shareholders.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2025.

As stated in the Company's announcements dated 8 March 2024, 12 June 2024, 16 September 2024, 12 February 2025, 27 June 2025, 29 September 2025, 29 December 2025 and 27 March 2026, an event of default under the terms of the notes had occurred as at 14 May 2023. As a result, trading of the notes on the Stock Exchange has been suspended with effect from 9: 00 a.m. on 16 May 2023 and remain suspended up to the date of this report.

During the year and up to the date of this report, the Company has not made the redemption payment for the 6.0% senior notes due January 2024, 7.4% senior notes due March 2024, 7.875% senior notes due August 2024, 5.875% senior notes due November 2024, 5.95% senior notes due August 2025 and 6.3% senior notes due February 2026.

Reserves

Details of movements in the reserves of the Company and the Group during the year are set out in notes 44 and 32 to the financial statements and in the consolidated statement of changes in equity respectively.

Charitable Donations

No charitable donations were made by the Group during the year ended 31 December 2025.

Major Customers and Contractors

For the year ended 31 December 2025, sales to the Group's five largest customers accounted for less than 30% of the Group's revenue in the year.

In the year under review, purchases from the Group's largest contractors and five largest contractors accounted for approximately 4.8% and 18.3% respectively, of the total purchases for the year.

Bank Borrowings

The details of bank borrowings of the Group as of 31 December 2025 are set out in note 27 to the financial statements of this report.

Directors

The Directors during the year and up to the date of this report were:

Executive Directors

KONG Jianmin (*Chairman*)
KONG Jiantao (*Chief Executive Officer*)
KONG Jiannan
CAI Fengjia

Independent Non-executive Directors

TAM Chun Fai
LAW Yiu Wing, Patrick
WONG Man Ming, Melinda

Biographical details of the Directors are set out on pages 26 and 27 of this report.

Pursuant to Article 84 of the articles of association of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. A retiring Director shall be eligible for re-election. Accordingly, Mr. KONG Jiannan, Mr. TAM Chun Fai and Ms. WONG Man Ming Melinda shall retire from office by rotation and stand for re-election at the forthcoming annual general meeting of the Company.

The Company has received annual confirmations of independence from Mr. TAM Chun Fai, Mr. LAW Yiu Wing, Patrick, and Ms. WONG Man Ming, Melinda and as of the date of this report still considers them to be independent.

DISCLOSURE OF DIRECTORS' INFORMATION PURSUANT TO THE LISTING RULE 13.51B(1)

1. Mr. TAM Chun Fai resigned as the Executive Director of Beijing Enterprises Holdings Limited (stock code: 392), a company listed on the Main Board of the Stock Exchange, with effect from 1 January 2025.
2. Ms. WONG Man Ming, Melinda, re-designated as an executive Director of PT International Development Corporation Limited (stock code: 372), a company listed on the Main Board of the Stock Exchange, from a non-executive director with effect from 26 February 2025. Ms. Wong Man Ming, Melinda re-designated as non-executive Director of the Company from an executive Director with effect from 26 July 2025.

Directors' Service Contracts

The executive Directors and independent non-executive Directors have entered into service contracts and letters of appointment with the Company for a term of three years respectively.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

Directors' Remuneration

The Directors' remunerations are subject to the recommendations of the Remuneration Committee and the Board's approval. The remunerations are determined by the Board with reference to Directors' duties, responsibilities, performances and the results of the Group.

Directors' Interests in a Competing Business

During the year and up to the date of this report, none of the Directors or any of their respective associates have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Director's Interests in Transactions, Arrangements and Contract

Save as disclosed under the section headed "Continuing Connected Transactions" on pages 56 to 62 of this report, no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company, or its subsidiaries was a party and in which a Director or his connected entity had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

Arrangement to Acquire Shares or Debentures

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

Equity-linked Agreements

Other than the share option scheme of the Company (the “Share Option Scheme”) set out on pages 52 to 54 of this report, no equity-linked agreements were entered into by the Company during the year or existed at the end of the year.

Directors’ and Chief Executives’ Interests in Shares, Underlying Shares and Debentures

As at 31 December 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) which were required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code as set out in Appendix C3 to the Listing Rules, were as follows:

(i) Long positions in Shares and underlying Shares

Name of Director	Number of Shares held				Total	Approximate% of the issued share capital ⁽¹⁾
	Personal Interests (held as beneficial owner)	Family Interests (interests of spouse or child under 18)	Corporate Interests (interests of controlled corporation)	Other Interests		
KONG Jianmin	–	–	1,594,749,652 ⁽³⁾	399,053,500 ⁽²⁾⁽³⁾	1,993,803,152	58.32%
KONG Jiantao	–	–	256,804,687 ⁽⁴⁾	1,443,385,000 ⁽²⁾⁽⁴⁾	1,700,189,687	49.73%
KONG Jiannan	–	–	144,338,500 ⁽⁵⁾	1,553,761,500 ⁽²⁾⁽⁵⁾	1,698,100,000	49.67%
CAI Fengjia	347,222	112,000 ⁽⁶⁾	–	–	459,222	0.01%
TAM Chun Fai	30,000	–	–	–	30,000	0.00%

Notes:

(1) The approximate percentages were calculated based on 3,418,883,945 Shares in issue as at 31 December 2025.

Report of the Directors

- (2) On 30 December 2018, Plus Earn Consultants Limited (“Plus Earn”), a company wholly-owned by Mr. KONG Jianmin and directly holds 1,299,046,500 Shares; Right Rich Consultants Limited (“Right Rich”), a company wholly-owned by Mr. KONG Jiantao and directly holds 254,715,000 Shares; and Peace Kind Investments Limited (“Peace Kind”), a company wholly-owned by Mr. KONG Jiannan and directly holds 144,338,500 Shares, entered into a shareholders’ agreement (the “Shareholders’ Agreement”) to regulate their dealings in the Shares. As such, each party to the Shareholders’ Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders’ Agreement under Section 317(1)(a) of the SFO.
- (3) Mr. KONG Jianmin is deemed to be interested in a total of 1,993,803,152 Shares including (i) 1,299,046,500 Shares held by Plus Earn which is wholly-owned by Mr. KONG Jianmin; (ii) 295,703,152 Shares held by Hero Fine Group Limited (“Hero Fine”) which is wholly-owned by Mr. KONG Jianmin; and (iii) 254,715,000 Shares held by Right Rich and 144,338,500 shares held by Peace Kind pursuant to the Shareholders’ Agreement.
- (4) Mr. KONG Jiantao is deemed to be interested in a total of 1,700,189,687 Shares including (i) 254,715,000 Shares held by Right Rich which is wholly-owned by Mr. KONG Jiantao; (ii) 1,109,587 Shares held by Excel Wave Investments Limited (“Excel Wave”) which is wholly-owned by Mr. KONG Jiantao; (iii) 980,100 Shares held by Wealth Express Investments Limited (“Wealth Express”) which is wholly-owned by Mr. KONG Jiantao; and (iv) 1,299,046,500 Shares held by Plus Earn and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders’ Agreement.
- (5) Mr. KONG Jiannan is deemed to be interested in a total of 1,698,100,000 Shares including (i) 144,338,500 Shares held by Peace Kind which is wholly-owned by Mr. KONG Jiannan; and (ii) 1,299,046,500 Shares held by Plus Earn and 254,715,000 Shares held by Right Rich pursuant to the Shareholders’ Agreement.
- (6) These Shares were held by Mr. CAI Fengjia’s spouse.

(ii) Interests in debentures of the Company

Name of Director	Capacity/Nature of Interests	Amount of Debentures Interested
KONG Jiantao	Interest of a controlled corporation ⁽¹⁾	US\$2,000,000
	Interest of spouse ⁽²⁾	US\$9,650,000
KONG Jianmin	Interest of a controlled corporation ⁽³⁾	US\$6,650,000

Notes:

- (1) Excel Wave, a company wholly-owned by Mr. KONG Jiantao, held US\$2,000,000 of US\$300,000,000 7.40% senior notes of the Company due 2024. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the senior note held by Excel Wave under the SFO.
- (2) The spouse of Mr. KONG Jiantao held totally US\$9,650,000 senior notes including (i) US\$3,000,000 of US\$300,000,000 7.40% senior notes of the Company due 2024 and (ii) US\$6,650,000 of US\$794,925,800 6.0% senior notes of the Company due 2024. Accordingly, Mr. KONG Jiantao is deemed to be interested in the aforesaid amount of the senior notes held by his spouse under the SFO.
- (3) Hero Fine, a company wholly-owned by Mr. KONG Jianmin, held US\$6,650,000 of US\$794,925,800 6.0% senior notes of the Company due 2024. Accordingly, Mr. KONG Jianmin is deemed to be interested in the said amount of senior note held by Hero Fine under the SFO.

(iii) Long positions in the shares of associated corporations

Name of Director	Name of Associated Corporations	Capacity	Number of shares held	% of issued voting shares
KONG Jianmin	Plus Earn	Beneficial owner	1,000	100.00%

Save as disclosed above, as at 31 December 2025, none of the Directors nor the chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be: (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Shares and Underlying Shares

As at 31 December 2025, to the knowledge of the Directors, the following entities (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Long positions in shares and underlying shares of the Company:

Name Substantial of Shareholder	Number of Shares held			Approximate % of the issued share capital ⁽¹⁾
	Beneficial Owner	Other Interests	Total	
Plus Earn ⁽²⁾	1,299,046,500	399,053,500 ⁽⁶⁾	1,698,100,000	49.67%
Hero Fine ⁽³⁾	295,703,152	–	295,703,152	8.65%
Right Rich ⁽⁴⁾	254,715,000	1,443,385,000 ⁽⁶⁾	1,698,100,000	49.67%
Peace Kind ⁽⁵⁾	144,338,500	1,553,761,500 ⁽⁶⁾	1,698,100,000	49.67%

Notes:

- (1) The approximate percentages were calculated based on 3,418,883,945 Shares in issue as at 31 December 2025.
- (2) Plus Earn is legally and beneficially owned as to 100% by Mr. KONG Jianmin. Pursuant to the SFO, Plus Earn is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 1,299,046,500 Shares directly held by it; (ii) 254,715,000 Shares held by Right Rich and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.
- (3) Hero Fine is legally and beneficially owned as to 100% by Mr. KONG Jianmin.

- (4) Right Rich is legally and beneficially owned as to 100% by Mr. KONG Jiantao. Pursuant to the SFO, Right Rich is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 254,715,000 Shares directly held by it; and (ii) 1,299,046,500 Shares held by Plus Earn and 144,338,500 Shares held by Peace Kind pursuant to the Shareholders' Agreement.
- (5) Peace Kind is legally and beneficially owned as to 100% by Mr. KONG Jiannan. Pursuant to the SFO, Peace Kind is interested and deemed to be interested in a total of 1,698,100,000 Shares including (i) 144,338,500 Shares directly held by it; and (ii) 1,299,046,500 Shares held by Plus Earn and 254,715,000 Shares held by Right Rich pursuant to the Shareholders' Agreement.
- (6) On 30 December 2018, Plus Earn, Right Rich and Peace Kind entered into the Shareholders' Agreement to regulate their dealings in the Shares. As such, each party to the Shareholders' Agreement was deemed to have interest in the shares and/or underlying shares held by the other parties pursuant to the Shareholders' Agreement under Section 317(1)(a) of the SFO.

Save as disclosed above, as at 31 December 2025, no other person (other than the Directors and chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Scheme

Pursuant to the shareholder's resolutions of the Company passed on 9 February 2018, the Company has adopted a new Share Option Scheme for the purpose of providing incentives and rewards to eligible participants (the "Eligible Participant(s)") who will contribute and had contributed to the success of the Group's operations.

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose

The Share Option Scheme is a share incentive scheme prepared in accordance with Chapter 17 of the Listing Rules and is established to recognise 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 optimise their performance efficiency for the benefit of the Group; and (ii) attract and retain or otherwise maintain on-going business relationships 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 Eligible Participants to subscribe for such number of new shares as the Board may determine at an exercise price as the Board may determine.

An "Eligible Participant" means:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any Directors (including non-executive Directors and independent non-executive Directors) or any directors of the subsidiaries of the Company; and
- (iii) any advisers, consultants, suppliers, customers and agents to the Company or its subsidiaries.

3. Total number of shares available for issue under the Share Option Scheme

The maximum number of shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 314,932,505 shares, being 9.98% of the total number of issued shares as at the date of the adoption of the Share Option Scheme, and 9.21% as at the date of this report.

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 and including 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 numbers 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 close associates (as defined in the Listing Rules) (or his/her associates if the Eligible Participant is a connected person) abstaining from voting.

5. The period within which the shares must be taken up under an option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

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 amount payable on application or acceptance of the option and the period within which payments or calls must or may be made, or loans for such purposes must be repaid*

Upon acceptance of the option, the grantee shall pay HK\$1.00 to the Company by way of consideration for the grant before the prescribed acceptance date (being a date not later than 30 days after the date of the offer). To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

8. *Basis of determining the exercise price*

Subject to adjustments made, the subscription price of a share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price must be at least the higher of:

- (i) the official closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a share.

9. *Remaining life of the Share Option Scheme*

The Share Option Scheme will remain in force for a period of 10 years, commencing from 13 February 2018.

A summary of the principal terms and conditions of the Share Option Scheme is set out in the Appendix to the circular of the Company dated 24 January 2018.

During the year, no share options were granted, exercised, lapsed or outstanding.

10. *Number of options available for grant*

As at 1 January 2025 and 31 December 2025, the number of shares in respect of which options are available for grant under the Share Option Scheme were 314,932,505 (representing approximately 9.21% of the total shares in issue as at the date of this annual report).

Share Award Scheme

The Share Award Scheme was adopted by the Board on 19 January 2018 (the "Adoption Date") in order to recognize and motivate the contributions by certain employees of the Company and/or member of the Group and to give incentives thereto in order to retain them for the continual operation and development of the Group; to attract suitable personnel for further development of the Group; and to provide certain employees with a direct economic interest in attaining a long-term relationship between the Group and certain employees. Subject to the rules of the Share Award Scheme (the "Scheme Rules"), the Board may, from time to time, at its absolute discretion select any eligible participant (other than any excluded participant as defined under the Scheme Rules) for participation in the Share Award Scheme as a selected participant (the "Selected Participant(s)"), and determine the number of shares to be granted to the Selected Participant.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the Adoption Date. Pursuant to the Share Award Scheme, the trustee, Computershare Hong Kong Trustees Limited and any additional or replacement trustee, shall purchase from the open market or subscribe for the relevant number of shares awarded and shall hold such shares on trust for the Selected Participants until they are vested in the relevant Selected Participant in accordance with the provisions of the Share Award Scheme. The Board, through its authorized representative(s), shall cause to pay to the trustee the subscription or purchase price for the shares and the related expenses from the Company's resources.

The Board shall not make any further award of awarded shares which will result in the total number of shares granted under the Share Award Scheme exceeding 5% of the total number of issued shares of the Company from the date of adoption. Details of the Scheme Rules are set out in the announcement of the Company dated 19 January 2018.

Since the Adoption Date and up to 31 December 2025, a total of 8,583,000 awarded shares had been awarded under the Share Award Scheme. The vesting of the awarded shares is subject to the conditions as set out in the Share Award Scheme and the fulfillment of such conditions as specified by the Board.

During the year, no awarded shares had been granted.

The number of awarded shares available for grant under the Share Award Scheme as at 1 January 2025 and 31 December 2025 were 149,174,752 (representing approximately 4.36% of the total shares in issue as at the date of this annual report).

The Board shall not make any further grant of awarded shares under the Share Award Scheme such that the total number of shares granted under the Share Award Scheme will exceed 5% of the total number of issued shares as of the Adoption Date (being 157,757,752 shares, representing approximately 4.61% of the total issued shares as at the date of this annual report). No maximum entitlement of each participant is prescribed under the share award scheme but the entitlement of each participant shall be in compliance with the Listing Rules.

The Selected Participant(s) are not required to pay any amount on application or for the acceptance of the award. The awarded shares shall be issued and allotted at par value to the trustee by the Company under the terms of the Share Award Scheme by utilising the funds allocated by the Board out of the Company's resources.

Further details of the Share Award Scheme are set out in note 31 of this report.

Continuing Connected Transactions

During the year, the Group conducted the following continuing connected transactions:

Lease of Properties

On 21 October 2022, the Group renewed the agreement (the "2022 Property Lease Agreement II") for the expired lease term of a property located at Guangzhou under property lease agreement dated 2 July 2019 with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of a property with Guangzhou Kai Chuang, with the lease term of 3 years. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB267,506.89 per month.

On 27 March 2024, the Group renewed the agreement (the "2024 Property Lease Agreements I") for the expired lease term of properties located at Shanghai and Guangzhou under property lease agreement dated 31 December 2020 with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of a property with Guangzhou Kai Chuang, with the lease term of 1 year. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB868,998.42 per month.

On 16 April 2024, the Group renewed the agreement (the "2024 Property Lease Agreements II") for the expired lease term of properties located at Guangzhou under property lease agreement dated 31 December 2020 with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of a property with Guangzhou Kai Chuang, with the lease term of 1 year. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB25,300.18 per month.

On 2 July 2024, the Group renewed the agreement (the "2024 Property Lease Agreements III") for the expired lease term of properties located at Guangzhou under property lease agreement dated 4 April 2023 and 31 August 2023, respectively, with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of a property with Guangzhou Kai Chuang, with the lease term of approximately 1.5 years. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB226,305.53 per month.

On 21 March 2025, the Group renewed the agreement (the "2025 Property Lease Agreements I") for the expired lease term of properties located at Guangzhou under property lease agreement dated 27 March 2024 and 16 April 2024, respectively, with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of properties with Guangzhou Kai Chuang, with the lease term of approximately 1.5 years. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB825,160.31 per month.

On 30 May 2025, the Group renewed the agreement (the "2025 Property Lease Agreements II") for the expired lease term of property located at Guangzhou under property lease agreement dated 2 July 2024, with Guangzhou Kai Chuang, pursuant to which the Group agreed to renew the lease term of property with Guangzhou Kai Chuang, with the lease term of approximately 2 years. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB43,224.54 per month.

On 30 September 2025, the Group extended the agreement (the “2025 Extension Agreement”) for the expired lease term of property located at Guangzhou under property lease agreement dated 22 October 2022, with Guangzhou Kai Chuang, pursuant to which the Group agreed to extend the lease term of property with Guangzhou Kai Chuang, with the lease term of approximately 4 months. The rental fee agreed by the Group and Guangzhou Kai Chuang was RMB267,506.89 per month.

Mr. KONG Jiantao, the executive director and controlling shareholder of the Company, is the ultimate beneficial owner of the Lessees, and therefore the Lessees are connected persons of the Company under the Listing Rules. Accordingly, the transactions contemplated under the abovementioned agreements constitute continuing connected transactions of the Company. In accordance with rule 14A.83 of the Listing Rules, as the abovementioned agreements were entered into by the Group and the Lessees, therefore, these transactions should be aggregated for calculation purposes. The annual caps for each of the years 2025, 2026 and 2027 are set out below:

	For the year ended 31 December 2025 (RMB)	For the year ending 31 December 2026 (RMB)		2027 (RMB)
Annual Caps	15,792,078	10,461,882	216,123	

The actual transaction amount for the transactions under 2022 Property Lease Agreements II, 2024 Property Lease Agreements III, 2025 Property Lease Agreements I, 2025 Property Lease Agreements II and 2025 Extension Agreement during the year ended 31 December 2025 was approximately RMB13,656,000.

Framework Agreements

1. Property Lease Framework Agreement

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a property lease framework agreement (the “Property Lease Framework Agreement”) with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which the Group leased the relevant properties (as office and staff quarters) and car parking lots to KWG Living and its subsidiaries (“KWG Living Group”), with the effective date commencing on 1 January 2023 to 31 December 2025. On 11 December 2025, the Company has entered into a new property lease framework agreement (the “New Property Lease Framework Agreement”) for a term commencing from 1 January 2026 to 31 December 2028.

