中國奧園集團股份有限公司
China Aoyuan Group Limited

(Incorporated in the Cayman Islands with limited liability)
HKEx Stock Code：3883

Low-profile, pragmatic and rational
Sustainable and stable development

Annual Report 2025

Group Introduction

China Aoyuan was listed on the Main Board of the Stock Exchange in October 2007 (Stock Code:3883.HK). As the pioneer of composite real estate in China, China Aoyuan integrated related themes into real estate development, with an aim to create harmonious and excellent living experience and cultural value for customers with the concept of "building a healthy lifestyle". The Group focuses on Guangdong-Hong Kong-Macao Greater Bay Area, and covers four major regions including South China, core region of Central and Western China, East China, and Bohai Rim. China Aoyuan has established an extensive urban redevelopment layout. Looking forward, the Group is committed to become the leader of health life while achieving sustainable and steady development.

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Definitions

"2025 AGM"	the annual general meeting of the Company held on Thursday, 26 June 2025
"2026 AGM"	the annual general meeting of the Company to be held on Friday, 26 June 2026
"Add Hero Schemes"	the scheme of arrangement effected between Add Hero Holdings Limited (a wholly-owned subsidiary of the Company incorporated in the British Virgin Islands with limited liability) and certain of its creditors pursuant to section 179A of the Business Companies Act, 2004 of the BVI and Sections 670, 673 and 674 of the Companies Ordinance (Cap.622) of Hong Kong for the purposes of implementing the Restructuring
"Articles of Association"	the amended and restated articles of association of the Company currently in force
"Audit Committee" or "AC"	audit committee of the Company
"Board"	the board of Directors
"Cayman Companies Act"	the Companies Act, Cap. 22 (Act 3 of 1961, as consolidated and revised) of the Cayman Islands
"CG Code"	Corporate Governance Code set out in Appendix C1 to the Listing Rules
"chief executive"	has the meaning ascribed to it under the Listing Rules

"China Aoyuan" / "Company"	China Aoyuan Group Limited, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3883)
"China Aoyuan Schemes"	the scheme of arrangement effected between the Company and certain of its creditors pursuant to section 86 of the Cayman Islands Companies Act (2023 Revision) and Sections 670, 673 and 674 of the Companies Ordinance (Cap. 622) of Hong Kong for the purposes of implementing the Restructuring
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Dividend Policy"	a dividend policy adopted by the Company
"Group"	the Company and its subsidiaries
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"INED(s)"	the independent non-executive director(s) of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules
"Nomination Committee" or "NC"	nomination committee of the Company
"PRC"	the People's Republic of China
"Remuneration Committee" or "RC"	remuneration committee of the Company
"Restructuring"	the restructuring of the indebtedness of the Company and its subsidiaries (including Add Hero Holdings Limited) incorporated outside of the PRC in accordance with and implemented through the China Aoyuan Schemes and Add Hero Schemes
"RMB"	Renminbi, the lawful currency of the PRC

"SFO"	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued share capital of the Company or if there has been a subsequent sub-division, consolidation, reclassification or reconstruction of the share capital of the Company, shares forming part of the ordinary equity share capital of the Company
"Shareholder(s)"	holder(s) of Share(s)
"Share Option Scheme"	the share option scheme adopted by the Company on 29 May 2018
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"substantial shareholder"	has the meaning ascribed to it under the Listing Rules
"%"	per cent

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Cheng Siu Fai
Mr. Jiang Zhan Hong *(appointed on 31 July 2025)*
Ms. Shi Lili *(re-designated from non-executive Director on 16 January 2026)*
Mr. Chen Zhi Bin *(resigned on 31 July 2025)*

Non-Executive Directors

Mr. Guo Zi Wen
Mr. Mohamed Obaid Ghulam Badakkan Alobeidli *(chairman)*
Ms. Shi Lili *(ceased to be non-executive Director on 16 January 2026)*

Independent Non-Executive Directors

Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
Mr. Wong Wai Keung Frederick

AUDIT COMMITTEE

Mr. Cheung Kwok Keung *(chairman)*
Mr. Lee Thomas Kang Bor
Mr. Wong Wai Keung Frederick