The annual caps for each of the years 2025, 2026, 2027 and 2028 under the Property Lease Framework Agreement and the New Property Lease Framework Agreement are set out below:

	For the year ended	For the year ending 31 December		
	31 December 2025 (RMB)	2026 (RMB)	2027 (RMB)	2028 (RMB)
Annual Caps	38,600,000	17,000,000	17,000,000	17,000,000

The actual transaction amount for the transactions under the Property Lease Framework Agreement during the year ended 31 December 2025 is approximately RMB15,928,000.

2. Residential Property Management Services Framework Agreement

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a residential property management services framework agreement (the “Residential Property Management Services Framework Agreement”) with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide residential property management services to the Group, including but not limited to residential pre-sale management services and residential property management services, with the effective date commencing on 1 January 2023 to 31 December 2025. On 11 December 2025, the Company has entered into a new residential property management services framework agreement (the “New Residential Property Management Services Framework Agreement”) for a term commencing from 1 January 2026 to 31 December 2028.

The annual caps for each of the years 2025, 2026, 2027 and 2028 under the Residential Property Management Services Framework Agreement and the New Residential Property Management Services Framework Agreement are set out below:

	For the year ended	For the year ending 31 December		
	31 December 2025 (RMB)	2026 (RMB)	2027 (RMB)	2028 (RMB)
Annual Caps	360,600,000	104,400,000	107,800,000	111,200,000

The actual transaction amount for the transactions under the Residential Property Management Services Framework Agreement during the year ended 31 December 2025 is approximately RMB95,985,000.

3. *Property Agency Services Framework Agreement*

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a property agency services framework agreement (the "Property Agency Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide property agency services to the Group for properties developed by the Group with the effective date commencing on 1 January 2023 to 31 December 2025. On 11 December 2025, the Company has entered into a new property agency services framework agreement (the "New Property Agency Services Framework Agreement") for a term commencing from 1 January 2026 to 31 December 2028.

The annual caps for each of the years 2025, 2026, 2027 and 2028 under the Property Agency Services Framework Agreement and the New Property Agency Services Framework Agreement are set out below:

	For the year ended	For the year ending 31 December		
	31 December 2025 (RMB)	2026 (RMB)	2027 (RMB)	2028 (RMB)
Annual Caps	257,100,000	10,400,000	11,100,000	11,700,000

The actual transaction amount for the transactions under the Property Agency Services Framework Agreement during the year ended 31 December 2025 is approximately RMB6,810,000.

4. *Commercial Property Management Services Framework Agreement*

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a commercial property management services framework agreement (the "Commercial Property Management Services Framework Agreement") with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide commercial property management services to the Group, including but not limited to commercial pre-sale management services and commercial property management services with the effective date commencing on 1 January 2023 to 31 December 2025. On 11 December 2025, the Company has entered into a new commercial property management services framework agreement (the "New Commercial Property Management Services Framework Agreement") for a term commencing from 1 January 2026 to 31 December 2028.

The annual caps for each of the years 2025, 2026, 2027 and 2028 under the Commercial Property Management Services Framework Agreement and the New Commercial Property Management Services Framework Agreement are set out below:

	For the year ended	For the year ending 31 December		
	31 December 2025 (RMB)	2026 (RMB)	2027 (RMB)	2028 (RMB)
Annual Caps	246,400,000	81,000,000	81,000,000	81,000,000

The actual transaction amount for the transactions under the Commercial Property Management Services Framework Agreement during the year ended 31 December 2025 is approximately RMB79,641,000.

5. Commercial Operational and Value-added Services Framework Agreement

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into a commercial operational and value-added services framework agreement (the “Commercial Operational and Value-added Services Framework Agreement”) with KWG Living (for itself and on behalf of its subsidiaries), pursuant to which KWG Living Group shall provide commercial operational services and commercial value-added services to the Group with the effective date commencing on 1 January 2023 to 31 December 2025. On 11 December 2025, the Company has entered into a new commercial operational and value-added services framework agreement (the “New Commercial Operational and Value added Services Framework Agreement”) for a term commencing from 1 January 2026 to 31 December 2028.

The annual caps for each of the years 2025, 2026, 2027 and 2028 under the Commercial Operational and Value-added Services Framework Agreement and the New Commercial Operational and Value-added Services Framework Agreement are set out below:

	For the year ended 31 December 2025 (RMB)	For the year ending 31 December 2026 2027 2028 (RMB)		
Annual Caps	161,400,000	65,400,000	68,000,000	70,900,000

The actual transaction amount for the transactions under the Commercial Operational and Value-added Services Framework Agreement during the year ended 31 December 2025 is approximately RMB67,913,000.

6. Publicity Planning Service Framework Agreement

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into the publicity planning service framework agreement (the “Publicity Planning Service Framework Agreement”) with KWG Living (for itself and on behalf of its subsidiaries) pursuant to which KWG Living Group shall provide publicity planning services, such as promotion design, advertisement promotion and official account marketing for the residential properties developed by the Group with the effective date commencing from 1 January 2023 to 31 December 2025. On 11 December 2025, the Company has entered into a new publicity planning service framework agreement (the “New Publicity Planning Service Framework Agreement”) for a term commencing from 1 January 2026 to 31 December 2028.

The annual caps for each of the years 2025, 2026, 2027 and 2028 under the Publicity Planning Service Framework Agreement and the New Publicity Planning Service Framework Agreement are set out below:

	For the year ended	For the year ending 31 December		
	31 December	2026	2027	2028
	2025	2026	2027	2028
	(RMB)	(RMB)	(RMB)	(RMB)
Annual Caps	50,800,000	4,000,000	4,000,000	4,000,000

The actual transaction amount for the transactions under the Publicity Planning Service Framework Agreement during the year ended 31 December 2025 is approximately RMB2,762,000.

7. Marketing Channel Service Framework Agreement

On 21 November 2022, the Company (for itself and on behalf of its subsidiaries) entered into the marketing channel service framework agreement (the “Marketing Channel Service Framework Agreement”) with KWG Living (for itself and on behalf of its subsidiaries) pursuant to which KWG Living Group shall provide marketing channel management service for the Universal Marketing Plan of properties developed by the Group with the effective date commencing from 1 January 2023 to 31 December 2025. Leveraging KWG Living Group’s experience on management of property agents, the Group will ask KWG Living Group to provide administrative management services regarding the non-employees participants of the Universal Marketing Plan including human resource management, awards settlement, tax declaration and other administrative work. On 11 December 2025, the Company has entered into a new marketing channel service framework agreement (the “New Marketing Channel Service Framework Agreement”) for a term commencing from 1 January 2026 to 31 December 2028.

The annual caps for each of the years 2025, 2026, 2027 and 2028 under the Marketing Channel Service Framework Agreement and the New Marketing Channel Service Framework Agreement are set out below:

	For the year ended	For the year ending 31 December		
	31 December	2026	2027	2028
	2025	2026	2027	2028
	(RMB)	(RMB)	(RMB)	(RMB)
Annual Caps	18,100,000	2,000,000	2,000,000	2,000,000

The actual transaction amount for the transactions under the Marketing Channel Service Framework Agreement during the year ended 31 December 2025 is approximately RMB133,000.

As Mr. KONG Jianmin, Mr. KONG Jiantao and Mr. KONG Jiannan, being the Directors, are the controlling shareholders of KWG Living, and therefore KWG Living is their associate. Accordingly, the transactions contemplated under the abovementioned framework agreements constitute continuing connected transactions of the Company.

In accordance with rule 14A.55 of the Listing Rules, the continuing connected transaction as set out above during the year have been reviewed by the independent non-executive Directors who have confirmed that the transactions have been entered into:

- (a) in the ordinary and usual course of business of the Group;
- (b) on normal commercial terms or better; and
- (c) according to the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditor of the Company has been engaged to report on the above 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. The Board has received an unqualified letter from the auditor of the Company in accordance with Rule 14A.56 of the Listing Rules, stating that the auditor has not noticed that any of these continuing connected transactions:

- have not been approved by the Board;
- for transactions involving the provision of goods or services by the Group were not in accordance with the pricing policies of the Group in all material aspects;
- were not entered into in accordance with the relevant agreements governing such transactions in all material aspects; and
- have exceeded the annual cap as set by the Company for the year ended 31 December 2025.

Related party transactions

The Group conducted several related party transactions during the year (see note 40 to the financial statements of this report). Save as the connected transactions and continuing connected transactions disclosed above, other transactions are not deemed as connected transaction or continuing connected transactions under the Chapter 14A of the Listing Rules or being exempted from the requirements of notification, announcement and shareholders' approval in accordance with the Listing Rules.

Management Contracts

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

Permitted Indemnity Provision

Pursuant to the Articles of Association, every Director shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duty or otherwise in relation thereto, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has arranged and maintained appropriate directors' and officers' liability insurance coverage for the Directors during the year.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules during the year and up to the date of this report.

Independent Auditor

As disclosed in the announcement of the Company dated 27 December 2023, Ernst & Young ("EY") resigned as the auditor of the Company with effect from 27 December 2023. The Board resolved, having regard to the recommendation from the Audit Committee, to approve the appointment of Prism Hong Kong Limited (formerly known as "Prism Hong Kong and Shanghai Limited") as the new auditor of the Company with effect from 27 December 2023 to fill the casual vacancy following the resignation of EY.

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

The financial statements for the year were audited by Prism Hong Kong Limited, who will retire at the forthcoming annual general meeting. The Company will propose a resolution at the forthcoming annual general meeting to re-appoint Prism Hong Kong Limited as the Company's auditor for the coming year.

It is the auditor's responsibility to form an independent opinion, based on their audit, on these financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept legal liability to any other person for the contents of the Independent Auditor's Report. The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 65 to 71.

Loan Facilities with Covenants Relating to Specific Performance of the Controlling Shareholder

Facility Agreement dated 23 December 2020

On 23 December 2020, the Company, as the borrower, and certain of the subsidiaries of the Company, as the original guarantors, entered into a facility agreement (the “Facility Agreement III”) with, among others, The Bank of East Asia, Limited, China CITIC Bank International Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank (China), Limited Guangzhou Branch and Standard Chartered Bank (Hong Kong) Limited as the original lenders (the “Original Lenders”), The Bank of East Asia, Limited, China CITIC Bank International Limited, Hang Seng Bank Limited, The Hongkong and Shanghai Banking Corporation Limited, Nanyang Commercial Bank (China), Limited Guangzhou Branch and Standard Chartered Bank (Hong Kong) Limited as mandated lead arrangers and bookrunners and Standard Chartered Bank (Hong Kong) Limited, as the agent, in relation to the granting of transferrable HKD and USD dual currency term loan facility (with a greenshoe option) of up to US\$400 million to the Company for a term of 48 months commencing from the date of the Facility Agreement III.

Pursuant to the terms of the Facility Agreement III, the Company has undertaken to procure that Mr. KONG Jianmin, being the controlling shareholder of the Company, at all times: (i) beneficially owns not less than 35% of the entire issued share capital, voting rights and control of the Company; (ii) is the single largest shareholder of the Company; and (iii) is the chairman of the board of directors of the Company. Failure to comply with any of the above undertakings will constitute an event of default under the Facility Agreement III. Further details of the transaction are disclosed in the announcement of the Company dated 24 December 2020.

As of the date of this report, the circumstances giving rise to the relevant disclosure obligations under Rules 13.18 of the Listing Rules continued to exist.

On Behalf of the Board

KONG Jianmin
Chairman

Hong Kong
31 March 2026



OPINION

We have audited the consolidated financial statements of KWG Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 72 to 178, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

MATERIAL UNCERTAINTY RELATED TO THE GOING CONCERN

As set out in note 2.1 to the consolidated financial statements, which states that the Group incurred a net loss of approximately RMB3,462,187,000 for the year ended 31 December 2025, and as of that date, the Group had net current liabilities of approximately RMB44,810,172,000, the Group's bank and other borrowings of approximately RMB53,047,057,000 that were repayable within one year while its cash and bank balances amounted to approximately RMB634,394,000. As at 31 December 2025 and up to the date of approval of these consolidated financial statements, the Group did not repay the principal and interest payable of several USD denominated senior notes and bank and other borrowings. As a result, such non-repayment has constituted an event of default or cross default of various borrowings pursuant to the terms and conditions of respective agreements. The aggregate principal amount and interest payables of the said USD denominated senior notes and bank and other borrowings in default or cross default were approximately RMB50,985,444,000 as of 31 December 2025.

In addition, a winding-up petition against the Company dated 11 August 2025 (the "Petition") was filed by Shandong Sunlight Xin Tiandi Micro-finance Company Limited at the High Court of the Hong Kong Special Administrative Region (the "High Court") against the Company in relation to the outstanding debt in the principal amount of approximately RMB642,000,000 and interest accrued in the amount of approximately RMB136,240,000 guaranteed by the Company. On 9 March 2026, the High Court has further adjourned the hearing for the Petition to 22 June 2026.

MATERIAL UNCERTAINTY RELATED TO THE GOING CONCERN

(Continued)

These conditions indicate the existence of material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The directors of the Company have considered the measures being taken by the Group, and are of the opinion that the Group would be able to continue as going concern basis. The consolidated financial statements do not include any adjustments that would result from a failure of achieving the measures. We consider appropriate disclosures have been made in this respect. 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. For the matter below, our description of how our audit addressed the matter is provided in that context.

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 matter 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
<i>Revaluation of Investment properties</i>	
<p>The Group's investment properties are measured at fair value at each reporting period end, including completed investment properties, investment properties under construction, and right-of-use assets. Changes in fair value of investment properties are recorded in profit or loss during the year in which they occurred. As of 31 December 2025, the carrying amount of the Group's investment properties is approximately RMB21,673,093,000.</p> <p>The Group's investment properties are independently revalued by professional valuers at each reporting period end.</p> <p>Valuation involves significant estimates and assumptions, including market rental values and capitalization rates, with the fair value of investment properties being influenced by such management estimates and assumptions.</p>	<p>Relevant disclosure information can be found in the notes to the consolidated financial statements 2.4, 3, and 14.</p> <p>The review process for property investment valuation includes the following:</p> <ul style="list-style-type: none">Assessing the qualifications, capabilities, and objectivity of the valuers.Obtaining information from valuers regarding valuation methods, property market performance, significant assumptions made, primary input data, and how the valuation methodology and assumptions are substantiated.Evaluating the reasonableness of the main input data and sources used by valuers in the valuation, and comparing rental and price data with similar properties in the community.

KEY AUDIT MATTERS *(Continued)*

Key audit matter

How our audit addressed the key audit matter

Revaluation of Investment properties *(Continued)*

- Engaging independent valuation experts to sample and assess the appropriateness of the valuation techniques used by valuers, as well as the reasonableness of primary input values and data used in the valuation.

Estimation of net realisable value of properties under development and completed properties held for sale

We will assess the net realizable value of properties under construction and completed properties held for sale (collectively referred to as “these properties”) of the Group as a key audit matter due to the significant book value of these properties and the significant estimates involved in determining their net realizable value.

As of 31 December 2025, the Group’s properties under construction amounted to approximately RMB42,750,120,000 and completed properties held for sale amounted to approximately RMB15,125,702,000.

The relevant disclosure is included in the consolidated financial statements notes 2.4, 3, 19, and 20.

Our procedures for evaluating the net realizable value of these properties include:

- Assessing the reasonableness of management’s method and results in determining the net realizable value of these properties.
- Evaluating the reasonableness of estimated future costs for the completion of these properties by comparing them to actual development costs of similar completed properties and comparing adjustments made by management to existing market data.
- Assessing the reasonableness of the net realizable value of these properties by referencing factors such as the city location, and other relevant market factors. Based on our understanding of the Group’s operations and the Chinese real estate industry, management estimates market value by sampling actual selling prices after the year-end or by comparing estimated market values derived from the net realizable value to market prices of similar projects or comparable properties.

KEY AUDIT MATTERS *(Continued)*

Key audit matter

How our audit addressed the key audit matter

Property development revenue recognised over time

If the Group fulfills the sales contract and does not create any other assets for the Group, and the Group can enforce its right to receive accumulated payments for completed performance up to now, then property sales revenue is recognised over time. Otherwise, revenue is recognised when the buyer obtains control of the completed property. As of 31 December 2025, the Group's property sales revenue amounted to approximately RMB5,313,885,000, of which approximately RMB44,584,000 was recognised over time.

Regarding property sales revenue recognised over time, the Group considers whether it can enforce its right to receive payments, depending on the terms of the sales contract and the interpretation of the applicable laws governing the sales contract. Determining whether the Group has the right to receive payments for completed performance up to now requires significant judgment.

Additionally, the Group measures the progress of satisfied performance obligations as of the reporting date to confirm property sales revenue. Progress is measured based on the Group's efforts or inputs to satisfy performance obligations, and by referencing the proportion of contract costs incurred as of the end of the reporting period to estimated total costs.

Determining the accuracy of estimated total costs, incurred contract costs as of the reporting date, and the progress of satisfied performance obligations as of the reporting date requires significant judgment and estimation.

Due to the significant judgments and estimates involved, recognising property sales revenue over time is considered a key audit matter.

The relevant disclosures are included in the notes to the consolidated financial statements 2.4, 3, and 5.

We have conducted the following audit procedures regarding the recognition of property sales revenue over time (including but not limited to):

- Sampling and reviewing the key terms of sales contracts to assess the Group's rights to receive payments.
- Sampling and verifying documentary evidence (including sales contracts and received income) to confirm property sales revenue recognised over time during the year.
- Reviewing relevant contracts and salable floor areas to evaluate the basis for management's cost allocations.
- Comparing estimated total contract costs with management-approved budgets to verify estimated total contract costs.
- Sampling and tracing documentary evidence of incurred costs to verify the accuracy of incurred contract costs as of the end of the reporting period.
- Verifying the accuracy of cost allocations and completion progress calculations between properties.
- Assessing whether the disclosures in the notes to the consolidated financial statements regarding the recognition of property sales revenue over time adequately disclose accounting policies and significant accounting judgments and estimates.

OTHER INFORMATION INCLUDED IN THE ANNUAL REPORT

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

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

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

RESPONSIBILITIES OF THE DIRECTORS 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. The directors of the Company 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, solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and 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 HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

We also provide 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.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

From the matters communicated with the Audit Committee, 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 Mr. Fan Chi Hang Stephen.

Prism Hong Kong Limited

Certified Public Accountants

Fan Chi Hang Stephen

Practising Certificate Number: P06144

Hong Kong

31 March 2026

Consolidated Statement of Profit or Loss

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
REVENUE	5	6,761,856	11,061,516
Cost of sales		(5,751,102)	(9,172,763)
Gross profit		1,010,754	1,888,753
Other income and gains, net	5	4,682,261	522,118
Selling and marketing expenses		(590,997)	(736,950)
Administrative expenses		(999,019)	(1,288,823)
Other operating expenses, net		(2,681,801)	(2,285,419)
Fair value losses on investment properties, net	14	(1,298,713)	(1,890,315)
Finance costs	7	(2,706,644)	(2,929,107)
Share of losses of:			
Associates		(72,498)	(175,280)
Joint ventures		(1,602,783)	(882,987)
LOSS BEFORE TAX	6	(4,259,440)	(7,778,010)
Income tax credits/(expenses)	10	797,253	(372,965)
LOSS FOR THE YEAR		(3,462,187)	(8,150,975)
Attributable to:			
Owners of the Company		(3,271,406)	(8,085,373)
Non-controlling interests		(190,781)	(65,602)
		(3,462,187)	(8,150,975)
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	12		
Basic		RMB(96) cents	RMB(236) cents
Diluted		RMB(96) cents	RMB(236) cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
LOSS FOR THE YEAR	(3,462,187)	(8,150,975)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	377,970	(270,020)
Share of exchange differences on translation of joint ventures	74,739	252
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	452,709	(269,768)
Other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation into presentation currency	518,992	(406,019)
Net other comprehensive income/(loss) that will not be reclassified to profit or loss in subsequent periods	518,992	(406,019)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	971,701	(675,787)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(2,490,486)	(8,826,762)
Attributable to:		
Owners of the Company	(2,299,705)	(8,761,160)
Non-controlling interests	(190,781)	(65,602)
	(2,490,486)	(8,826,762)

Consolidated Statement of Financial Position

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	8,895,683	9,006,400
Investment properties	14	21,673,093	21,927,890
Land use rights	15	3,228,828	3,453,471
Interests in associates	17	6,821,286	7,030,378
Interests in joint ventures	18	30,853,287	31,704,245
Deferred tax assets	28	2,162,775	2,111,804
Total non-current assets		73,634,952	75,234,188
CURRENT ASSETS			
Properties under development	19	42,750,120	45,073,983
Completed properties held for sale	20	15,125,702	17,041,561
Trade receivables	21	246,729	287,543
Prepayments, other receivables and other assets	22	14,000,769	13,708,501
Due from a joint venture	18	19,129	19,129
Tax recoverables	23(a)	1,152,269	1,183,937
Cash and bank balances	24	634,394	787,445
Total current assets		73,929,112	78,102,099
CURRENT LIABILITIES			
Trade and bills payables	25	19,188,197	18,928,404
Lease liabilities	16(b)	9,140	17,959
Other payables and accruals	26	23,675,836	26,766,236
Due to joint ventures	18	7,861,285	8,088,049
Due to associates	17	1,316,824	1,364,879
Interest-bearing bank and other borrowings	27	53,047,057	46,193,153
Tax payables	23(b)	13,640,945	14,392,883
Total current liabilities		118,739,284	115,751,563
NET CURRENT LIABILITIES		(44,810,172)	(37,649,464)
TOTAL ASSETS LESS CURRENT LIABILITIES		28,824,780	37,584,724
NON-CURRENT LIABILITIES			
Lease liabilities	16(b)	40,045	68,723
Interest-bearing bank and other borrowings	27	20,560,153	26,731,899
Deferred tax liabilities	28	1,576,657	1,645,691
Deferred revenue	29	2,042	2,042
Total non-current liabilities		22,178,897	28,448,355
NET ASSETS		6,645,883	9,136,369

Consolidated Statement of Financial Position

Year ended 31 December 2025

	Note	2025 RMB'000	2024 RMB'000
EQUITY			
Equity attributable to owners of the Company			
Issued capital	30	325,768	325,768
Reserves		1,374,549	3,676,509
Non-controlling interests		1,700,317	4,002,277
		4,945,566	5,134,092
TOTAL EQUITY		6,645,883	9,136,369

KONG Jianmin
Director

KONG Jiantao
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the Company							Non-controlling interests	Total equity	
	Issued capital	Share premium account	Reserve funds	Exchange fluctuation reserve	Asset revaluation reserve ^a	Capital reserve	Retained profits			
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2024	325,768	452,130	3,747,042	(2,324,555)	92,578	1,001,390	9,437,581	12,731,934	5,338,757	18,070,691
Loss for the year	-	-	-	-	-	-	(8,085,373)	(8,085,373)	(65,602)	(8,150,975)
Other comprehensive loss for the year:										
Exchange differences on translation into presentation currency	-	-	-	(676,039)	-	-	-	(676,039)	-	(676,039)
Share of exchange differences on translation of joint ventures	-	-	-	252	-	-	-	252	-	252
Total comprehensive loss for the year	-	-	-	(675,787)	-	-	(8,085,373)	(8,761,160)	(65,602)	(8,826,762)
Transfer to reserves	-	-	286,020	-	-	-	(286,020)	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	100,565	-	100,565	(100,565)	-
Disposal of subsidiaries	-	-	-	-	(69,062)	-	-	(69,062)	5	(69,057)
Dividend declared to non-controlling interests	-	-	-	-	-	-	-	-	(38,500)	(38,500)
Capital repayment of the non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	(3)	(3)
At 31 December 2024	325,768	452,130*	4,033,062*	(3,000,342)*	23,516*	1,101,955*	1,066,188*	4,002,277	5,134,092	9,136,369

Consolidated Statement of Changes in Equity

Year ended 31 December 2025

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Issued capital	Share premium account	Reserve funds	Exchange fluctuation reserve	Asset revaluation reserve [#]	Capital reserve	Retained profits	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	325,768	452,130	4,033,062	(3,000,342)	23,516	1,101,955	1,066,188	4,002,277	5,134,092	9,136,369
Loss for the year	—	—	—	—	—	—	(3,271,406)	(3,271,406)	(190,781)	(3,462,187)
Other comprehensive income for the year:										
Exchange differences on translation into presentation currency	—	—	—	896,962	—	—	—	896,962	—	896,962
Share of exchange differences on translation of joint ventures	—	—	—	74,739	—	—	—	74,739	—	74,739
Total comprehensive loss for the year	—	—	—	971,701	—	—	(3,271,406)	(2,299,705)	(190,781)	(2,490,486)
Transfer to reserves	—	—	189,174	—	—	—	(189,174)	—	—	—
Acquisition of non-controlling interests	—	—	—	—	—	(2,255)	—	(2,255)	2,255	—
At 31 December 2025	325,768	452,130 [*]	4,222,236 [*]	(2,028,641) [*]	23,516 [*]	1,099,700 [*]	(2,394,392) [*]	1,700,317	4,945,566	6,645,883

[#] The asset revaluation reserve arose from the gains on property revaluation as a result of the change in use from owner-occupied properties to investment properties.

^{*} These reserve accounts comprise the consolidated reserves of approximately RMB1,374,549,000 (2024: approximately RMB3,676,509,000) 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		(4,259,440)	(7,778,010)
Adjustments for:			
Finance costs		2,706,644	2,929,107
Foreign exchange losses/(gains)		216,288	(97,607)
Share of losses of associates		72,498	175,280
Share of losses of joint ventures		1,602,783	882,987
Interest income		(27,018)	(28,045)
(Gain)/loss on disposal of items of property, plant and equipment		(15,196)	58,792
Loss on disposal of investment properties		43,399	94,832
Gain on lease termination		(34,320)	(70,308)
Depreciation	6	280,876	285,876
Amortisation of land use rights	6	38,744	36,198
Fair value losses on investment properties, net	14	1,298,713	1,890,315
Impairment losses recognised for properties under development and completed properties held for sale	6	2,465,513	2,285,419
Gain on disposal of subsidiaries	35	(1,662)	(175,387)
Loss/(gain) on disposal of joint ventures		11,849	(275)
Loss on acquisition of subsidiaries, net		—	87,303
Loss on disposal of associates		—	23,219
		4,399,671	599,696
Increase in properties under development		(2,628,126)	(2,329,576)
Decrease in completed properties held for sale		5,365,960	8,749,299
Decrease in trade receivables		40,814	40,606
Decrease in prepayments, other receivables and other assets		176,746	602,727
Decrease in an amount due from a joint venture		—	2,403
Decrease in restricted cash		186,628	303,156
Increase/(decrease) in trade and bills payables		545,250	(287,430)
Decrease in other payables and accruals		(5,829,128)	(5,670,589)
		2,257,815	2,010,292
Cash generated from operations		2,257,815	2,010,292
Interest received		27,018	28,045
Corporate income tax paid		(10,346)	(26,847)
Land appreciation tax paid		(54,322)	(76,621)
		2,220,165	1,934,869
Net cash flows from operating activities		2,220,165	1,934,869

Consolidated Statement of Cash Flows

Year ended 31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property, plant and equipment		(24,191)	(272,784)
Purchases of investment properties		—	(137,700)
Acquisition of subsidiaries		—	6,560
Disposals of subsidiaries	35	38,957	(1,362)
Disposal of joint ventures		39,445	—
Proceeds from disposal of items of property, plant and equipment		15,455	337,124
Proceeds from disposal of investment properties		229,847	394,793
Repayments from/(advances to) associates		16,025	(135,589)
Advances to joint ventures		(915,697)	(406,212)
Dividends received from joint ventures		—	154,150
Dividend received from an associate		—	6,000
Net cash flows used in investing activities		(600,159)	(55,020)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment/redemption of senior notes and domestic corporate bonds		—	(30,770)
New bank loans		90,870	263,477
Repayments of bank loans		(833,597)	(1,410,198)
Repayments of lease liabilities	16(b)	(20,421)	(47,087)
Capital repayment of the non-controlling shareholders of subsidiaries		—	(3)
Interest paid		(823,045)	(1,284,206)
Net cash flows used in financing activities		(1,586,193)	(2,508,787)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS			
		33,813	(628,938)
Cash and cash equivalents at beginning of year		152,564	781,358
Effect of foreign exchange rate changes, net		(236)	144
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR			
		186,141	152,564
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances		186,141	152,564
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows	24	186,141	152,564

Notes to Financial Statements

Year ended 31 December 2025

1. Corporate and Group Information

KWG Group Holdings Limited (the “Company”) was a limited liability company incorporated in the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands.

During the year, the Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- Property development
- Property investment
- Hotel operation

In the opinion of the directors, the immediate and ultimate holding company of the Company is Plus Earn Consultants Limited, which was incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company’s principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Happy Clear Consultants Limited	British Virgin Islands/ Hong Kong	US\$1,000	100	–	Investment holding
Reach Luck Consultants Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
Boom Faith International Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
Rising Wave Enterprises Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
Good Excel Enterprises Limited	British Virgin Islands/ Hong Kong	US\$100	–	100	Investment holding
Prime Way Enterprises Limited	British Virgin Islands/ Hong Kong	US\$1	100	–	Investment holding
Hugeluck Investments Limited	British Virgin Islands/ Hong Kong	US\$1	–	100	Investment holding
Guangzhou Hejing Holdings Limited (“Guangzhou Hejing”)*#	PRC/Chinese Mainland	RMB2,000,000,000	–	100	Property development
Guangzhou Hejing Meifu Real Estate Development Limited^#	PRC/Chinese Mainland	US\$9,797,500	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Hejing Yingfu Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB35,000,000	–	100	Property development
Guangzhou Xinhengchang Enterprise Development Limited [#]	PRC/Chinese Mainland	RMB1,616,327,000	–	100	Property investment
Guangzhou Zhongtianying Business Development Limited ^{#*}	PRC/Chinese Mainland	US\$404,082,000	–	100	Property development
Guangzhou Tianjian Real Estate Development Limited ("Guangzhou Tianjian") ^{#*}	PRC/Chinese Mainland	RMB3,300,000,000	–	100	Property development
Guangzhou Junzhao Property Operation Limited ^{#*}	PRC/Chinese Mainland	RMB279,592,000	–	100	Property investment
Chengdu Zhentianyi Business Service Limited [#]	PRC/Chinese Mainland	RMB555,555,600	–	100	Property development
Guangzhou Liangyu Investment Limited [#]	PRC/Chinese Mainland	RMB30,000,000	–	100	Property development
Hainan New World Real Estate Property (HK) Limited ^{#*}	PRC/Chinese Mainland	HK\$1,575,510,000	–	100	Property development
Suzhou Hejing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB1,290,000,000	–	100	Property development
Guangzhou Conghua Hejing Real Estate Development Limited [#]	PRC/Chinese Mainland	US\$104,041,000	–	100	Property development
Beijing Hejing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB100,000	–	100	Property development
Chengdu Zhaojing Real Estate Development Limited ^{#*}	PRC/Chinese Mainland	HK\$799,306,000	–	100	Property development
Kunshan Baicheng Real Estate Development Limited ^{#*}	PRC/Chinese Mainland	US\$32,120,000	–	100	Property development
Guangzhou Hejing Chuangzhan Hotel Limited [#]	PRC/Chinese Mainland	RMB30,000,000	–	100	Hotel operation
Guangzhou Wanhui Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB330,330,000	–	100	Property development
Guangzhou Lihe Property Development Limited [#]	PRC/Chinese Mainland	RMB646,464,646	–	100	Property development
Hainan Hejing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB303,030,300	–	100	Property development

Notes to Financial Statements

Year ended 31 December 2025

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanghai Jinyi Property Limited [#]	PRC/Chinese Mainland	RMB100,000,000	–	85.3	Property development
Shanghai Hongyu Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB100,100,000	–	100	Property development
Beijing Hong'en Real Estate Development Limited Liability Company [#]	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development
Guangzhou Chuangjing Real Estate Development Limited ^{**}	PRC/Chinese Mainland	US\$41,500,000	–	100	Property development
Suzhou Junjing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB185,185,000	–	100	Property development
Shanghai Langhe Real Estate Development Limited [^]	PRC/Chinese Mainland	RMB1,739,220,000	–	51	Property development
Shanghai Jingdong Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB1,350,000,000	–	100	Property development
Guangzhou Hejing Fengjingyuan Hotel Limited [#]	PRC/Chinese Mainland	RMB200,000,000	–	100	Hotel operation
Guangzhou Hejing Lingfengyuan Hotel Management Limited [#]	PRC/Chinese Mainland	RMB30,000,000	–	100	Hotel operation
Suzhou Shengjing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB120,000,000	–	80	Property development
Suzhou Kaiwei Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Suzhou Kaifu Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB170,000,000	–	100	Property development
Guangzhou Hongda Property Limited [#]	PRC/Chinese Mainland	RMB1,313,131,313	–	100	Property development
Beijing Fuyu Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB100,000	–	100	Property development
Hangzhou Zhaojing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB120,120,000	–	100	Property development
Beijing Hongtai Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB101,010,100	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Beijing Hengcheng Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB106,060,600	–	100	Property development
Hangzhou Hejing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB120,120,000	–	100	Property development
Hangzhou Hongjun Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB120,000,000	–	100	Property development
Sichuan Longyuan Property Limited [#]	PRC/Chinese Mainland	RMB325,016,300	–	55	Property development
Hangzhou Tianjing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB240,000,000	–	100	Property development
Suzhou Yujing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB100,100,000	–	100	Property development
Hefei Rongze Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB454,545,500	–	100	Property development
Linhai Jinxuan Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB850,000,000	–	100	Property development
Suzhou Kaijun Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB430,000,000	–	100	Property development
Suzhou Dongshanshu Real Estate Development Limited ^{^#}	PRC/Chinese Mainland	US\$13,490,000	–	100	Property development
Taicang Hongtao Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB750,000,000	–	100	Property development
Guangxi Kairui Property Limited [#]	PRC/Chinese Mainland	RMB350,000,000	–	100	Property development
Hangzhou Hongsheng Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB950,000,000	–	100	Property development
Jiangmen Zhan'gao Property Development Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Hangzhou Jinxuan Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Qidong Tianhui Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB500,000,000	–	70	Property development
Longmen Dongjun Huafu Education Industry Development Limited [#]	PRC/Chinese Mainland	RMB30,303,000	–	100	Property development
Meishan Zhaojing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB383,838,400	–	100	Property development

Notes to Financial Statements

Year ended 31 December 2025

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Linhai Zhaojing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Jiangmen Tianjing Property Development Limited [#]	PRC/Chinese Mainland	RMB50,050,000	–	100	Property development
Jiashan Xujing Property Development Limited [#]	PRC/Chinese Mainland	RMB10,000,000	–	100	Property development
Suzhou Kaiyu Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB404,040,400	–	100	Property development
Beijing Yujing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB10,101,000	–	100	Property development
Guangzhou Hongtao Estate Development Limited [#]	PRC/Chinese Mainland	RMB80,000,000	–	100	Property development
Guangzhou Xiangjing Property Development Limited [#]	PRC/Chinese Mainland	RMB60,000,000	–	60	Property development
Hangzhou Hongli Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB300,000,000	–	100	Property development
Linhai Hejing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB273,600,000	–	100	Property development
Tianjin Guangying Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB30,000,000	–	100	Property development
Wuzhou Yuanjing Investment Limited [#]	PRC/Chinese Mainland	RMB10,000,000	–	100	Property development
Xi'an Junjing Property Development Limited [#]	PRC/Chinese Mainland	RMB20,000,000	–	100	Property development
Beijing Yijing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB10,000,000	–	100	Property development
Guangzhou Guanda Property Development Limited [#]	PRC/Chinese Mainland	RMB316,000,000	–	100	Property development
Guangzhou Zhan'gao Property Development Limited [#]	PRC/Chinese Mainland	RMB700,000,000	–	100	Property development
Huanan Yigu Technological Development (Guangzhou) Limited [#]	PRC/Chinese Mainland	RMB200,000,000	–	80	Property development
Shanghai Yaojing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	90	Property development
Guangxi Hejing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB50,505,100	–	100	Property development
Guangxi Hejing Hengfu Investment Limited [#]	PRC/Chinese Mainland	RMB101,010,100	–	100	Property development
Guangxi Hejing Shengyu Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development

1. Corporate and Group Information *(continued)*

Information about subsidiaries *(continued)*

Particulars of the Company's principal subsidiaries are as follows: *(continued)*

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Hefei Hongtao Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB50,050,000	–	100	Property development
Hangzhou Huixuan Limited [#]	PRC/Chinese Mainland	RMB100,000,000	–	100	Property development
Guangzhou Zhuoyu Property Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Chengdu Ruijing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB202,020,200	–	100	Property development
Guangzhou Jingzhi Property Development Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Jiaxing Hejing Hongyu Enterprise Management Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Jiangsu Junda Real Estate Development Limited [^] #	PRC/Chinese Mainland	RMB684,000,000	–	100	Property development
Nantong Chuangying Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB700,000,000	–	70	Property development
Tianjing Yunjing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB30,000,000	–	100	Property development
Hangzhou Jun'an Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Guangzhou Yuanjing Property Development Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Yangzhou Hejing Songyu Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB30,000,000	–	100	Property development
Zhaoqing Haotai Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB10,000,000	–	100	Property development
Foshan Hongsheng Property Development Limited [#]	PRC/Chinese Mainland	RMB550,000,000	–	100	Property development
Guangzhou Fengwei Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB50,050,000	–	100	Property development
Guangzhou Tuofeng Property Development Limited [#]	PRC/Chinese Mainland	RMB50,000,000	–	100	Property development
Guangzhou Hexing Real Estate Development Limited [#]	PRC/Chinese Mainland	RMB20,000,000	–	100	Property development

* These entities are registered as wholly-foreign-owned enterprises under PRC law.

^ These entities are registered as Chinese-foreign joint ventures under PRC law.

The English names of these companies referred to in these financial statements represent management's best effort to translate the Chinese names of those companies, as no English names have been registered.

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 Company and its subsidiaries (the "Group"). To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards (“HKFRSs”), Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties which have been measured at fair value. These financial statements are presented in Renminbi (“RMB”) and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of 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).

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 the subsidiaries are consolidated from the dates on which the Group obtains control, and continue to be consolidated until the dates that such control ceases.

Profit or loss and each component of other comprehensive income (“OCI”) are attributed to the owners of the Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets, 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 OCI 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. Accounting Policies *(continued)*

2.1 Basis of Preparation *(continued)*

Basis of consolidation *(continued)*

The Company has set up a trust (the “Trust”) for the purpose of purchasing, administering and holding the Company’s shares for the share award scheme (the “Share Award Scheme”) adopted on 19 January 2018. The Group has the power to govern the financial and operating policies of the Trust and derive benefits from the services of the employees who have been awarded the awarded shares through their continued employment with the Group. The assets and liabilities of the Trust are included in the consolidated statement of financial position and the shares held by the Trust are presented as a deduction in equity as shares held for the Share Award Scheme.

Going concern basis

For the year ended 31 December 2025, the Group incurred a net loss of approximately RMB3,462,187,000, and as of that date, the Group recorded a net current liabilities of approximately RMB44,810,172,000, and the Group’s current portion of interest-bearing bank and other borrowings amounted to approximately RMB53,047,057,000, while its cash and bank balances amounted to approximately RMB634,394,000.

As at 31 December 2025, the aggregate principal amount and interest payables of the Senior Notes and bank and other borrowings in default or cross default are approximately RMB50,985,444,000.

In addition, a winding-up petition against the Company dated 11 August 2025 (the “Petition”) was filed by Shandong Sunlight Xin Tiandi Micro-finance Company Limited at the High Court of the Hong Kong Special Administrative Region (the “High Court”) against the Company in relation to the outstanding debt in the principal amount of approximately RMB642,000,000 and interest accrued in the amount of approximately RMB136,240,000 guaranteed by the Company. On 9 March 2026, the High Court has further adjourned the hearing for the Petition to 22 June 2026.