REMUNERATION COMMITTEE

Mr. Lee Thomas Kang Bor *(chairman)*
Mr. Cheung Kwok Keung
Mr. Wong Wai Keung Frederick
Ms. Shi Lili *(appointed on 16 January 2026)*

NOMINATION COMMITTEE

Mr. Wong Wai Keung Frederick *(chairman)*
Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
Mr. Cheng Siu Fai
Ms. Shi Lili *(appointed on 28 August 2025)*

COMPANY SECRETARY

Ms. Wong Mei Shan

AUTHORISED REPRESENTATIVES

Mr. Cheng Siu Fai
Ms. Wong Mei Shan

AUDITOR

SHINEWING (HK) CPA Limited
Registered Public Interest Entity Auditors

CORPORATE WEBSITE

www.aoyuan.com.cn

STOCK CODE

3883.HK

PRINCIPAL BANKERS

Bank of China Limited
Industrial and Commercial Bank of China Limited
Agricultural Bank of China Limited
China Construction Bank Corporation
Bank of Communications Co., Ltd.
China Minsheng Banking Corp., Ltd.
Guangzhou Rural Commercial Bank Co., Ltd.
China Everbright Bank Co., Ltd.
PingAn Bank Co., Ltd.
China Zheshang Bank Co., Ltd.
China Bohai Bank Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
China Guangfa Bank Co., Ltd.
The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN PRC

Aoyuan Mansion
No. 108, Huangpu Avenue West
Tianhe District, Guangzhou
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Units 1503 & P1505, 15/F,
One Kowloon
No. 1 Wang Yuen Street
Kowloon Bay, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Suntera (Cayman) Limited
Suite 3204, Unit 2A, Block 3
Building D, P.O. Box 1586
Gardenia Court, Camana Bay
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

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Dear Shareholders and Investors,

The year 2025 marked a pivotal juncture for China's real estate industry as it transitioned from deep adjustment toward stabilisation and systematic restructuring of development model. Confronting profound shifts in supply-demand dynamics in the market, the Company resolutely implemented the national policy guidelines of "stabilising the market, preventing risks and promoting transformation". With remarkable strategic resilience and pragmatic execution, we further refined our operational recovery and strategic upgrade, thereby laying a solid foundation for future sustainable development. On behalf of the Board of Directors, I would like to express my sincere gratitude to the Shareholders, creditors, business partners, property owners, and all employees for their unwavering support and trust over the past year.

In 2025, supported by systematic policy measures and market self-correction, the real estate sector has successfully curbed the risk of a downward spiral, and the foundation for bottoming out and stabilizing has continued to strengthen. Although annual development investment and sales area still registered year-on-year declines, the magnitude of contraction narrowed significantly, with aggregate transaction volumes stabilising and early signs of recovery emerging in certain core cities. More importantly, the logic of industry development has undergone a fundamental shift: the construction of "Quality Homes" was incorporated into the State Council's Report on the Work of the Government for the first time, elevating it to a core industry strategy; the central government explicitly outlined the principle of "implementing city-specific policies to control incremental supply, de-stock existing inventory, and optimise supply", driving the establishment of a new model for real estate development; and urban renewal has been elevated to a systematic strategic initiative at the national level, opening up a vast blue ocean of development opportunities across the industry. These transformations signal a decisive shift from the bygone era of scale expansion to a new phase of high-quality development centered on quality, service, and operational excellence.

Against this macroeconomic backdrop, the Group adhered to the business philosophy of being "low-profile, pragmatic and rational", and focused its resources on three core missions of "guaranteeing delivery, stabilising operations, and pursuing transformation". This approach has yielded hard-won results: our operational fundamentals are steadily recovering, with delivery commitments remaining robust. The Group has positioned "ensuring project delivery" as its paramount political priority and existential bottom line. Through efficient organizational restructuring and resource integration, we achieved high-quality delivery of 104 projects throughout the year, with delivered GFA of approximately 1,120,000 sq.m., thereby faithfully honoring our commitments to property owners and rebuilding market confidence. Despite the challenging market environment, we achieved property contracted sales of approximately RMB7.29 billion with contracted gross floor area ("GFA") sold of approximately 764,000 sq.m. while maintaining a high sales collection rate, further bolstering our cash flow safety cushion.