The above conditions indicate the existence of uncertainties of the Group’s ability to continue as a going concern. The directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources 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:

- (i) The Company is seeking legal advices to oppose the Petition to avoid winding-up order being granted by the High Court to wind up the Company. As aforementioned, the High Court has further adjourned the hearing for the Petition to 22 June 2026.
- (ii) The Group has reached an agreement in principle with the ad hoc group (“AHG”) on the key terms of a holistic restructuring proposal (the “Restructuring Proposal”), subject to definitive terms and documentation to be further negotiated and agreed with the AHG. Based on the information currently available to the Company, the members forming the AHG collectively hold or control over 25.8% of the aggregate outstanding principal comprising of the Company’s offshore indebtedness of US\$3.95 billion senior notes, US\$380 million syndicated bank loans and US\$334 million certain other loan facilities borrowed or guaranteed by the Company (collectively the “In-Scope Debts”).

2. Accounting Policies *(Continued)*

2.1 Basis of Preparation *(Continued)*

Going concern basis *(Continued)*

(ii) *(Continued)*

This is a significant milestone for the Company in its implementation of the restructuring of its offshore indebtedness (the "Restructuring"). The Company expects to continue the proactive and constructive dialogue and maintain a positive momentum with the holders/lenders under the In-Scope Debts with a view to documenting the terms of the Restructuring Proposal as soon as practical by way of a detailed term sheet and a restructuring support agreement in form and substance satisfactory to the AHG.

- (iii) The restructuring proposals for the onshore corporate bonds issued by the Company and its wholly owned subsidiaries, Guangzhou Hejing and Guangzhou Tianjian, have all been considered and approved at the respective meetings of bondholders. The repayment arrangements of the principal and interest of these onshore corporate bonds will be adjusted, and restructuring proposal options including cash repurchase at discounted price, debt-for-asset swap, full conversion into ordinary debts, and debt rollover will be offered. In accordance with the relevant provisions of the bondholder meeting resolutions, the Group will arrange for bondholders to select and receive allocations of the restructuring proposal options in respect of the onshore corporate bonds held by them. As such, the restructuring for all the onshore corporate bonds of the Group has been completed.
- (iv) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and other receivables. The Group is also actively seeking opportunities on the disposal of en-bloc commercial properties, hotels, urban redevelopment projects and non-core property projects to further improve the cash position of the Group.
- (v) The Group will closely monitor the progress of construction of its property development projects according to the delivery plans, maintain continuous communication with major contractors and suppliers, and negotiate payment arrangements to ensure construction progress is completed as planned;
- (vi) The Group will continue to take active measures to control administrative costs and maintain containment of capital expenditures.
- (vii) The Group will continue to seek suitable opportunities to dispose of its equity interests in joint ventures or associates which are engaged in property development projects in order to generate additional cash inflows.

The Directors have reviewed the Group's cash flow projections prepared by management, which cover not less than twelve months from 31 December 2025. They are of the opinion that, taking into account the abovementioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2. Accounting Policies *(Continued)*

2.1 Basis of Preparation *(Continued)*

Going concern basis (Continued)

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:

- (i) successfully avoid winding-up order to be granted by the High Court to wind up the Company;
- (ii) the successful and timely completion of the restructuring of the offshore debts of the Group;
- (iii) the effectiveness of the Group's measures to accelerate the pre-sale of properties, speed up the collection of sales proceeds, and control administrative costs and contain capital expenditures;
- (iv) the successful disposal of en-bloc commercial properties, hotels, urban redevelopment projects and non-core property projects, and of the Group's equity interests in certain joint ventures or associates which are engaged in property development projects when suitable.

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, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively.

The effects of these adjustments have not been reflected in these consolidated financial statements.

2.2 Changes in Accounting Policies and Disclosures

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the HKICPA has issued amendments to Illustrative Examples on HKFRS 7, HKFRS 18, HKAS 1, HKAS 8, HKAS 36 and HKAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding HKFRS Accounting Standards. These examples reflect existing requirements in the corresponding HKFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples which has had no significant impact on the Group's financial statements.

2. Accounting Policies *(continued)*

2.3 Issued but not yet Effective HKFRS Accounting Standards

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements.

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

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

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

³ No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Group's financial statements.

2. Accounting Policies *(continued)*

2.3 Issued but not yet Effective HKFRS Accounting Standards *(continued)*

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply HKFRS 19 and its amendments.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through OCI and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

2. Accounting Policies *(continued)*

2.3 Issued but not yet Effective HKFRS Accounting Standards *(continued)*

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying Guidance on implementing HKFRS 7), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- **HKFRS 7 *Financial Instruments: Disclosures***: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the Guidance on implementing HKFRS 7 for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 9 *Financial Instruments***: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKFRS 10 *Consolidated Financial Statements***: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.
- **HKAS 7 *Statement of Cash Flows***: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

2. Accounting Policies *(continued)*

2.4 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 OCI of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated OCI, respectively. 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 asset 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.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. 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 recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

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 includes 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.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Business combinations and goodwill *(continued)*

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 OCI, 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 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.

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 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.

2. Accounting Policies *(continued)*

2.4 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 properties under development, completed properties held for sale, 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 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, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2. Accounting Policies *(continued)*

2.4 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, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Property, plant and equipment and depreciation

Property, plant and equipment, other than assets under construction, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of 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 property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the 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 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 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 (excluding the right-of-use assets)	3% to 5%
Leasehold improvements	Over the shorter of the lease term and 20%
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 20%
Vehicles (excluding the right-of-use assets)	7% to 20%

Where parts of an item of 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 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.

Assets under construction are stated at cost less any impairment losses, and are not depreciated. They are reclassified to appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

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 each reporting period.

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

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Investment properties (continued)

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

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 "Property, plant and equipment and depreciation" 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 an asset revaluation reserve. For a transfer from properties under development or completed properties held for sale to investment properties, 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.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Property management contracts acquired in business combinations are recognised at fair value at the acquisition date. The property management contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the expected useful lives of the contracts.

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 and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. At inception or on reassessment of a contract that contains a lease component and non-lease component(s), the Group adopts the practical expedient not to separate non-lease component(s) and to account for the lease component and the associated non-lease component(s) (e.g., property management services for leases of properties) as a single lease component.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(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 (relate to the land use rights and property, plant and equipment) are measured at cost, less accumulated depreciation and amortisation 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. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated and amortised on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	17 to 40 years
Buildings	2 to 19 years
Vehicle	15 years

If ownership of the leased asset transfers 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.

When the right-of-use assets relate to interests in leasehold land held as properties under development and completed properties held for sale, they are subsequently measured at the lower of cost and net realisable value in accordance with the Group's policy for "property under development" and "completed properties held for sale". When a right-of-use asset meets the definition of investment property (e.g., long-term rental apartments), it is included in investment properties. The corresponding right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Group's policy for "investment properties".

(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 the incremental borrowing rate at the lease commencement date if 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 future lease payments arising from change in an index or rate, a change in the lease term, a change in the in-substance fixed lease payments or a change in assessment to purchase the underlying asset.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Leases *(continued)*

Group as a lessee (continued)

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of buildings (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). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short-term leases and leases of low-value assets are recognised 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 leases 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 terms 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. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance costs of such leases are charged to the statement of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development 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 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 held for sale.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, 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 asset 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 or fair value through OCI, 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 OCI 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.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Investments and other financial assets (continued)

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.

Financial assets at fair value through OCI (debt instruments)

For debt investments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to the statement of profit or loss.

Financial assets designated at fair value through OCI (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through OCI when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case such gains are recorded in OCI. Equity investments designated at fair value through OCI are not subject to impairment assessment.

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

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

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.

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.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Impairment of financial assets *(continued)*

General approach (continued)

In certain cases, the Group may 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 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
- 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 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.

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, or payables.

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 bills payables, lease liabilities, other payables and accruals, amounts due to joint ventures, amounts due to associates and interest-bearing bank and other borrowings.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Financial liabilities *(continued)*

Subsequent measurement

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

Financial liabilities at amortised cost

After initial recognition, trade and bills payables, other payables and accruals and interest-bearing bank and other borrowings 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.

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.

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.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

Cash and bank balances

Cash and cash equivalents in the consolidated 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 and 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.

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 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 OCI 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.

2. Accounting Policies *(continued)*

2.4 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 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 interests in subsidiaries, joint ventures and associates, 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, joint ventures and associates, 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.

2. Accounting Policies *(continued)*

2.4 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, 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 or over the benefits received by the Group related to such assets.

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 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.

(a) **Sale of properties**

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

- provides all of the benefits received and consumed simultaneously by the customer;
- 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.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Revenue recognition *(continued)*

Revenue from contracts with customers (continued)

(a) Sale of properties *(continued)*

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

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

(b) Operation of hotels

Hotel revenue from room rentals, food and beverage sales and other ancillary services is recognised when the services are rendered.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms.

Other income

Project management fee income is recognised when the related management services have been provided.

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 or a shorter period, when appropriate, 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 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).

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Contract costs

Other than the costs which are capitalised as properties under development, completed properties held for sale, investment properties, property, plant and equipment and land use rights, 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.

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

The Company operates a share option scheme (the "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 was determined by an external valuer using the binomial option pricing model (the "Model"), further details of which are given in note 31 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.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Share-based payments *(continued)*

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.

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.

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 the 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.

Pursuant to the Hong Kong Employment Ordinance, Chapter 57, Hong Kong employees that have been employed continuously for at least five years are entitled to long service payment ("LSP") under certain circumstances (e.g. dismissal by employers or upon retirement). The amount of LSP payable is determined with reference to the employee's last monthly salary (capped at HK\$22,500) and the years of service, reduced by the amount of any accrued benefits derived from the Group's contributions to MPF scheme, with an overall cap of HK\$390,000 per employee.

In June 2022, the Government gazetted the Amendment Ordinance, which abolishes the use of the accrued benefits derived from employers' mandatory MPF contributions to offset the LSP. The Amendment Ordinance will take effect on 1 May 2025 (the "Transition Date"). Separately, the Government has indicated that it would launch a subsidy scheme to assist employers after the abolition. Among other things, once the abolition of the offsetting mechanism takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory MPF contributions (irrespective of the contributions made before, on or after the Transition Date) to reduce the LSP in respect of an employee's service from the Transition Date. However, where an employee's employment commenced before the Transition Date, the employer can continue to use the above accrued benefits to reduce the LSP in respect of the employee's service up to that date. In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee's monthly salary immediately before the Transition Date and the years of service up to that date. The benefit payment under LSP remains capped at HK\$390,000 per employee. If an employee's total benefit payment exceeds HK\$390,000, the amount in excess of the cap is deducted from the portion accrued from the Transition Date.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Other employee benefits *(continued)*

The Directors consider that the impact of the LSP obligation due to the Amendment Ordinance has no material effect on the results and the financial position of the Group.

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

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 consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate has been applied to the expenditure on the individual assets.

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 are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in note 11 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.

2. Accounting Policies *(continued)*

2.4 Material Accounting Policies *(continued)*

Foreign currencies

The Company's functional currency is the Hong Kong dollar while the presentation currency of these financial statements is RMB. In the opinion of the directors, as the Group's operations are mainly in Chinese Mainland, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. 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 the 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 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 OCI until the net investment is disposed of, at which time the cumulative amount is reclassified to the statement of profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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 OCI or profit or loss is also recognised in OCI 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 overseas subsidiaries and joint ventures not operating in Chinese Mainland are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities and the Company are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss 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 OCI 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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of the Company and its overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the Company and its overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. 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.

Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the consolidated financial statements. The assessment of the going concern assumption involves making a judgement by the directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that may individually or collectively cast a significant doubt upon the going concern assumption are set out in note 2.1 to the financial statements.

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:

Revenue from contracts with customers

Revenue from the 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 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 right to payment and those without the right.

Transfer from properties under development, completed properties held for sale, property, plant and equipment and land use rights to investment properties and transfer from investment properties to completed properties held for sale

Properties under development, completed properties held for sale, property, plant and equipment and land use rights are transferred to investment properties when there is a change in use with sufficient evidence. The Group determines whether a change in use has occurred based on assessment of all relevant facts and circumstances, which include but are not limited to: (a) a business plan that reflects the future rental income generated by the property; (b) the resources to hold and manage an investment property; (c) legal permissibility for the change in use; and (d) the commencement of development if the property requires further development for the change in use. Any excess of fair value over the original carrying amount of such properties at the date of transfer was recognised immediately in the consolidated statement of profit or loss or the consolidated statement of financial position. During the year ended 31 December 2025, completed properties held for sale with total carrying amounts of approximately RMB940,523,000 (2024: Nil) were transferred to investment properties due to a change in use, giving rise to a net fair value loss of approximately RMB159,858,000 (2024: Nil) in the consolidated statement of profit or loss. During the years ended 31 December 2025 and 2024, no property, plant and equipment and land use rights were transferred to investment properties due to a change in use. During the year ended 31 December 2025, investment properties with total carrying amounts of approximately RMB44,200,000 (2024: approximately RMB43,400,000) were transferred to completed properties held for sale due to a change in use.

3. Significant Accounting Judgements and Estimates *(continued)*

Judgements *(continued)*

Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities arising from investment properties that are measured using the fair value model, the management of the Group has reviewed the Group's investment properties and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that investment properties measured using the fair value model are recovered through sale is rebutted.

Accordingly, the Group recognises deferred tax in respect of the changes in fair value of the investment properties based on management's best estimate assuming future tax consequences through usage of such properties for rental purposes, rather than through sale. The final tax outcome could be different from the deferred tax liabilities recognised in the consolidated financial statements should the investment properties be subsequently disposed of by the Group, rather than all of the economic benefits embodied in the investment properties are consumed substantially by leasing over time. In the event that the investment properties are disposed of, the Group may be liable to higher tax upon disposal considering the impact of corporate income tax ("CIT") and land appreciation tax ("LAT").

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.

Revenue recognition

The Group recognises property development revenue over time by reference to the progress towards complete satisfaction of the performance obligation at the reporting date. The progress is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation, by reference to the contract costs incurred up to the end of each reporting period as a percentage of total estimated costs for the property unit in the contract. Significant judgements and estimations are required in determining the completeness of the estimated total costs and the accuracy of progress towards complete satisfaction of the performance obligation at the reporting date. Changes in cost estimates in future periods can affect the Group's revenue recognised.

Revaluation of investment properties

Investment properties including completed investment properties, investment properties under construction and right-of-use assets are revalued at the end of each reporting period based on the market value provided by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information about market rent and capitalisation rates is considered and assumptions that are mainly based on market conditions existing at the end of each reporting period are used. The carrying amount of the Group's investment properties at 31 December 2025 was approximately RMB21,673,093,000 (2024: approximately RMB21,927,890,000). Further details, including the key assumptions used for fair value measurement and a sensitivity analysis, are given in note 14 to the financial statements.

3. Significant Accounting Judgements and Estimates *(continued)*

Estimation uncertainty *(continued)*

Estimation of net realisable value of properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. The net realisable value is determined by the Group with reference to the prevailing market conditions and prices existing at the end of each reporting period. As at 31 December 2025, the carrying amounts of properties under development and completed properties held for sale were approximately RMB42,750,120,000 (2024: approximately RMB45,073,983,000) and approximately RMB15,125,702,000 (2024: approximately RMB17,041,561,000), respectively.

CIT

The Group is subject to CIT in the PRC. As certain matters relating to the CIT 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 CIT. Where the final tax outcomes of these matters are different from the amounts originally recorded, the differences will impact on the CIT and tax provision in the period in which the differences realise.

Provision for ECLs on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by service type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the property development sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the financial statements.

PRC LAT

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to its 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 calculations and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact the LAT expenses and the related provision in the period in which the differences realise.

3. 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. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2025 was approximately RMB339,998,000 (2024: approximately RMB372,240,000). The amount of unrecognised tax losses at 31 December 2025 was approximately RMB11,705,275,000 (2024: approximately RMB11,457,919,000). Further details are contained in note 28 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of the reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

4. Operating Segment Information

For management purposes, the Group is organised into three reportable operating segments as follows:

- (a) Property development: Sale of properties
- (b) Property investment: Leasing of properties
- (c) Hotel operation: Operation of hotels

The property development projects undertaken by the Group and its joint ventures and associates during the year were mainly located in Chinese Mainland and Hong Kong.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/loss, which is a measure of adjusted profit/loss before tax. The adjusted profit/loss before tax is measured consistently with the Group's profit/loss before tax except that interest income, finance costs, as well as head office and corporate income and expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, tax recoverables, cash and bank balances and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities, tax payables and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

Other than the segment information disclosed above, the directors considered that other segment information is not reportable segment information used by the chief operating decision makers of the Group.

The Group's revenue from external customers is derived solely from its operations in Chinese Mainland. As the Group's major operations and customers are located in Chinese Mainland, no further geographical information is provided.

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

Notes to Financial Statements

Year ended 31 December 2025

4. Operating Segment Information *(continued)*

Year ended 31 December 2025

	Property development RMB'000	Property investment RMB'000	Hotel operation RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	5,313,885	797,500	650,471	6,761,856
Segment results	(4,670,918)	(725,459)	164,714	(5,231,663)
<i>Reconciliation:</i>				
Interest income and unallocated income				4,682,261
Unallocated expenses				(1,003,394)
Finance costs				(2,706,644)
Loss before tax				(4,259,440)
Income tax credits				797,253
Loss for the year				(3,462,187)
Assets and liabilities:				
Segment assets	99,495,365	21,715,577	10,941,495	132,152,437
<i>Reconciliation:</i>				
Corporate and other unallocated assets				15,411,627
Total assets				147,564,064
Segment liabilities	106,348,198	19,773	97,525	106,465,496
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				34,452,685
Total liabilities				140,918,181
Other segment information:				
Depreciation and amortisation	(91,575)	(19,637)	(208,408)	(319,620)
Fair value losses on investment properties, net	—	(1,298,713)	—	(1,298,713)
Share of losses of:				
Associates	(72,498)	—	—	(72,498)
Joint ventures	(1,602,783)	—	—	(1,602,783)
Impairment losses recognised for properties under development and completed properties held for sale	(2,465,513)	—	—	(2,465,513)
Interests in associates	6,821,286	—	—	6,821,286
Interests in joint ventures	30,853,287	—	—	30,853,287

4. Operating Segment Information *(continued)*

Year ended 31 December 2024

	Property development RMB'000	Property investment RMB'000	Hotel operation RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	9,462,363	888,113	711,040	11,061,516
Segment results	(3,168,417)	(1,245,831)	184,649	(4,229,599)
<i>Reconciliation:</i>				
Interest income and unallocated income				522,118
Unallocated expenses				(1,141,422)
Finance costs				(2,929,107)
Loss before tax				(7,778,010)
Income tax expenses				(372,965)
Loss for the year				(8,150,975)
Assets and liabilities:				
Segment assets	104,834,846	21,959,974	11,180,471	137,975,291
<i>Reconciliation:</i>				
Corporate and other unallocated assets				15,360,996
Total assets				153,336,287
Segment liabilities	109,291,342	31,894	84,017	109,407,253
<i>Reconciliation:</i>				
Corporate and other unallocated liabilities				34,792,665
Total liabilities				144,199,918
Other segment information:				
Depreciation and amortisation	(140,875)	(21,827)	(159,372)	(322,074)
Fair value losses on investment properties, net	–	(1,890,315)	–	(1,890,315)
Share of losses of:				
Associates	(175,280)	–	–	(175,280)
Joint ventures	(882,987)	–	–	(882,987)
Impairment losses recognised for properties under development and completed properties held for sale	(2,285,419)	–	–	(2,285,419)
Interests in associates	7,030,378	–	–	7,030,378
Interests in joint ventures	31,704,245	–	–	31,704,245

Notes to Financial Statements

Year ended 31 December 2025

5. Revenue, Other Income and Gains, Net

An analysis of revenue, other income and gains, net, is as follows:

	2025 RMB'000	2024 RMB'000
Revenue:		
Revenue from contracts with customers		
Sale of properties	5,313,885	9,462,363
Hotel operation income	650,471	711,040
	5,964,356	10,173,403
Revenue from other sources		
Gross rental income	797,500	888,113
	6,761,856	11,061,516
Other income and gains, net:		
Interest income	27,018	28,045
Gains from debt restructuring	4,501,762	–
Others	153,481	494,073
	4,682,261	522,118

5. Revenue, Other Income and Gains, Net *(continued)*

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2025

	Property development RMB'000	Hotel operation RMB'000	Total RMB'000
<i>Type of revenue recognition:</i>			
Sale of properties	5,313,885	-	5,313,885
Provision of services	-	650,471	650,471
Total revenue from contracts with customers	5,313,885	650,471	5,964,356
<i>Timing of revenue recognition:</i>			
Recognised at a point in time	5,269,301	-	5,269,301
Recognised over time	44,584	650,471	695,055
Total revenue from contracts with customers	5,313,885	650,471	5,964,356

For the year ended 31 December 2024

	Property development RMB'000	Hotel operation RMB'000	Total RMB'000
<i>Type of revenue recognition:</i>			
Sale of properties	9,462,363	-	9,462,363
Provision of services	-	711,040	711,040
Total revenue from contracts with customers	9,462,363	711,040	10,173,403
<i>Timing of revenue recognition:</i>			
Recognised at a point in time	8,900,310	-	8,900,310
Recognised over time	562,053	711,040	1,273,093
Total revenue from contracts with customers	9,462,363	711,040	10,173,403

5. Revenue, Other Income and Gains, Net *(continued)*

Revenue from contracts with customers *(continued)*

(i) *Disaggregated revenue information (continued)*

	2025 RMB'000	2024 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of properties	3,935,418	8,792,673

(ii) *Performance obligations*

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

Sale of properties

The performance obligation is satisfied upon delivery of the properties and payment in advance is normally required; or over time if 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.