Looking ahead to 2026, the inaugural year of the 15th Five-Year Plan, the real estate sector will enter a new cycle of steady growth amid ongoing restructuring. The market is expected to maintain its characteristic of "stable aggregate volume with structural divergence", with the value of quality assets in core cities becoming increasingly prominent. The Group stands fully prepared to embrace the challenges and opportunities of this new era: Maintaining strategic focus and deepening presence in core metropolitan areas. We will continue to concentrate on core cities and urban agglomerations characterised by net population inflows and robust industrial foundations, exercising prudent and precise investment discipline to continuously optimise our land bank structure, thereby stockpiling quality resources for future development. Fully embracing the "Era of Product Excellence" to forge core competitiveness. Guided by the "Quality Homes" strategy, we will continue to increase investment in product R&D and innovation, and evolve from "providing housing for all" towards "creating suitable home", with a view to winning customers and capturing market share through exceptional products and service experiences. Establishing a long-term mechanism for debt management to fortify our safety perimeter. We will continuously upgrade our cash flow management and control system, and adhere to prudent financial policies to ensure the Company maintains steady and sustainable progress in any market environment. Deepening organisational transformation to unlock endogenous vitality. We will keep advancing organisational streamlining and management refinement initiatives to reduce costs and increase efficiency, thereby forging a high-performing team capable of adapting to the new model and rising to tough challenges.

Dear Shareholders, the most challenging period has been pulled through. In 2025, we successfully navigated the survival test and completed our strategic pivot with extraordinary perseverance. Looking ahead, as China's urbanisation process remains unfinished and the public's aspirations for improved living conditions grow only stronger, there remains vast development potential in the real estate industry. The Group will seize debt restructuring as an opportunity to reshape a healthier financial structure, and leverage product innovation as the fulcrum to recast more robust competitive advantages in the marketplace. We remain steadfast in our commitment to all stakeholders, striving to achieve a sustainable and balanced development that creates enterprise value while delivering social benefits, without compromising investors' rights and interests.

Once again, I would like to extend my heartfelt gratitude for your continued trust and support!

Mr. Mohamed Obaid Ghulam Badakkan Alobeidli
Chairman

Hong Kong
20 March 2026

I. BUSINESS REVIEW

The year 2025 marked a pivotal year for China's real estate industry. The sector accelerated its transformation and entered a new stage of high-quality development despite profound structural adjustments. Supported by systemic policies and market self-correction, China's real estate market successfully curbed the risk of a downward spiral, effectively stemming the downturn and restoring stability amidst continued structural divergence. According to the National Bureau of Statistics of China, China's real estate development investment for the year 2025 amounted to RMB8,278.8 billion, while sales of new commodity housing reached RMB8,393.7 billion, with GFA of 881.01 million sq.m.. The year-on-year declines narrowed significantly compared with the previous year, thereby solidifying the foundation for market stabilization.

Amidst profound changes in the market supply and demand relationship and a complex and severe external environment, the Group firmly implemented its core strategy of "stabilizing operations, guaranteeing delivery and promoting transformation". By actively responding to challenges and fully advancing business recovery and business model upgrades, the Group stabilized its business fundamentals amidst the wave of industry transformation and laid a solid foundation for future sustainable development. The Group recorded property contracted sales of approximately RMB7.29 billion, with contracted GFA sold of approximately 0.764 million sq.m. Details of property contracted sales by region are as follows:

Region	**Property contracted sales amount** (RMB billion)	**Contracted GFA sold** ('000 sq.m.)
South China	2.95	236.18
Core Region of Central & Western China	2.33	305.90
East China	0.66	83.97
Bohai Rim	1.35	137.94
Total	7.29	763.99

The Group continues to focus on the core cities in the Greater Bay Area and other key regions. As at 31 December 2025, the landbank in the Greater Bay Area had a total GFA of approximately 4.86 million sq.m., with the attributable GFA of approximately 3.57 million sq.m., reserving high-quality resources for its sustainable development in core cities in the future.

More importantly, the Group has been actively promoting a comprehensive restructuring of onshore debts of the Group to establish a long-term mechanism to alleviate debt pressure and strengthen the full-cycle cash flow risk control system to ensure operational stability of the Group. The Group is close to the finalisation of its onshore debts restructuring proposal and is in the process of soliciting opinions from all parties (including onshore creditors). This secured a critical time window and financial flexibility for the Group to operate on deleveraged basis and focus on core business development.

II. FUTURE OUTLOOK

As the inaugural year of the 15th Five-Year Plan, 2026 will see China's real estate industry accelerate the transition toward a new development model centered on "Quality Homes" and prioritizing urban renewal, building upon the consolidation of stabilization achievements. The market is expected to continue its trend of "stable volume with structural divergence", with high-quality, upgraded properties in core cities and well-operated existing assets demonstrating greater resilience.

The Group will continue to prioritize the two key strategies of "ensuring delivery of housing projects" and "payment settlement" as the paramount importance of all operational activities. To this end, we will deepen organizational reform, enhance management efficiency, and promote more precise and efficient resource allocation, thereby systematically consolidating the foundation for long-term viability and high-quality development of the Company. Concurrently, the Group will prudently and systematically advance the restructuring of its onshore debts, establishing a long-term mechanism to mitigate debt risks, and comprehensively strengthen its full-cycle cash flow risk control system to continuously ensuring operating security.

While stabilizing business fundamentals, we will actively seize key opportunities in the industry transformation: on one hand, focusing on urban renewal and dilapidated housing reconstruction in core regions such as the Pearl River Delta to respond to national policy guidance; on the other hand, elevating product competitiveness to a strategic core, deeply advancing the research and development and implementation of a smart, green and healthy "Quality Homes" product system, empowering living quality with technology to accurately meet customers' upgraded demands for a better life.

Adhering to the business philosophy of being low-profile, pragmatic and rational, we will solidly promote the comprehensive recovery and value enhancement of business fundamentals, striving to achieve a harmonious unity of corporate long-term value and social benefits while effectively protecting shareholders' rights and uplifting market expectations.

III. FINANCIAL REVIEW

The revenue is primarily generated from property development. In 2025, the Group's total revenue was approximately RMB9,256 million, representing a decrease of approximately RMB419 million or 4.3% over approximately RMB9,675 million in 2024. Property development revenue, other revenue such as hotel operation and sales of goods and property investment revenue accounted for 89.8%, 9.0% and 1.2% respectively.

In 2025, the Group's revenue generated from property development amounted to approximately RMB8,313 million, representing an increase of approximately RMB145 million or 1.8% over approximately RMB8,168 million in 2024. The total GFA of delivered properties increased by 36.6% to 1.12 million sq.m. from 0.82 million sq.m. in 2024, while the average selling price decreased by 25.5% to approximately RMB7,422 per sq.m. from approximately RMB9,961 per sq.m. in 2024. This was mainly attributable to the higher proportion of properties delivered in Central & Western China with relatively low average selling price during the year.

Gross Profit and Margin

In 2025, the Group's gross loss amounted to approximately RMB7,165 million, representing an improvement of 55.7% as compared to the gross loss of approximately RMB16,189 million for 2024, and the gross loss margin was 77.4%. Excluding the impairment loss on properties for sale (containing loss on certain urban redevelopment projects), included in the cost of sales, the Group's gross profit in 2025 amounted to approximately RMB650 million, representing an increase of 3.2% over that of RMB630 million for 2024, with a gross profit margin for 2025 of 7.0% (2024: 6.5%).

Other Income, Gains and Losses

In 2025, the other income, gains and losses of the Group mainly included exchange gain of approximately RMB240 million, impairment losses on trade and other receivables, amounts due from joint ventures and amounts due from non-controlling shareholders of subsidiaries amounted to approximately RMB1,700 million, loss on debt settlement in specie amounted to approximately RMB135 million, loss on disposal of investment properties amounted to approximately RMB225 million, impairment losses on property, plant and equipment amounted to approximately RMB112 million and other gains of approximately RMB12 million.

Selling and Distribution and Administrative Expenses

In 2025, total selling and distribution expenses of the Group were approximately RMB330 million, representing a decrease of 38.8% from approximately RMB539 million in 2024, which was mainly attributable to the decrease in overall sales, marketing and promotional activities owing to the decrease in property contracted sales during the year. Total administrative expenses decreased by 34.7% from approximately RMB954 million in 2024 to approximately RMB623 million, which was mainly attributable to the Group's continuing effort in the streamlining of organizational structure and effective control over cost and expenses.