Hotel operation services

The performance obligation is satisfied over time as services are rendered where payment is generally due upon completion of hotel operation services and customer acceptance.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2025 and 31 December 2024 are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	4,537,018	7,531,391
More than one year	879,580	1,434,527
	5,416,598	8,965,918

The amounts of transaction prices allocated to the remaining performance obligations expected to be recognised in more than one year relate to sale of properties, of which the performance obligations are to be satisfied within 18 months. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

6. Loss Before Tax

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

	Notes	2025 RMB'000	2024 RMB'000
Cost of properties sold		5,365,960	8,749,299
Cost of services provided		385,142	423,464
Depreciation	13	280,876	285,876
Amortisation of land use rights	15	101,518	103,465
Less: Amount capitalised in assets under construction		(62,774)	(67,267)
		38,744	36,198
Lease payments not included in the measurement of lease liabilities		606	4,977
Auditor's remuneration		5,200	5,200
Employee benefit expenses* (excluding directors' and chief executive's remuneration (note 8)):			
Wages and salaries		317,459	431,647
Pension scheme contributions (defined benefit plans)		26,446	28,628
		343,905	460,275
Less: Amounts capitalised in assets under construction, properties under development and investment properties under development		(28,038)	(17,490)
		315,867	442,785
Foreign exchange losses/(gains), net		216,288	(97,607)
(Gain)/loss on disposal of items of property, plant and equipment**		(15,196)	58,792
Direct operating expenses (including repairs and maintenance arising on rent-earning investment properties)		98,010	98,911
Impairment losses recognised for properties under development and completed properties held for sale***		2,465,513	2,285,419

* Employee benefit expenses which had not been capitalised are included in "Selling and marketing expenses" and "Administrative expenses" in the consolidated statement of profit or loss.

** Items are included in "Other income and gains, net" and "Administrative expenses" in the consolidated statement of profit or loss.

*** The item is included in "Other operating expenses, net" in the consolidated statement of profit or loss.

Notes to Financial Statements

Year ended 31 December 2025

7. Finance Costs

An analysis of the Group's finance costs is as follows:

	Note	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings		5,215,758	5,395,183
Interest on lease liabilities	16(c)	1,053	5,609
Less: Interest capitalised		(2,510,167)	(2,471,685)
		2,706,644	2,929,107

8. Directors' and Chief Executive's Remuneration

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (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	5,836	5,944
Other emoluments:		
Salaries, allowances and benefits in kind	7,837	9,909
Pension scheme contributions	216	288
	8,053	10,197
	13,889	16,141

There was no director and chief executive being granted share options during the year (2024: Nil).

8. Directors' and Chief Executive's Remuneration (continued)**(a) Independent non-executive directors**

	Fees RMB'000
2025	
Independent non-executive directors:	
Mr. Tam Chun Fai	470
Mr. Law Yiu Wing, Patrick	470
Ms. Wong Man Ming, Melinda	470
	1,410
2024	
Independent non-executive directors:	
Mr. Lee Ka Sze, Carmelo (resigned on 1 March 2024)	82
Mr. Tam Chun Fai	482
Mr. Law Yiu Wing, Patrick	482
Ms. Wong Man Ming, Melinda (appointed on 1 April 2024)	361
	1,407

There were no other emoluments payable to the independent non-executive directors during the year (2024: Nil).

Notes to Financial Statements

Year ended 31 December 2025

8. Directors' and Chief Executive's Remuneration *(continued)*

(b) Executive directors and chief executive

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
2025				
Executive directors:				
Mr. Kong Jianmin	1,355	1,075	54	2,484
Mr. Kong Jiantao (note (i))	1,355	2,800	54	4,209
Mr. Kong Jiannan	1,355	2,800	54	4,209
Mr. Cai Fengjia	361	1,162	54	1,577
	4,426	7,837	216	12,479
2024				
Executive directors:				
Mr. Kong Jianmin	1,389	2,800	72	4,261
Mr. Kong Jiantao (note (i))	1,389	2,800	72	4,261
Mr. Kong Jiannan	1,389	2,800	72	4,261
Mr. Cai Fengjia	370	1,509	72	1,951
	4,537	9,909	288	14,734

Note:

(i) Mr. Kong Jiantao is also the chief executive officer of the Company.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. Five Highest Paid Employees

The five highest paid employees for the year ended 31 December 2025 included three (2024: three) directors and the chief executive, details of whose remuneration are set out in note 8.

Details of the remuneration for the year ended 31 December 2025 of the remaining two (2024: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2025 RMB'000	2024 RMB'000
Salaries, allowances and benefits in kind	7,950	5,950
Pension scheme contributions	51	33
	8,001	5,983

The number of non-director and non-chief executive highest paid employees whose emoluments fell within the following bands are as follows:

	Number of employees	
	2025	2024
HKD3,000,001 to HKD3,500,000	-	2
HKD3,500,001 to HKD4,000,000	1	-
HKD5,000,001 to HKD5,500,000	1	-
	2	2

There were no non-director and non-chief executive highest paid employees being granted share options during the year (2024: Nil).

Notes to Financial Statements

Year ended 31 December 2025

10. Income Tax Credits/(Expenses)

	2025 RMB'000	2024 RMB'000
Current – PRC		
CIT	716,353	(655,795)
LAT	(39,105)	(81,790)
Deferred	677,248	(737,585)
	120,005	364,620
Total tax credits/(charge) for the year	797,253	(372,965)

A reconciliation of the tax expense applicable to loss before tax at the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax charge for the year is as follows:

	2025 RMB'000	2024 RMB'000
Loss before tax	(4,259,440)	(7,778,010)
Tax at the statutory tax rate of 25.0% (2024: 25.0%)	1,064,860	1,944,503
Income not subject to tax	313,299	234,020
Expenses not deductible for tax	(765,619)	(772,023)
Tax losses not recognised	(197,403)	(1,299,896)
Losses attributable to associates	(18,125)	(43,820)
Losses attributable to joint ventures	(400,696)	(220,747)
LAT	(39,105)	(81,790)
Effect of LAT	9,776	20,448
Others	830,266	(153,660)
Tax credits/(charge) for the year	797,253	(372,965)

For the year ended 31 December 2025, the share of CIT credits and LAT expenses attributable to the joint ventures amounting to approximately RMB6,425,000 (2024: CIT expenses of approximately RMB230,781,000) and approximately RMB6,144,000 (2024: approximately RMB17,443,000), respectively, is included in "Share of losses of joint ventures" in the consolidated statement of profit or loss.

For the year ended 31 December 2025, the share of CIT credits and LAT expenses attributable to the associates amounting to approximately RMB5,356,000 (2024: CIT expenses of approximately RMB1,217,000) and approximately RMB863,000 (2024: approximately RMB17,653,000), respectively, is included in "Share of losses of associates" in the consolidated statement of profit or loss.

10. Income Tax Credits/(Expenses) *(continued)*

Hong Kong profits tax

No Hong Kong profits tax has been provided because the Group did not generate any assessable profits arising in Hong Kong during the years ended 31 December 2025 and 2024.

PRC CIT

PRC CIT in respect of operations in Chinese Mainland has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2025 and 2024, based on existing legislation, interpretations and practices in respect thereof.

PRC LAT

PRC LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of the land value, being the proceeds from the sale of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

11. Dividends

The Board has resolved not to declare any final dividend in respect of the year ended 31 December 2025 (2024: Nil).

12. Loss Per Share Attributable to Owners of the Company

The calculation of the basic loss per share amount is based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 3,418,883,945 (2024: 3,418,883,945) in issue during the year.

For the year ended 31 December 2025, the calculation of the diluted loss per share amount was based on the loss for the year attributable to owners of the Company, and the weighted average number of ordinary shares used in the calculation was the number of ordinary shares in issue during the year, as used in the basic loss per share calculation of 3,418,883,945 (31 December 2024: 3,418,883,945).

Diluted loss per share amount for the year ended 31 December 2025 and 2024 was the same as the basic loss per share as the Group had no potentially dilutive ordinary shares in issue during the year.

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

	2025 RMB'000	2024 RMB'000
Loss		
Loss attributable to owners of the Company	(3,271,406)	(8,085,373)
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares in issue during the year	3,418,883,945	3,418,883,945

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Year ended 31 December 2025

13. Property, Plant and Equipment

	Buildings RMB'000	Leasehold improvement RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Vehicles RMB'000	Right-of-use assets		Total RMB'000
						Assets under construction RMB'000	Buildings RMB'000	
31 December 2025								
At 1 January 2025								
Cost	5,772,699	247,408	3,188	759,468	124,539	4,292,324	278,364	11,477,990
Accumulated depreciation	(1,374,194)	(189,577)	(3,173)	(559,980)	(110,401)	–	(234,265)	(2,471,590)
Net carrying amount	4,398,505	57,831	15	199,488	14,138	4,292,324	44,099	9,006,400
At 1 January 2025, net of accumulated depreciation	4,398,505	57,831	15	199,488	14,138	4,292,324	44,099	9,006,400
Additions	7,079	17,301	–	5,229	1,661	122,743	16,772	170,785
Disposals	–	–	–	(254)	(5)	–	(117)	(376)
Depreciation provided during the year (note 6)	(185,702)	(20,227)	–	(63,326)	(1,373)	–	(10,248)	(280,876)
Transfer	264,284	–	–	–	–	(264,284)	–	–
Disposal of a subsidiary	–	(250)	–	–	–	–	–	(250)
At 31 December 2025, net of accumulated depreciation	4,484,166	54,655	15	141,137	14,421	4,150,783	50,506	8,895,683
At 31 December 2025								
Cost	6,044,063	263,200	3,187	764,036	125,661	4,150,783	291,478	11,642,408
Accumulated depreciation	(1,559,897)	(208,545)	(3,172)	(622,899)	(111,240)	–	(240,972)	(2,746,725)
Net carrying amount	4,484,166	54,655	15	141,137	14,421	4,150,783	50,506	8,895,683

13. Property, Plant and Equipment *(continued)*

	Buildings RMB'000	Leasehold improvements RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Vehicles RMB'000	Assets under construction RMB'000	Right-of-use assets		Total RMB'000
							Buildings RMB'000	Vehicle RMB'000	
31 December 2024									
At 1 January 2024									
Cost	5,760,756	270,563	3,188	732,172	132,554	4,148,455	357,453	481,967	11,887,108
Accumulated depreciation	(1,237,554)	(185,595)	(3,173)	(514,550)	(116,261)	–	(237,016)	(160,256)	(2,454,405)
Net carrying amount	4,523,202	84,968	15	217,622	16,293	4,148,455	120,437	321,711	9,432,703
At 1 January 2024, net of accumulated depreciation	4,523,202	84,968	15	217,622	16,293	4,148,455	120,437	321,711	9,432,703
Additions	169,138	19,310	–	40,304	566	208,272	41,465	–	479,055
Disposals	(899)	(15,641)	–	(317)	(1,557)	(64,403)	(102,347)	(313,099)	(498,263)
Depreciation provided during the year (note 6)	(184,446)	(18,725)	–	(57,473)	(1,164)	–	(15,456)	(8,612)	(285,876)
Disposal of subsidiaries	(108,490)	(12,081)	–	(648)	–	–	–	–	(121,219)
At 31 December 2024, net of accumulated depreciation	4,398,505	57,831	15	199,488	14,138	4,292,324	44,099	–	9,006,400
At 31 December 2024									
Cost	5,772,699	247,408	3,188	759,468	124,539	4,292,324	278,364	–	11,477,990
Accumulated depreciation	(1,374,194)	(189,577)	(3,173)	(559,980)	(110,401)	–	(234,265)	–	(2,471,590)
Net carrying amount	4,398,505	57,831	15	199,488	14,138	4,292,324	44,099	–	9,006,400

At 31 December 2025, the Group's certain property, plant and equipment with an aggregate net carrying amount of approximately RMB7,777,968,000 (2024: approximately RMB7,982,045,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

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Year ended 31 December 2025

14. Investment Properties

	2025				2024			
	Completed investment properties RMB'000	Investment properties under construction RMB'000	Right-of-use assets RMB'000	Total RMB'000	Completed investment properties RMB'000	Investment properties under construction RMB'000	Right-of-use assets RMB'000	Total RMB'000
At 1 January	18,165,500	3,708,000	54,390	21,927,890	20,384,440	3,895,000	371,000	24,650,440
Transfer from completed properties held for sale (note 20)	940,523	–	–	940,523	–	–	–	–
Transfers to completed properties held for sale (note 20)	(44,200)	–	–	(44,200)	(43,400)	–	–	(43,400)
Additions	–	420,839	–	420,839	–	137,700	–	137,700
Transfers	–	–	–	–	24,199	(24,199)	–	–
Modification of leases	–	–	–	–	–	–	(309,610)	(309,610)
Disposals	(273,246)	–	–	(273,246)	(616,925)	–	–	(616,925)
Net loss from a fair value adjustment	(756,484)	(487,839)	(54,390)	(1,298,713)	(1,582,814)	(300,501)	(7,000)	(1,890,315)
Carrying amount at 31 December	18,032,093	3,641,000	–	21,673,093	18,165,500	3,708,000	54,390	21,927,890

The Group's investment properties consist of commercial properties and right-of-use assets in Chinese Mainland. The directors of the Company have determined that the investment properties consist of two classes of assets, commercial properties and right-of-use assets, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued on 31 December 2025 based on valuations performed by Savills Valuation and Professional Services Limited, independent professionally qualified valuers, at approximately RMB21,673,093,000 (2024: approximately RMB21,927,890,000). Each year, the management of the Group decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The management of the Group has discussions with the valuers on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

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

At 31 December 2025, certain items of the Group's investment properties with an aggregate carrying amount of approximately RMB21,407,873,000 (2024: approximately RMB21,708,780,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

At 31 December 2025, the Group has not yet obtained the real estate ownership certificates of investment properties with a net carrying amount of approximately RMB5,665,306,000 (2024: approximately RMB5,237,217,000) from the relevant government authorities.

Further particulars of the Group's major investment properties are included on page 179 of the annual report.

14. Investment Properties *(continued)*

Fair value hierarchy

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

	Fair value measurement as at 31 December 2025 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for: Commercial properties	—	—	21,673,093	21,673,093

	Fair value measurement as at 31 December 2024 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Recurring fair value measurement for: Commercial properties	—	—	21,873,500	21,873,500
Right-of-use assets	—	—	54,390	54,390
	—	—	21,927,890	21,927,890

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).

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 or weighted average	
		2025	2024
Commercial properties	Investment approach and direct comparison approach	Market rent (per sq.m. per month) RMB13 to RMB950	RMB13 to RMB980
		Capitalisation rates 2.00% to 5.50%	3.00% to 5.50%
Right-of-use assets	Investment approach	Capitalisation rates Nil	3.75% to 4.75%

14. Investment Properties *(continued)*

Fair value hierarchy *(continued)*

All the properties are valued by the investment approach taking into account the rental income derived from the existing tenancies with due allowance for the reversionary income potential of the tenancies, which are then capitalised into the value at appropriate rates.

The commercial properties are also valued by the direct comparison approach on the assumption that each property can be sold in their existing state subject to existing tenancies or otherwise by referring to comparable sales transactions as available in the relevant markets. Comparison is based on prices realised on actual transactions or asking prices of comparable properties. Comparable properties with similar sizes, characters and locations are analysed, and carefully weighed against all respective advantages and disadvantages of each property in order to arrive at a fair comparison of value. The two approaches are reconciled, if applicable.

A significant increase (decrease) in the capitalisation rates in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent in isolation would result in a significant increase (decrease) in the fair value of the investment properties.

15. Land Use Rights

	Note	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January		3,453,471	3,597,564
Additions		—	1,125
Amortisation recognised during the year	6	(101,518)	(103,465)
Reclassification		(123,125)	(32,632)
Disposal of a subsidiary		—	(9,121)
Carrying amount at 31 December		3,228,828	3,453,471
Non-current portion		3,228,828	3,453,471

At 31 December 2025, certain items of the Group's land use rights with an aggregate net carrying amount of approximately RMB1,895,943,000 (2024: approximately RMB2,122,941,000) were pledged to banks to secure general banking facilities granted to the Group and joint ventures.

At 31 December 2025, the Group has not yet obtained the land use right certificates of certain lands with an aggregate net carrying amount of approximately RMB10,774,000 (2024: approximately RMB10,774,000) from the relevant government authorities.

16. Leases

The Group as a lessee

The Group has lease contracts for various items of lands, buildings and vehicles used in its operations. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 40 to 70 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 20 years, while vehicles generally have lease terms of 15 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are included in notes 13, 14 and 15.

(b) Lease liabilities

The carrying amount of lease liabilities and the movements during the year are as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount at 1 January	86,682	570,297
New Leases	16,191	39,707
Termination of leases	(34,320)	(481,844)
Accretion of interest recognised during the year	1,053	5,609
Payments	(20,421)	(47,087)
Carrying amount at 31 December	49,185	86,682
Analysed into:		
Current portion	9,140	17,959
Non-current portion	40,045	68,723

The maturity analysis of lease liabilities is disclosed in note 43 to the financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	Notes	2025 RMB'000	2024 RMB'000
Interest on lease liabilities	7	1,053	5,609
Depreciation charge of right-of-use assets	13	10,248	24,068
Amortization of land use right (not capitalised)	6	38,744	36,198
Expense relating to low-value assets and short-term leases (included in cost of sales and administrative expenses)	6	606	4,977
Decrease in fair value	14	54,390	7,000

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Year ended 31 December 2025

16. Leases (continued)

The Group as a lessor

The Group leases its investment properties consisting of several commercial properties in Chinese Mainland under operating lease arrangements, with leases negotiated for terms ranging from 1 to 16 years. The terms of the leases generally 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 approximately RMB797,500,000 (2024: RMB888,113,000), details of which are included in note 5 to the financial statements.

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

	2025 RMB'000	2024 RMB'000
Within one year	459,112	438,242
After one year but within two years	322,859	331,299
After two years but within three years	192,438	205,040
After three years but within four years	103,375	111,312
After four years but within five years	58,751	65,212
After five years	158,451	179,436
	1,294,986	1,330,541

17. Interests in Associates

	2025 RMB'000	2024 RMB'000
Share of net assets	6,018,242	6,211,309
Advances to associates	803,044	819,069
	6,821,286	7,030,378

As at 31 December 2025 and 2024, the advances to associates as shown above were unsecured, interest-free and not repayable within 12 months. In the opinion of the directors, these advances were considered as part of the Group's net investments in the associates.

As at 31 December 2025, the amounts due to associates included in the Group's current liabilities of approximately RMB1,316,824,000 (2024: approximately RMB1,364,879,000) were unsecured, interest-free and repayable on demand.

17. Interests in Associates *(continued)*

The Group's shareholdings in the associates all comprise equity shares held by the wholly-owned subsidiaries of the Company.

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

	2025 RMB'000	2024 RMB'000
Share of the associates' loss	(72,498)	(175,280)
Share of the associates' total comprehensive loss	(72,498)	(175,280)
Aggregate carrying amount of the Group's investments in the associates	6,821,286	7,030,378

18. Interests in Joint Ventures

	2025 RMB'000	2024 RMB'000
Share of net assets	7,721,569	9,310,815
Advances to joint ventures	23,131,718	22,393,430
	30,853,287	31,704,245

As at 31 December 2025 and 2024, the advances to joint ventures as shown above were unsecured, interest-free and not repayable within 12 months. In the opinion of the directors, these advances were considered as part of the Group's net investments in the joint ventures.

As at 31 December 2025, an amount due from a joint venture included in the Group's current assets of approximately RMB19,129,000 (2024: approximately RMB19,129,000) was unsecured, interest-free and repayable on demand.

As at 31 December 2025, the amounts due to joint ventures included in the Group's current liabilities of approximately RMB7,861,285,000 (2024: approximately RMB8,088,049,000) were unsecured, interest-free and repayable on demand.

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18. Interests in Joint Ventures *(continued)*

Particulars of the Group's material joint ventures as at the end of the reporting period are as follows:

Name	Particular of registered capital	Place of registration and business	2025			Principal activities
			Percentage of			
			Ownership interest	Voting power	Profit sharing	
Foshan Xinfeng Real Estate Development Limited ("Foshan Xinfeng") [#]	US\$194,000,000	PRC/Chinese Mainland	50	50	50	Property development
Foshan Xinhao Real Estate Development Limited ("Foshan Xinhao") [#]	US\$98,000,000	PRC/Chinese Mainland	50	50	50	Property development
Unicorn Bay Limited ("Unicorn Bay")	US\$50,000	British Virgin Island/Hong Kong	50	50	50	Property development
Shanghai Chengtou Yuecheng Real Estate Co., Ltd ("Shanghai Chengtou") [#]	RMB855,000,000	PRC/Chinese Mainland	50	50	50	Property development

Name	Particular of registered capital	Place of registration and business	2024			Principal activities
			Percentage of			
			Ownership interest	Voting power	Profit sharing	
Foshan Xinfeng Real Estate Development Limited ("Foshan Xinfeng") [#]	US\$194,000,000	PRC/Chinese Mainland	50	50	50	Property development
Foshan Xinhao Real Estate Development Limited ("Foshan Xinhao") [#]	US\$98,000,000	PRC/Chinese Mainland	50	50	50	Property development
Unicorn Bay Limited ("Unicorn Bay")	US\$50,000	British Virgin Island/Hong Kong	50	50	50	Property development
Shanghai Chengtou Yuecheng Real Estate Co., Ltd ("Shanghai Chengtou") [#]	RMB855,000,000	PRC/Chinese Mainland	50	50	50	Property development

[#] The English names of these companies referred to in these financial statements represent management's best effort to translate the Chinese names of those entities, as no English names have been registered.

The above investments are indirectly held through wholly-owned subsidiaries of the Company.

As at 31 December 2025, Foshan Xinfeng, Foshan Xinhao, Unicorn Bay and Shanghai Chengtou, which are considered the material joint ventures of the Group, engaged in the property development business in Chinese Mainland and Hong Kong and have been accounted for using the equity method.

18. Interests in Joint Ventures *(continued)*

The following table illustrates the summarised financial information in respect of the Group's material joint ventures adjusted for any differences in accounting policies and reconciled to the carrying amount in the financial statements:

	2025			
	Foshan Xinfeng RMB'000	Foshan Xinhao RMB'000	Unicorn Bay RMB'000	Shanghai Chengtou RMB'000
Current assets	3,688,618	2,460,141	17,256,877	4,038,590
Non-current assets	217,090	223,639	—	134,379
Total assets	3,905,708	2,683,780	17,256,877	4,172,969
Current liabilities	(1,585,887)	(1,845,476)	(1,028,006)	(400,246)
Non-current liabilities	—	—	(5,114,032)	(724,076)
Total liabilities	(1,585,887)	(1,845,476)	(6,142,038)	(1,124,322)
Revenue	50,442	638,235	3,191,681	139,614
Profit/(loss) for the year	2,428	90,849	(2,181,291)	(32,962)
Other comprehensive income/(loss)	—	—	66,766	(2,351)
Total comprehensive income/(loss) for the year	2,428	90,849	(2,114,525)	(35,313)
	2024			
	Foshan Xinfeng RMB'000	Foshan Xinhao RMB'000	Unicorn Bay RMB'000	Shanghai Chengtou RMB'000
Current assets	3,859,610	2,648,637	22,384,256	4,167,383
Non-current assets	219,941	224,626	—	122,783
Total assets	4,079,551	2,873,263	22,384,256	4,290,166
Current liabilities	(1,762,157)	(2,125,808)	(1,102,157)	(458,380)
Non-current liabilities	—	—	(7,593,528)	(747,826)
Total liabilities	(1,762,157)	(2,125,808)	(8,695,685)	(1,206,206)
Revenue	46,038	1,160,993	1,909,707	139,395
Profit/(loss) for the year	(341,234)	155,724	(1,412,649)	(149,975)
Other comprehensive income/(loss)	—	—	(28,558)	2,042
Total comprehensive income/(loss) for the year	(341,234)	155,724	(1,441,207)	(147,933)

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18. Interests in Joint Ventures *(continued)*

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
Share of the joint ventures' loss for the year	(542,295)	(8,920)
Share of the joint ventures' other comprehensive income	42,531	13,510
Share of the joint ventures' total comprehensive (loss)/income	(499,764)	4,590
Aggregate carrying amount of the Group's investments in the joint ventures	22,192,480	21,785,554

Fair value losses in respect of properties owned by the Group's joint ventures are included in "Share of losses of joint ventures" in the consolidated statement of profit or loss.

19. Properties under Development

	2025 RMB'000	2024 RMB'000
Properties under development expected to be recovered:		
Within one year	17,579,376	19,303,777
More than one year	25,170,744	25,770,206
	42,750,120	45,073,983

The Group's properties under development were mainly located in Chinese Mainland and are stated at cost.

As at 31 December 2025, certain items of the Group's properties under development with an aggregate carrying amount of approximately RMB36,499,888,000 (2024: approximately RMB36,735,928,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

Included in the Group's properties under development as at 31 December 2025 were land costs with an aggregate net carrying amount of approximately RMB2,570,655,000 (2024: approximately RMB2,570,655,000) for which the Group has not yet obtained land use right certificates from the relevant government authorities. The Group has not fully settled the purchase consideration in accordance with the terms of certain relevant land use right grant contracts. The directors of the Company consider that the relevant land use right certificates will be obtained upon the full payment of the purchase considerations.

Further particulars of the Group's major properties under development are set out on page 179 of the annual report.

20. Completed Properties Held for Sale

The Group's completed properties held for sale are located in Chinese Mainland. All completed properties held for sale are stated at the lower of cost and net realisable value.

During the year ended 31 December 2025, the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB940,523,000 (2024: Nil) were transferred to investment properties (note 14).

During the year ended 31 December 2025, the Group's investment properties with an aggregate carrying amount of approximately RMB44,200,000 (2024: 43,400,000) were transferred to completed properties held for sale (note 14).

As at 31 December 2025, certain items of the Group's completed properties held for sale with an aggregate carrying amount of approximately RMB11,145,407,000 (2024: approximately RMB14,861,800,000) were pledged to secure general banking facilities granted to the Group and joint ventures.

Further particulars of the Group's major completed properties held for sale are set out on page 179 of the annual report.

21. Trade Receivables

Trade receivables mainly consist of receivables from the sale of properties, rentals under operating leases and hotel operation. The payment terms of the sale of properties are stipulated in the relevant sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of rental and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within 12 months for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period is as follows:

	2025 RMB'000	2024 RMB'000
Within 3 months	132,489	260,450
7 to 12 months	78,519	5,252
Over 1 year	35,721	21,841
	246,729	287,543

An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type and rating, and forms of credit insurance). 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. For the sale of properties, rentals under operating leases and hotel operation businesses of the Group, management has assessed that the expected credit loss rate for trade receivables was minimal as at 31 December 2025 and 31 December 2024. In the opinion of the directors of the Company, the Group's trade receivables relate to a large number of diversified customers with no recent history of default and the balances are considered fully recoverable considering the historical records and forward-looking information.

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Year ended 31 December 2025

22. Prepayments, Other Receivables and Other Assets

	2025 RMB'000	2024 RMB'000
Prepayments	1,263,732	1,314,265
Contract costs	1,199,707	1,359,708
Prepaid other taxes	2,366,132	2,395,173
Deposits and other receivables	9,171,198	8,639,355
	14,000,769	13,708,501

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

23. Tax Recoverables/Tax Payables

(a) Tax recoverables

	2025 RMB'000	2024 RMB'000
Prepaid CIT	258,350	259,310
Prepaid LAT	893,919	924,627
	1,152,269	1,183,937

(b) Tax payables

	2025 RMB'000	2024 RMB'000
CIT payable	7,168,241	7,974,763
LAT payable	6,472,704	6,418,120
	13,640,945	14,392,883

24. Cash and Bank Balances

	Notes	2025 RMB'000	2024 RMB'000
Cash and bank balances		617,058	771,454
Time deposits		17,336	15,991
		634,394	787,445
Less: Restricted cash	(a)	(448,253)	(634,881)
Cash and cash equivalents		186,141	152,564
		619,615	777,863
Denominated in RMB	(b)	14,779	9,582
Denominated in other currencies			
		634,394	787,445

Notes:

- (a) Pursuant to relevant regulations in the PRC, certain property development companies of the Group are required to place a certain amount of pre-sale proceeds received at designated bank accounts as guarantee deposits for the construction of the relevant properties.
- (b) The RMB is not freely convertible into other currencies, however, under Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and 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. Time deposits are made for varying periods depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

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25. Trade and Bills Payables

An ageing analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	15,618,592	13,807,265
Over 1 year	3,569,605	5,121,139
	19,188,197	18,928,404

The trade and bills payables are non-interest-bearing and are normally settled on demand.

26. Other Payables and Accruals

	2025 RMB'000	2024 RMB'000
Contract liabilities	4,449,893	8,030,106
Other payables and accruals	17,880,006	17,582,773
Other tax payables	1,345,937	1,153,357
	23,675,836	26,766,236

Other payables are non-interest-bearing and are normally settled on demand.

27. Interest-bearing Bank and Other Borrowings

	2025			2024		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans						
— secured	3.00-10.00	on demand/ 2026	19,376,560	3.10-12.11	on demand/ 2025	11,343,637
— unsecured	4.10-5.00	on demand	347,302	5.00-5.70	2025	350,407
— denominated in HK\$, secured	HIBOR+4.10	on demand	1,810,516	HIBOR+4.10	on demand	1,856,259
— denominated in US\$, secured	LIBOR+2.75-8.75	on demand	1,138,932	LIBOR+2.75-8.75	on demand	1,167,709
Current portion of long-term bank loans						
— secured	3.15-8.50	2026	1,961,328	3.10-8.50	2025	2,834,153
— unsecured	4.30-5.50	2026	54,283	4.10-5.50	2025	3,833
Senior notes						
— denominated in US\$, secured (note (a))	5.99-8.19	on demand	27,658,053	5.99-8.19	on demand	28,356,838
Domestic corporate bonds						
— secured (note (b))	4.88	2026	700,083	6.25-7.03	2025	280,317
			<u>53,047,057</u>			<u>46,193,153</u>
Non-current						
Bank and other loans						
— secured	2.50-7.88	2027-2037	16,123,325	3.00-8.20	2026-2045	23,211,231
— unsecured	5.50	2027	6,256	4.10-5.50	2026-2035	315,833
Domestic corporate bonds — secured (note (c))	8.13-10.00	2034	4,430,572	4.86-7.03	2026-2028	3,204,835
			<u>20,560,153</u>			<u>26,731,899</u>
			<u>73,607,210</u>			<u>72,925,052</u>

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Year ended 31 December 2025

27. Interest-bearing Bank and Other Borrowings *(continued)*

	2025 RMB'000	2024 RMB'000
Analysed into:		
Bank loans repayable:		
On demand	15,673,346	8,435,362
Within one year	9,015,575	9,120,636
In the second year	2,614,689	9,308,046
In the third to fifth years, inclusive	7,069,961	6,690,105
Beyond five years	6,444,931	7,528,913
	40,818,502	41,083,062
Senior notes repayable:		
On demand	27,658,053	28,356,838
	27,658,053	28,356,838
Domestic corporate bonds repayable:		
Within one year	700,083	280,317
In the second year	-	1,454,200
In the third to fifth years, inclusive	56,991	1,750,635
Beyond five years	4,373,581	-
	5,130,655	3,485,152
	73,607,210	72,925,052

Certain items of the Group's borrowings are secured by the Group's assets, details of which are disclosed in note 38. Besides, bank loans with an aggregate amount of approximately RMB2,776,500,000 (2024: approximately RMB2,783,500,000) were also partially secured by the revenue generated and to be generated of a related company in relation to certain business as at 31 December 2025.

Except for the above-mentioned borrowings denominated in HK\$ and US\$, all borrowings were denominated in RMB as at the end of the reporting period.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes:

- (a)(i) On 1 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,343,495,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 21 February 2019, 22 February 2019 and 1 March 2019. On 30 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note.

On 22 March 2019, the Company issued 7.875% senior notes with an aggregate principal amount of US\$350,000,000 (equivalent to approximately RMB2,343,040,000) (to be consolidated and form a single series with the US\$350,000,000 7.875% senior notes due 2023 issued on 1 March 2019). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 1 September 2023. The senior notes carry interest at a rate of 7.875% per annum, which is payable semi-annually in arrears on 1 March and 1 September of each year commencing on 1 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 20 March 2019 and 22 March 2019. On 30 September 2022, the Company has partially settled these senior notes by exchanging with a new senior note.

The outstanding principal of US\$63,531,000 and the accrued unpaid interests were not settled on the maturity date and remained outstanding as at 31 December 2025. The senior notes has been delisted on its maturity date. For further details, please refer to the related announcement of the Company dated 31 August 2023.

- (a)(ii) On 29 July 2019, the Company issued 7.40% senior notes with an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB2,064,630,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 March 2024. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 5 March and 5 September of each year commencing on 5 September 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 22 July 2019, 23 July 2019 and 29 July 2019.

On 17 September 2021, the Company issued 7.40% senior notes with an aggregate principal amount of US\$158,000,000 (equivalent to approximately RMB1,019,527,000) (to be consolidated and form a single series with the US\$300,000,000 7.4% senior notes due 2024 issued on 29 July 2019). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 5 March 2024. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 5 March and 5 September of each year commencing on 5 March 2022. For further details on the senior notes, please refer to the related announcements of the Company dated 17 September 2021 and 20 September 2021.

The outstanding principal of US\$458,000,000 and the accrued unpaid interests were not settled on the maturity date and remained outstanding as at 31 December 2025. The senior notes has been delisted on its maturity date. For further details, please refer to the related announcement of the Company dated 4 March 2024.

- (a)(iii) On 10 November 2017, the Company issued 5.875% senior notes with an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,651,280,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 May 2018. For further details on the senior notes, please refer to the related announcements of the Company dated 7 November 2017, 8 November 2017 and 10 November 2017.

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Year ended 31 December 2025

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(Continued)*

(a)(iii) *(Continued)*

On 3 July 2019, the Company issued 5.875% senior notes with an aggregate principal amount of US\$225,000,000 (equivalent to approximately RMB1,544,400,000) (to be consolidated and form a single series with the US\$400,000,000 5.875% senior notes due 2024 issued on 10 November 2017). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 November 2024. The senior notes carry interest at a rate of 5.875% per annum, which is payable semi-annually in arrears on 10 May and 10 November of each year commencing on 10 November 2019. For further details on the senior notes, please refer to the related announcements of the Company dated 25 June 2019 and 3 July 2019.

The outstanding principal of US\$625,000,000 and the accrued unpaid interests were not settled on the maturity date and remained outstanding as at 31 December 2025. The senior notes has been delisted on its maturity date. For further details, please refer to the related announcement of the Company dated 08 November 2024.

(a)(iv) On 13 January 2020, the Company issued 7.40% senior notes with an aggregate principal amount of US\$300,000,000 (equivalent to approximately RMB2,077,890,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 13 January 2027. The senior notes carry interest at a rate of 7.4% per annum, which is payable semi-annually in arrears on 13 January and 13 July of each year commencing on 13 July 2020. For further details on the senior notes, please refer to the related announcements of the Company dated 7 January 2020 and 13 January 2020.

(a)(v) On 10 August 2020, the Company issued 5.95% senior notes with an aggregate principal amount of US\$200,000,000 (equivalent to approximately RMB1,392,980,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 August 2025. The senior notes carry interest at a rate of 5.95% per annum, which is payable semi-annually in arrears on 10 February and 10 August of each year commencing on 10 February 2021. For further details on the senior notes, please refer to the related announcements of the Company dated 4 August 2020 and 10 August 2020.

On 10 September 2021, the Company issued 5.95% senior notes with an aggregate principal amount of US\$100,000,000 (equivalent to approximately RMB645,660,000) (to be consolidated and form a single series with the US\$200,000,000 5.95% senior notes due 2025 issued on 10 August 2020). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 10 August 2025. The senior notes carry interest at a rate of 5.95% per annum, which is payable semi-annually in arrears on 10 February and 10 August of each year commencing on 10 February 2022. For further details on the senior notes, please refer to the related announcements of the Company dated 7 September 2021, 10 September 2021 and 13 September 2021.

The outstanding principal of US\$300,000,000 and the accrued unpaid interests were not settled on the maturity date and remained outstanding as at 31 December 2025. The senior notes has been delisted on its maturity date. For further details, please refer to the related announcement of the Company dated 8 August 2025.

(a)(vi) On 13 November 2020, the Company issued 6.30% senior notes with an aggregate principal amount of US\$400,000,000 (equivalent to approximately RMB2,651,400,000). The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 13 February 2026. The senior notes carry interest at a rate of 6.3% per annum, which is payable semi-annually in arrears on 13 February and 13 August of each year commencing on 13 February 2021. For further details on the senior notes, please refer to the related announcements of the Company dated 8 November 2020, 13 November 2020 and 16 November 2020.

(a)(vii) On 14 May 2021, the Company issued 6.00% green senior notes with an aggregate principal amount of US\$378,000,000 (equivalent to approximately RMB2,439,045,000). The green senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 14 August 2026. The green senior notes carry interest at a rate of 6% per annum, which is payable semi-annually in arrears on 14 February and 14 August of each year commencing on 14 August 2021. For further details on the green senior notes, please refer to the related announcements of the Company dated 11 May 2021, 14 May 2021 and 17 May 2021.

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(Continued)*

(a)(viii) On 2 September 2022, the Company offered to exchange for at least US\$810,000,000, or 90%, of the aggregate outstanding principal amount of the senior notes due 15 September 2022 and the senior notes due 21 September 2022. For holders accepting the exchange offer, 5% of the principal would be repaid upfront, and a new senior notes carry interest at a rate of 6.00% per annum with final maturity date of 14 January 2024 would be issued to exchange for the remaining outstanding principal. The Company has received US\$836,764,000 valid tenders to accept the exchange offer. Accordingly, on 14 September 2022, holders accepting the exchange offer have received US\$41,838,200 upfront principal repayment and new 6.00% senior notes with principal amount of US\$794,925,800. The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 14 January 2024. Interest on the senior notes is payable semi-annually in arrears on 14 January and 14 July of each year, commencing on 14 January 2023. For further details on the senior notes, please refer to the related announcements of the Company dated 2 September 2022, 13 September 2022, 15 September 2022 and 19 September 2022.

For the remaining outstanding principal of US\$63,236,000, the Company has repaid these senior notes on their respective maturity dates, with US\$43,963,000 being repaid on 15 September 2022 and US\$19,273,000 being repaid on 21 September 2022.

For the new 6.00% senior notes with principal amount of US\$794,925,800, the Company has not made a redemption payment of US\$119,238,870 for such part of the principal due on 14 May 2023, and the interest thereon. Under the terms of this senior note, failure to pay such part of the principal on the mandatory redemption date has constituted an event of default. For further details, please refer to the related announcement of the Company dated 14 May 2023. These amounts remained outstanding as at 31 December 2025.

(a)(ix) On 2 September 2022, the Company offered to exchange for at least US\$560,000,000, or 80%, of the aggregate outstanding principal amount of the senior notes due 1 September 2023. For holders accepting the exchange offer, a new senior notes carry interest at a rate of 7.875% per annum with final maturity date of 30 August 2024 would be issued to exchange for the outstanding principal. The Company has received US\$636,469,000 valid tenders to accept the exchange offer. Accordingly, on 30 September 2022, new 7.875% senior notes have been issued to the holders accepting the exchange offer. The senior notes are redeemable at the option of the Company at certain predetermined prices in certain specific periods prior to the maturity date of 30 August 2024. Interest on the senior notes is payable semi-annually in arrears on 28 February and 30 August of each year, commencing on 28 February 2023. For further details on the senior notes, please refer to the related announcements of the Company dated 2 September 2022, 13 September 2022, 30 September 2022 and 5 October 2022.

(b) On 30 January 2023, Guangzhou Hejing issued domestic corporate bonds in the PRC with an aggregate principal amount of RMB700,000,000.

(c) In September 2025, the onshore debt restructuring proposal was approved at the relevant meetings of bondholders and the repayment arrangements of the relevant domestic corporate bonds were adjusted with extended maturities ranging from 5 to 9 years and a new coupon rate of 1% per annum. The onshore debt restructuring proposal offered options including bond buyback, debt-for-asset swap, and conversion into ordinary debts.

The Company, Guangzhou Hejing and Guangzhou Tianjian have issued corporate bonds through the Shanghai Stock Exchange. The table set forth below summarizes the changes to the major provisions after the onshore debt restructuring proposal taking effect from September 2025:

Bond code	Carrying amounts RMB'000	Interest rate after restructuring	Remaining maturity after restructuring
Corporate bonds, including			
136346.SH	1,194,413	1.0%	9 years
188499.SH	2,138,542	1.0%	9 years
175201.SH	514,958	1.0%	9 years
175393.SH	379,920	1.0%	9 years
145016	1,767,542	1.0%	9 years
145017	2,006,323	1.0%	9 years
	8,001,698		

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Year ended 31 December 2025

27. Interest-bearing Bank and Other Borrowings *(continued)*

Notes: *(Continued)*

(c) *(Continued)*

The onshore debt restructuring was regarded as a substantial modification under the relevant accounting standards. As the onshore debt restructuring proposal in relation to the six onshore bonds was approved at the relevant meetings of bondholders held in September 2025, the carrying amounts of the relevant corporate bonds of approximately RMB8.00 billion, and their accrued interests of approximately RMB1.03 billion were fully derecognized. The new financial liabilities were recognized at their fair values of RMB4.38 billion at the effective date of the onshore debt restructuring.

The fair values of the recognized instruments are categorized in Level 3 of the Fair Value Hierarchy.

The table set forth below summarizes, as at the onshore debt restructuring date, the valuation method adopted for measurement of the fair values of the financial instruments recognized in relation to the onshore debt restructuring and the quantitative information of the significant unobservable inputs used:

Description	Fair value as at the modification date RMB'000	Valuation method	Significant unobservable inputs	Range of significant unobservable inputs
Corporate bonds	4,380,294	Discounted cash flow model	Discount rate	8.2%

The relationship between the unobservable inputs and fair values is as follows:

The higher the discount rate, the lower the fair value.

As a result of the above-mentioned, during the year ended 31 December 2025, the gain resulting from the onshore debt restructuring of RMB4.50 billion has been recognized and included in the consolidated comprehensive statement of profit or loss in "other income and gains, net."

At the end of each reporting period after the initial recognition, the carrying values of the corporate bonds are measured at amortized cost.

- (d) The bank loans carry interests at prevailing market rates ranging from 2.5% to 12.1% per annum as at 31 December 2025 (31 December 2024: 3.0% to 12.1% per annum).
- (e) The Group has established a contemplated strategy to repurchase and sell its own domestic corporate bonds and senior notes (collectively the "Bonds"), from time to time, in the open market, for the purposes of managing its overall leverage and reducing the Group's overall borrowing costs. No bond was redeemed or sold during the 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

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Revaluation of properties RMB'000	Withholding taxes RMB'000	Recognition of revenue over time RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	111,370	484,984	1,338,892	274,658	16,702	16,447	32,619	2,275,672
Deferred tax credited to the statement of profit or loss during the year	6,261	(7,828)	(238,805)	—	25,546	(11,557)	—	(226,383)
Gross deferred tax liabilities at 31 December 2025	117,631	477,156	1,100,087	274,658	42,248	4,890	32,619	2,049,289

Deferred tax assets

	Provision for LAT RMB'000	Losses available for offset against future taxable profits RMB'000	Accruals RMB'000	Lease liabilities RMB'000	Impairment losses recognised for completed properties held for sale RMB'000	Others RMB'000	Total RMB'000
At 1 January 2025	1,580,351	372,240	647,614	21,290	106,668	13,622	2,741,785
Deferred tax credited/(charged) to the statement of profit or loss during the year	9,759	(32,242)	(79,867)	(9,348)	5,320	—	(106,378)
Gross deferred tax assets at 31 December 2025	1,590,110	339,998	567,747	11,942	111,988	13,622	2,635,407
Net deferred tax assets at 31 December 2025							586,118

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Year ended 31 December 2025

28. Deferred Tax (continued)

Deferred tax liabilities

	Depreciation allowance in excess of related depreciation RMB'000	Fair value adjustments arising from acquisition of subsidiaries RMB'000	Revaluation of properties RMB'000	Withholding taxes RMB'000	Recognition of revenue over time RMB'000	Right-of-use assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	105,109	504,969	1,970,833	274,658	46,977	115,329	23,422	3,041,297
Deferred tax credited to the statement of profit or loss during the year	6,261	(19,985)	(609,464)	–	(30,275)	(98,882)	9,197	(743,148)
Disposal of subsidiaries	–	–	(22,477)	–	–	–	–	(22,477)
Gross deferred tax liabilities at 31 December 2024	111,370	484,984	1,338,892	274,658	16,702	16,447	32,619	2,275,672

Deferred tax assets

	Depreciation allowance in excess of related depreciation RMB'000	Provision for LAT RMB'000	Losses available for offset against future taxable profits RMB'000	Accruals RMB'000	Lease liabilities RMB'000	Impairment losses recognised for completed properties held for sale RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	540	1,745,668	483,684	613,358	142,574	129,609	10,005	3,125,438
Deferred tax credited/(charged) to the statement of profit or loss during the year	(540)	(165,317)	(106,411)	34,256	(121,192)	(22,941)	3,617	(378,528)
Disposal of subsidiaries	–	–	(5,033)	–	(92)	–	–	(5,125)
Gross deferred tax assets at 31 December 2024	–	1,580,351	372,240	647,614	21,290	106,668	13,622	2,741,785
Net deferred tax assets at 31 December 2024								466,113

28. Deferred Tax *(continued)*

For presentation purposes, certain deferred tax assets and liabilities have been offset in the 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	2,162,775	2,111,804
Net deferred tax liabilities recognised in the consolidated statement of financial position	(1,576,657)	(1,645,691)
Net deferred tax assets	586,118	466,113

The Group has unutilised tax losses arising in Chinese Mainland of approximately RMB13,065,267,000 (2024: approximately RMB12,946,879,000) that will expire in one to five years for offsetting against future taxable profits of the entities in which the losses arose. Deferred tax assets have not been recognised in respect of the tax losses amounting to approximately RMB11,705,275,000 (2024: approximately RMB11,457,919,000) as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that future taxable profits will be available against which the tax losses can be utilised.

The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in Chinese Mainland in respect of earnings generated from 1 January 2008. The applicable rate is 5% or 10% for the Group. As at 31 December 2025, unremitted earnings that are subject to withholding taxes of the Company's subsidiaries, joint ventures and associates established in Chinese Mainland of approximately RMB27,668,818,000 (2024: approximately RMB24,069,660,000) have not been recognised for withholding taxes.

Taking into account the Group's dividend policy and the working capital demand for business operation in Chinese Mainland, the directors of the Company are of the opinion that it is the best interest of the Company to distribute its final dividend in the foreseeable future out of the share premium account of the Company, which is permissible by the Companies Law of the Cayman Islands and is also permissible by the Company's articles of association upon the approval of the Company's shareholders at the annual general meeting.

During the year ended 31 December 2025, no provision was recognised on deferred tax related to the unremitted earnings of the Group's subsidiaries established in Chinese Mainland that are subject to withholding taxes (2024: nil).

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

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Year ended 31 December 2025

29. Deferred Revenue

The Group entered into an agreement with a vendor (the “Vendor”) on 7 July 2011, pursuant to which the Group should pay a cash consideration of RMB43,400,000, and transfer certain apartments and car parking spaces (collectively, the “Transfer Properties”) of RMB11,000,000 to the Vendor, in exchange for the 10% equity interest in Shanghai Deyu Real Estate Development Limited. The exchange of the Transfer Properties is accounted for as a transaction which generates revenue. During the year ended 31 December 2014, the Group entered into a supplemental agreement with the Vendor, pursuant to which the Group paid a cash consideration of RMB8,958,000 to the Vendor in place of transferring partial apartments and car parking spaces to the Vendor. As at 31 December 2025, the remaining apartments and car parking spaces had not been transferred to the Vendor. Accordingly, the above revenue is deferred and will be recognised upon the delivery of the remaining parts of the Transfer Properties.

30. Share Capital

Shares

	2025		2024	
	No. of shares	RMB'000	No. of shares	RMB'000
Authorised:				
Ordinary shares of HK\$0.10 each	8,000,000,000	786,113	8,000,000,000	786,113
Issued and fully paid:				
Ordinary shares of HK\$0.10 each	3,418,883,945	325,768	3,418,883,945	325,768

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

	Number of shares in issue	Issued capital RMB'000	Treasury shares RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2024, 31 December 2024 and 1 January 2025	3,418,883,945	325,768	–	452,130	777,898
At 31 December 2025	3,418,883,945	325,768	-	452,130	777,898

31. Employee Share Schemes

(a) Share option scheme

Pursuant to the shareholder's resolutions of the Company passed on 9 February 2018, the Company has adopted the Share Option Scheme for the purpose of providing incentives and rewards to eligible participants (the "Eligible Participants") who will contribute and has contributed to the success of the Group's operations. Eligible participants of the Share Option Scheme include any directors, full-time or part-time employees, executives or officers, advisers, consultants, suppliers, customers and agents of the Company or any of its subsidiaries. Upon becoming effective, the Share Option Scheme will remain in force for 10 years from that date.

The maximum number of shares that may be issued upon the exercise of the options that may be granted under the Share Option Scheme is 10% of the total number of issued shares as at the date of the adoption of the Share Option Scheme. The aggregate number of shares which may be issued upon the exercise of all options that may be granted under the Share Option Scheme has not exceeded 30% of the shares in issue as at the latest practicable date. 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 the issue of a circular by the Company and the shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their 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 and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK\$5,000,000 or such other sum as may be from time to time provided under the Listing Rules, within any 12-month period, are subject to the issue of a circular by the Company and the shareholders' approval in advance in a general meeting.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the board of directors of the Company in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted.

The exercise price of share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; and (ii) the Stock Exchange average closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of a share of the Company.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

As at 31 December 2025, no share options were outstanding under the Scheme.

31. Employee Share Schemes *(continued)*

(b) Share award scheme

The Share Award Scheme was adopted by the Board on 19 January 2018 (the "Adoption Date") in order to recognise the contributions by certain employees including certain executive directors of the Company and/or members of the Group (the "Eligible Participant"). Subject to the rules of the Share Award Scheme (the "Scheme Rules"), the Board may, from time to time, at its absolute discretion select any Eligible Participant (other than any excluded participant as defined under the Scheme Rules) for participation in the Share Award Scheme as a selected participant (the "Selected Participant"), and determine the number of shares to be granted to the Selected Participant.

The Share Award Scheme shall be valid and effective for a term of 10 years commencing on the date of adoption. Pursuant to the Share Award Scheme, the trustee, Computershare Hong Kong Trustees Limited and any additional or replacement trustee, shall purchase from the open market or subscribe for the relevant number of shares awarded and shall hold such shares on trust for the Selected Participants until they are vested in the relevant Selected Participant in accordance with the provisions of the Share Award Scheme. The Board, through its authorised representative(s), shall cause to pay to the trustee the subscription or purchase price for the shares and the related expenses from the Company's resources.

The Board shall not make any further award of awarded shares which will result in the total number of shares granted under the Share Award Scheme exceeding 5% of the total number of issued Shares of the Company from the date of adoption. If the relevant subscription or purchase would result in the trustee holding in aggregate, more than 5% of the total number of issued shares of the Company as of the adoption date, the trustee shall not subscribe or purchase any further shares.

The fair value of these awarded shares at the grant date approximated to the market value of the shares which is calculated based on the closing price of the shares as at the date of grant of the awarded shares. Since the Adoption Date and up to 31 December 2025, a total of 8,583,000 awarded shares had been awarded under the Share Award Scheme.

On 8 April 2019, the Board resolved to grant a total of 2,059,500 awarded shares to 27 eligible participants under the Share Award Scheme. The awarded shares shall be vested in three tranches in accordance with the following dates: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 8 April 2020; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 8 April 2021; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 8 April 2022, or an earlier date as approved by the Board. All of these awarded shares were either vested or forfeited during the prior years.

On 14 April 2020, the Board resolved to grant a total of 1,938,000 awarded shares to 36 eligible participants under the Share Award Scheme. The awarded shares shall be vested in three tranches in accordance with the following dates: (i) one-third shall be vested on the first anniversary of the date of grant, i.e. 14 April 2021; (ii) one-third shall be vested on the second anniversary of the date of grant, i.e. 14 April 2022; and (iii) the remaining one-third shall be vested on the third anniversary of the date of grant, i.e. 14 April 2023, or an earlier date as approved by the Board. All of these awarded shares were either vested or forfeited during the prior years.

Under the Share Award Scheme, the Group didn't recognise share-based compensation expenses (2024: Nil) during the year ended 31 December 2025.

32. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Pursuant to the relevant laws and regulations in the PRC, the Company's subsidiaries which are registered in the PRC shall appropriate a certain percent of profit for the year (after offsetting any prior years' losses) calculated under the accounting principles generally applicable to the PRC enterprises to reserve funds which are restricted as to use.

33. Investments in Joint Operations

The Group has entered into three (2024: three) joint venture arrangements in the form of joint operations with certain parties to jointly undertake three (2024: three) property development projects located in Guangzhou, Guangdong Province, the PRC. As at 31 December 2025, the aggregate amounts of assets and liabilities recognised in respect of these joint operations were as follows:

	2025 RMB'000	2024 RMB'000
Assets	3,720,564	3,853,387
Liabilities	(1,834)	(2,823)

34. Business Combination

Acquisition of a subsidiary

Before 12 January 2024, the Group held 50% equity interests in Hefei Meifu Real Estate Development Limited ("Hefei Meifu")[#] and accounted for it as a joint venture of the Group. Hefei Meifu is principally engaged in property development. On 12 January 2024, the Group acquired 50% shares of Hefei Meifu, which was held by Midea Real Estate Group Limited, for consideration of RMB25,000,000. The Group thus obtained control over Hefei Meifu and accounted for Hefei Meifu as a subsidiary of the Group since then.

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Year ended 31 December 2025

34. Business Combination (continued)

Acquisition of a subsidiary (continued)

The fair values of the identifiable assets and liabilities of Hefei Meifu as at the date of acquisition were as follows:

	Fair value recognised on acquisition RMB'000
Property, plant and equipment	1
Deferred tax assets	2,134
Property under development	9,380
Prepayment, deposits and other receivables	65,077
Trade receivables	377
Cash and bank balance	6,560
Trade payables	(10,496)
Other payables and accruals	(4,122)
Tax payables	(245)
Deferred tax liabilities	(18)
Total identifiable net assets at fair value	68,648
Equity interest in the company held by the Group prior to the acquisition	(30,775)
Gain on acquisition of the subsidiary	(12,873)
Satisfied by other receivables	25,000

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash and cash equivalents acquired	6,560
Net inflow of cash and cash equivalents included in cash flows from investing activities	6,560

Since the acquisition, Hefei Meifu contributed no revenue, but gain of approximately RMB10,610,000 to the Group.

Had the combination taken place at the beginning of the period, the revenue and the loss of the Group for the year ended 31 December 2024 would have been approximately RMB11,061,516,000 and RMB8,186,729,000.

The English name of this company referred to in the financial statements represents management's best effort to translate the Chinese name of that company, as no English name has been registered

35. Disposal of Subsidiaries

- (i) During the year, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposals are as follows:

	RMB'000
Disposal consideration	
– Cash received	39,000
	39,000
Less:	
– Total net assets of subsidiaries disposed of	(37,338)
Gains on disposals	1,662
Cash proceeds from disposals, net of cash disposed of	
– Cash considerations received	39,000
– Less: cash and cash equivalents in the subsidiaries disposed of	(43)
Net cash inflow on disposals	38,957

- (ii) In 2024, the Group disposed of interests in a number of subsidiaries to certain third parties. Details of the disposals are as follows:

	RMB'000
Disposal consideration	
– Satisfied by other receivables	226,861
Total consideration	226,861
Less:	
– Total net assets of subsidiaries disposed of	(51,474)
Gains on disposals	175,387
Cash proceeds from disposals, net of cash disposed of	
– Cash and cash equivalents in the subsidiaries disposed of	(1,362)
Net cash outflow on disposals	(1,362)

36. Notes to the Consolidated Statement of Cash Flows

(a) Major non-cash transactions

During the year, the Group had non-cash reductions of right-of-use assets and lease liabilities of approximately RMB54,507,000 and approximately RMB34,320,000, respectively, in respect of lease arrangements for buildings included in property, plant and equipment and investment properties (2024: approximately RMB415,444,000 and approximately RMB481,844,000, respectively).

(b) Changes in liabilities arising from financing activities

	Note	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Other payables and accruals RMB'000
At 1 January 2025		72,925,052	86,682	14,736,035
Changes from financing cash flows		(742,727)	(20,421)	(823,045)
Termination of leases	16(b)	—	(34,320)	—
Interest expense		101,450	1,053	5,114,308
Foreign exchange movement		(773,032)	—	—
Borrowings from the disposal subsidiaries		2,096,467	—	—
New leases	16(b)	—	16,191	—
At 31 December 2025		73,607,210	49,185	19,027,298

36. Notes to the Consolidated Statement of Cash Flows (continued)**(b) Changes in liabilities arising from financing activities** (continued)

	Note	Interest-bearing bank and other borrowings RMB'000	Lease liabilities RMB'000	Other payables and accruals RMB'000
At 1 January 2024		73,335,972	570,297	10,749,037
Changes from financing cash flows		(1,177,491)	(47,087)	(1,284,206)
Termination of leases	16(b)	–	(481,844)	–
Interest expense		162,479	5,609	5,232,704
Foreign exchange movement		674,717	–	–
Disposal of subsidiaries		(70,625)	–	–
New leases	16(b)	–	39,707	–
Dividend to non-controlling interests		–	–	38,500
At 31 December 2024		72,925,052	86,682	14,736,035

(c) Total cash outflow for leases

The total cash outflow for leases included in the statement of cash flows is as follows:

	2025 RMB'000	2024 RMB'000
Within operating activities	1,097	6,602
Within financing activities	20,421	47,087
	21,518	53,689

37. Financial Guarantees

At the end of the reporting period, the Group has provided the following guarantees to related parties and third parties:

- (a) As at 31 December 2025, the Group provided guarantees amounting to approximately RMB8,471,152,000 (2024: approximately RMB9,584,695,000) to certain banks in respect of mortgages granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled to, among others, take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of real estate ownership certificates which will generally be available within one to two years after the purchasers take possession of the relevant properties.

The fair value of the guarantees is not significant and the board of directors of the Company considers that in case of default in payments, the net realisable value of the related properties will be sufficient to cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the years ended 31 December 2025 and 2024 for the guarantees.

- (b) As at 31 December 2025, the bank loans guaranteed by the Group to joint ventures, associates, third parties and related companies were utilised to the extent of approximately RMB14,270,515,000 (2024: approximately RMB18,173,240,000).

38. Pledge of Assets

- (a) At the end of the reporting period, the Group's assets pledged to certain banks to secure the general banking and other borrowing facilities granted to the Group, joint ventures and third parties are included in notes 13, 14, 15, 19 and 20, respectively, to the financial statements.
- (b) As at 31 December 2025 and 2024, the equity interests in certain subsidiaries of the Group were pledged to certain banks for the loans granted to the Group.
- (c) As at 31 December 2025 and 2024, the senior notes were jointly and severally guaranteed by certain subsidiaries of the Group and were secured by the pledges of their equity interests.

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:		
Property, plant and equipment	941,780	1,005,650
Properties being developed by the Group for sale	5,367,026	6,176,896
Investment properties	420,884	411,949
	6,729,690	7,594,495

In addition, the Group's share of the joint ventures' own capital commitments, which are not included in the above, is as follows:

	2025 RMB'000	2024 RMB'000
Contracted, but not provided for	1,604,531	2,083,871

40. Related Party Transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the year:

- (a) During the year ended 31 December 2025, the Group provided project management services to certain joint ventures of the Group for a total cash consideration of approximately RMB3,153,000 (2024: approximately RMB224,961,000), which was recognised as other income of the Group. The management fee income was determined at rates mutually agreed between the Group and the joint ventures.
- (b) During the year ended 31 December 2025 and 2024, no interest income was recognised as other income of the Group, which was determined at rates mutually agreed between the Group and the joint ventures and associates.
- (c) During the year ended 31 December 2025, the Group leased some properties to related parties, of which an executive director of the Company is the ultimate beneficial owner, for a total cash consideration of approximately RMB13,656,000 (2024: approximately RMB17,571,000), which was recognised as rental income of the Group. The income was determined at rates mutually agreed between the Group and this executive director.

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Year ended 31 December 2025

40. Related Party Transactions *(continued)*

(d) Transactions with KWG Living Group

	2025 RMB'000	2024 RMB'000
Service income from KWG Living Group*		
Property Lease:		
Properties	4,820	3,853
Car parking lots	11,108	6,797
	15,928	10,650
Information technology income	2,000	2,000
Service fees to KWG Living Group		
Residential Property Management Services:		
Residential pre-sale management services	24,812	21,101
Residential property management services	71,173	95,048
	95,985	116,149
Property Agency Services	6,810	17,615
Commercial Property Management Services:		
Commercial pre-sale management services	8,775	14,550
Commercial property management services	70,866	86,371
	79,641	100,921
Commercial Operational and Value-added Services:		
Commercial operational services	51,746	52,982
Commercial value-added services	16,167	17,591
	67,913	70,573
Publicity Planning Service	2,762	10,210
Marketing Channel Management Service	133	418

Note: These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

* KWG Living Group Holdings Limited and its subsidiaries (collectively "KWG Living Group") are ultimately controlled by Plus Earn Consultants Limited, the Company's ultimate holding company.

40. Related Party Transactions *(continued)***(e) Other transactions with related parties**

Details of guarantees given by the Group to banks in connection with bank loans granted to joint ventures, associates and a related company are included in note 37 to the financial statements.

(f) Outstanding balances with related parties

Details of the Group's balances with its associates and joint ventures are included in notes 17 and 18 respectively to the financial statements.

(g) Compensation of key management personnel of the Group

	2025 RMB'000	2024 RMB'000
Short term employee benefits	16,886	20,318
Post-employment benefits	328	603
Total compensation paid to key management personnel	17,214	20,921

Further details of directors' and chief executive's emoluments are included in note 8 to the financial statements.

The related party transactions in respect of items (c) and (d) above also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

41. Financial Instruments by Category

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets - Financial assets at amortised cost

	2025 RMB'000	2024 RMB'000
Trade receivables	246,729	287,543
Financial assets included in prepayments, other receivables and other assets	9,171,198	8,639,355
Due from a joint venture	19,129	19,129
Cash and bank balances	634,394	787,445
	10,071,450	9,733,472

Notes to Financial Statements

Year ended 31 December 2025

42. Fair Value and Fair Value Hierarchy of Financial Instruments

Financial liabilities - Financial liabilities at amortised cost

	2025 RMB'000	2024 RMB'000
Trade and bills payables	19,188,197	18,928,404
Lease liabilities	49,185	86,682
Financial liabilities included in other payables and accruals	17,880,006	17,582,773
Due to joint ventures	7,861,285	8,088,049
Due to associates	1,316,824	1,364,879
Interest-bearing bank and other borrowings	73,607,210	72,925,052
	119,902,707	118,975,839

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Financial liabilities:				
Interest-bearing bank and other borrowings	73,607,210	72,925,052	46,442,339	45,160,098

Management has assessed that the fair values of cash and bank balances, trade receivables, trade and bills payables, financial assets included in prepayments, other receivables and other assets, lease liabilities, financial liabilities included in other payables and accruals, amounts due from/to joint ventures and due to associates approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the management of the Group. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the management of the Group. The valuation process and results are discussed with the management of the Group twice a year for interim and annual financial reporting.

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 method and assumption were used to estimate the fair values:

42. Fair Value and Fair Value Hierarchy of Financial Instruments

(continued)

Financial liabilities - Financial liabilities at amortised cost (continued)

The fair values of the interest-bearing bank and other borrowings 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 Group did not have any financial assets and financial liabilities measured at fair value as at 31 December 2025 and 2024.

During the years ended 31 December 2025 and 2024, 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.

Liabilities for which fair values are disclosed:

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	
Interest-bearing bank and other borrowings	—	41,895,828	4,546,510	46,442,339

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	
Interest-bearing bank and other borrowings	—	45,160,098	—	45,160,098

43. Financial Risk Management Objectives and Policies

The financial assets of the Group mainly include cash and bank balances, trade receivables, other receivables and other assets, and amounts due from a joint venture. The financial liabilities of the Group mainly include trade and bills payables, lease liabilities, other payables and accruals, interest-bearing bank and other borrowings, amounts due to joint ventures and amounts due to associates.

The main risks arising from the Group's financial instruments are business risk, interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not have any written risk management policies and guidelines. Generally, the Group introduces conservative strategies on its risk management and focuses on minimising potential adverse effects of these risks with material impact on the Group's financial performance. The Group's exposure to these risks is kept to a minimum. Management closely monitors the risk exposure and will consider using derivatives and other instruments to hedge significant risk exposure should the need arise. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below:

Business risk

The Group conducts its operations in Chinese Mainland and Hong Kong, and accordingly, it is subject to special considerations and significant risks. These include risks associated with, among others, the political, economic and legal environment, the influence of national authorities over pricing and the financing regulations in the property development industry.

Interest rate risk

The Group has no significant interest-bearing assets. The Group's exposure to changes in market interest rates relates primarily to the Group's bank loans with floating interest rates. The Group has not used any interest rate swaps to hedge its cash flow interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

43. Financial Risk Management Objectives and Policies *(continued)***Interest rate risk** *(continued)*

	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000
2025		
RMB	200	384,551
Hong Kong dollar	200	3,012
United States dollar	200	1,749
RMB	(200)	(384,551)
Hong Kong dollar	(200)	(3,012)
United States dollar	(200)	(1,749)
	Increase/ (decrease) in basis points	Increase/ (decrease) in loss before tax RMB'000
2024		
RMB	200	496,348
Hong Kong dollar	200	3,088
United States dollar	200	1,794
RMB	(200)	(496,348)
Hong Kong dollar	(200)	(3,088)
United States dollar	(200)	(1,794)

43. Financial Risk Management Objectives and Policies *(continued)*

Foreign currency risk

The Group's most businesses are mainly located in Chinese Mainland and the transactions are mainly conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group's foreign currency exposures mainly arise from interest-bearing bank and other borrowings and bank balances denominated in currencies other than the units' functional currencies as at 31 December 2025 and 31 December 2024. The Group considers the foreign currency risk between Hong Kong dollar and United States dollar is not material as the exchange rate between these two currencies is pegged.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the United States dollar and Hong Kong dollar exchange rates, 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 HK\$ rate %	Increase/ (decrease) in US\$ rate %	Increase/ (decrease) in loss before tax RMB'000
2025			
If RMB weakens against Hong Kong dollar	(5)	N/A	(169,630)
If RMB strengthens against Hong Kong dollar	5	N/A	169,630
If RMB weakens against United States dollar	N/A	(5)	(227)
If RMB strengthens against United States dollar	N/A	5	227
2024			
If RMB weakens against Hong Kong dollar	(5)	N/A	(61,063)
If RMB strengthens against Hong Kong dollar	5	N/A	61,063
If RMB weakens against United States dollar	N/A	(5)	(233)
If RMB strengthens against United States dollar	N/A	5	233

43. Financial Risk Management Objectives and Policies *(continued)***Credit risk**

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2025 and 31 December 2024. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

2025	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables	—	—	—	246,729	246,729
Financial assets included in prepayments, other receivables and other assets					
– Normal*	9,171,198	—	—	—	9,171,198
Due from a joint venture	19,129	—	—	—	19,129
Cash and bank balances					
– Not yet past due	634,394	—	—	—	634,394
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties					
– Not yet past due	8,471,152	—	—	—	8,471,152
Guarantees given to banks in connection with bank loans granted to joint ventures, associates, third parties and related companies					
– Not yet past due	14,270,515	—	—	—	14,270,515
	32,566,388	—	—	246,729	32,813,117

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Year ended 31 December 2025

43. Financial Risk Management Objectives and Policies *(continued)*

Credit risk *(continued)*

2024	12-month	Lifetime ECLs			Simplified approach	Total
	ECLs	Stage 1	Stage 2	Stage 3		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	–	–	–	–	287,543	287,543
Financial assets included in prepayments, other receivables and other assets						
– Normal*	8,639,355	–	–	–	–	8,639,355
Due from a joint venture	19,129	–	–	–	–	19,129
Cash and bank balances						
– Not yet past due	787,445	–	–	–	–	787,445
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties						
– Not yet past due	9,584,695	–	–	–	–	9,584,695
Guarantees given to banks in connection with bank loans granted to joint ventures, associates, third parties and related companies						
– Not yet past due	18,173,240	–	–	–	–	18,173,240
	37,203,864	–	–	–	287,543	37,491,407

* The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when 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. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

The management of the Group aims to maintain sufficient cash and bank balances through the sales proceeds generated from the sale of the properties and having available funding through an adequate amount of credit facilities to meet the Group's construction commitments. The board of directors of the Company expects that the Group's net cash flows from operating activities and additional bank and other borrowings will be available to finance the Group's existing and future property development projects. The Group has a number of alternative plans to mitigate the potential impacts on the Group's working capital should there be any significant adverse changes in the economic environment. As further described in the going concern basis contained in note 2.1 to the financial statements, the directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

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, is as follows:

	2025					Total RMB'000
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	
Interest-bearing bank and other borrowings	50,985,444	1,661,772	9,000,249	11,894,164	16,021,040	89,562,669
Lease liabilities	—	2,809	7,689	19,679	104,674	134,851
Trade and bills payables	19,188,197	—	—	—	—	19,188,197
Other payables and accruals	17,880,006	—	—	—	—	17,880,006
Due to joint ventures	7,861,285	—	—	—	—	7,861,285
Due to associates	1,316,824	—	—	—	—	1,316,824
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties	8,471,152	—	—	—	—	8,471,152
Guarantees given to banks in connection with bank loans granted to joint ventures, associates, third parties and related companies	14,270,515	—	—	—	—	14,270,515
	119,973,423	1,664,581	9,007,938	11,913,843	16,125,714	158,685,499

	2024					Total RMB'000
	On demand RMB'000	Less than 3 months RMB'000	3 to less than 12 months RMB'000	1 to 5 years RMB'000	Over 5 years RMB'000	
Interest-bearing bank and other borrowings	41,073,253	1,058,545	9,973,784	22,993,121	10,259,118	85,357,821
Lease liabilities	—	14,925	10,058	34,325	128,424	187,732
Trade and bills payables	18,928,404	—	—	—	—	18,928,404
Other payables and accruals	17,582,773	—	—	—	—	17,582,773
Due to joint ventures	8,088,049	—	—	—	—	8,088,049
Due to associates	1,364,879	—	—	—	—	1,364,879
Guarantees given to banks in connection with mortgages granted to certain purchasers of the Group's properties	9,584,695	—	—	—	—	9,584,695
Guarantees given to banks in connection with bank loans granted to joint ventures, associates, third parties and related companies	18,173,240	—	—	—	—	18,173,240
	114,795,293	1,073,470	9,983,842	23,027,446	10,387,542	159,267,593

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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2025 and 2024.

The Group monitors capital using a gearing ratio, which is the net borrowings (total bank and other borrowings net of cash and bank balances) divided by total equity. The Group's policy is to maintain a stable gearing ratio. The gearing ratios as at the end of the reporting periods were as follows:

	2025 RMB'000	2024 RMB'000
Net borrowings	72,972,816	72,137,607
Total equity	6,645,883	9,136,369
Gearing ratio	1,098.0%	789.6%

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		
Property, plant and equipment	7,025	3,012
Interests in subsidiaries	31,221,613	26,670,222
Interests in joint ventures	10,536,792	10,783,765
Total non-current assets	41,765,430	37,456,999
CURRENT ASSETS		
Prepayments, other receivables and other assets	1,147,871	2,406,481
Due from subsidiaries	5,670,962	8,892,980
Cash and bank balances	1,708	4,608
Total current assets	6,820,541	11,304,069
CURRENT LIABILITIES		
Trade payables	45,127	54,325
Other payables and accruals	8,950,081	7,175,514
Due to joint ventures	5,937,070	6,143,883
Interest-bearing bank and other borrowings	30,340,347	31,645,807
Total current liabilities	45,272,625	45,019,529
NET CURRENT LIABILITIES	(38,452,084)	(33,715,460)
TOTAL ASSETS LESS CURRENT LIABILITIES	3,313,346	3,741,539
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	2,069,402	3,234,218
Other payables and accruals	153,930	152,039
Deferred tax liabilities	134,938	134,938
Total non-current liabilities	2,358,270	3,521,195
NET ASSETS	955,076	220,344
EQUITY		
Issued capital	325,768	325,768
Reserves (note)	629,308	(105,424)
TOTAL EQUITY	955,076	220,344

Notes to Financial Statements

Year ended 31 December 2025

44. Statement of Financial Position of the Company (continued)

Note:

A summary to the Company's reserves is as follows:

	Share premium account RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
At 1 January 2024	452,130	308,006	(1,725,223)	1,196,190	231,103
Profit for the year	–	–	–	69,492	69,492
Exchange differences on translation into presentation currency	–	–	(406,019)	–	(406,019)
At 31 December 2024 and 1 January 2025	452,130	308,006	(2,131,242)	1,265,682	(105,424)
Profit for the year	–	–	–	215,740	215,740
Exchange differences on translation into presentation currency	–	–	518,992	–	518,992
At 31 December 2025	452,130	308,006	(1,612,250)	1,481,422	629,308

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the reorganisation of the Group in preparation for the listing of the Company, over the nominal value of the Company's shares in exchange therefor.

45. Subsequent events

Saved as disclosed in note 2.1, the Group has the following subsequent event:

On 30 January 2026, Guangzhou Hejing repaid domestic corporate bonds with an aggregate principal amount of RMB700,000,000. At the same time, Guangzhou Hejing newly issued domestic corporate bonds with an aggregate principal amount of RMB700,000,000.

46. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 31 March 2026.

Major Properties held by the Group

Property	The Group's interest (%)	Location	Site area ('000 sq.m.)	Total GFA ('000 sq.m.)	Usage	Expected date of completion
Major completed properties held for sale						
Uptown Riverside I	100	Tongzhou District, Beijing	17	56	Serviced apartment/office/commercial	N/A
The Summit	100	Zengcheng District, Guangzhou	1,312	2,014	Residential/villa/serviced apartment/office/commercial/hotel	N/A
The Core of Center	100	Liangqing District, Nanning	169	470	Residential/villa/serviced apartment/commercial/hotel	N/A
The Emerald	100	Zengcheng District, Guangzhou	29	69	Residential	N/A
Essence of City	100	Zengcheng District, Guangzhou	137	409	Residential/villa/commercial	N/A
The Sapphire	100	Xiangcheng District, Suzhou	348	885	Residential/serviced apartment/office/commercial/hotel	N/A
Landmark Arte Masterpiece	100	Tianhe District, Guangzhou	11	40	Residential/serviced apartment/commercial	N/A
Major properties under development						
Richmond Greenville	100	Tianhe District, Guangzhou	47	72	Residential	2026
Landmark Arte Masterpiece	100	Tianhe District, Guangzhou	20	71	Residential/serviced apartment/commercial	2026
The Summit	100	Zengcheng District, Guangzhou	480	737	Residential/villa/serviced apartment/office/commercial/hotel	2026
Lakeside Mansion	100	Zengcheng District, Guangzhou	124	315	Residential/commercial	2026
Swan Harbor Park	50	Wuzhong District, Suzhou	85	220	Residential/serviced apartment/office/commercial/hotel	2026
International Commercial Plaza	100	Economic Development District, Jiaxing	104	308	Residential/serviced apartment/office/commercial/hotel	2026
Yunshang Retreat	55	Dayi County, Chengdu	922	865	Residential/villa/serviced apartment/commercial/hotel	2026

Property	The Group's interest (%)	Usage
Major investment properties		
International Finance Place, Plot J-6, Pearl River New Town, Tianhe District, Guangzhou City, Guangdong Province, the PRC	100	Office and commercial Medium term lease
International Metropolis Plaza, 58 Yaoyuan Road, Pudong new area, Shanghai, the PRC	100	Office and commercial Medium term lease

Five Year Financial Summary

A summary of the results and of the assets, liabilities and equity of the Group for the last five financial years, as extracted from the published audited financial statements, is set out below. This summary does not form part of the audited financial statements.

Consolidated Results

	Year ended 31 December				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
Continuing operations					
Revenue	23,844,720	13,452,639	15,807,106	11,061,516	6,761,856
Profit/(loss) before tax	4,081,066	(10,697,269)	(17,627,048)	(7,778,010)	(4,259,440)
Income tax (expenses)/credits	(1,518,128)	855,008	(1,352,248)	(372,965)	797,253
Profit/(loss) for the year	2,562,938	(9,842,261)	(18,979,296)	(8,150,975)	(3,462,187)
Attributable to:					
Owners of the Company	2,421,351	(9,240,619)	(18,732,972)	(8,085,373)	(3,271,406)
Non-controlling interests	141,587	(601,642)	(246,324)	(65,602)	(190,781)
	2,562,938	(9,842,261)	(18,979,296)	(8,150,975)	(3,462,187)
BASIC EARNINGS/(LOSSES) PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	RMB76 cents	RMB(289) cents	RMB(548) cents	RMB(236) cents	RMB(96) cents

Consolidated Assets, Liabilities and Equity

	As at 31 December				2025 RMB'000
	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	
ASSETS					
Non-current assets	108,538,168	91,130,388	80,237,643	75,234,188	73,634,952
Current assets	123,710,883	108,753,695	87,227,752	78,102,099	73,929,112
Total assets	232,249,051	199,884,083	167,465,395	153,336,287	147,564,064
LIABILITIES					
Current liabilities	112,166,340	103,264,012	114,675,622	115,751,563	118,739,284
Non-current liabilities	60,380,778	56,420,776	34,719,082	28,448,355	22,178,897
Total liabilities	172,547,118	159,684,788	149,394,704	144,199,918	140,918,181
EQUITY					
Equity attributable to owners of the Company	44,320,536	31,499,776	12,731,934	4,002,277	1,700,317
Non-controlling interests	15,381,397	8,699,519	5,338,757	5,134,092	4,945,566
Total equity	59,701,933	40,199,295	18,070,691	9,136,369	6,645,883



KWG GROUP HOLDINGS LIMITED