Loss Attributable to Owners of the Company

In 2025, loss attributable to owners of the Company was approximately RMB17,764 million, while profit of approximately RMB35 million in 2024, as an offshore debt restructuring gains of RMB26,155 million were recognised in 2024.

Financial Position

As at 31 December 2025, the Group's total assets amounted to approximately RMB128,223 million (as at 31 December 2024: approximately RMB159,505 million) and total liabilities were approximately RMB173,868 million (as at 31 December 2024: approximately RMB185,373 million).

Current ratio (calculated based on the total current assets divided by the total current liabilities) was 0.7 as at 31 December 2025 (as at 31 December 2024: 0.9).

Cash Position

As at 31 December 2025, the Group had cash and bank deposits of approximately RMB184 million (as at 31 December 2024: approximately RMB886 million). As at 31 December 2025, the Group had restricted bank deposits of approximately RMB1,410 million (as at 31 December 2024: approximately RMB2,254 million).

As at 31 December 2025, cash, bank deposits and restricted bank deposits of the Group mentioned above totalled approximately RMB1,594 million, of which 92.5% was denominated in Renminbi and 7.5% was denominated in other currencies (mainly in HK dollar and Canadian dollar).

Borrowings, Senior Notes, Corporate Bonds

As at 31 December 2025, the Group had bank and other borrowings of approximately RMB47,353 million (as at 31 December 2024: approximately RMB51,180 million) and senior notes and corporate bonds of approximately RMB24,174 million (as at 31 December 2024: approximately RMB22,625 million).

	31 December 2025 (RMB million)	31 December 2024 (RMB million)
Repayment period		
Repayable on demand and within one year	**56,065**	53,662
More than one year, but not exceeding two years	**715**	4,626
More than two years, but not exceeding five years	**7,122**	5,272
More than five years	**7,625**	10,245
	71,527	73,805

Part of the borrowings of the Group are floating-rate borrowings, of which interest rates are subject to negotiation on an annual basis, thus exposing the Group to cash flow interest rate risk. The Group has implemented certain interest rate management policies which mainly included, among others, close monitoring of interest rate movements and replacing and entering into new banking facilities when good pricing opportunities arise.

Contingent Liabilities

As at 31 December 2025, the Group had contingent liabilities relating to guarantees in respect of mortgage facilities provided by banks to purchasers and bank borrowings granted to certain third parties, joint ventures and associated companies of the Group amounting to approximately RMB62,459 million (as at 31 December 2024: approximately RMB66,445 million).

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain property purchasers of the Group's property and agreed to repay the outstanding mortgage loans upon the purchasers' default on the repayment of the outstanding mortgage bank loans and the bank loan interest accrued thereon.

Commitments

As at 31 December 2025, the Group had construction cost commitments for properties for sale and investment properties contracted but not provided for of approximately RMB11,017 million (as at 31 December 2024: approximately RMB12,944 million). In addition, the Group's share of commitments relating to its joint ventures arising from construction cost commitments contracted but not provided for is approximately RMB3,027 million (as at 31 December 2024: RMB3,833 million). The Group expects to fund these commitments principally from sale proceeds of properties and bank borrowings.

Foreign Currency Risks

Most of the Group's revenues and operating costs are denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, senior notes and convertible bonds denominated in US dollar and bank loans denominated in HK dollars, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure when needed.

Pledge of Assets

As at 31 December 2025, the Group has pledged its properties for sale, property, plant and equipment, investment properties, right-of-use assets and restricted bank deposits of approximately RMB51,118 million (as at 31 December 2024: approximately RMB65,370 million) to various banks to secure project loans and general banking facilities granted to the Group.

Financial Assistance to Affiliated Companies

As at 31 December 2025, the Group has provided financial assistance, by way of advances and guarantees given for facilities granted to its affiliated companies (including the associated companies and joint ventures of the Group), the said financial assistance provided to those affiliated companies, in aggregate, amounting to 14.81% under the assets ratio as defined under Rule 14.07(1) of the Listing Rules.

Pursuant to Rule 13.22 of the Listing Rules, a combined statement of financial position of those affiliated companies with financial assistance from the Group and the Group's attributable interests in those affiliated companies as at 31 December 2025 are presented as follows:

	Combined statement of financial position RMB'000	Group's attributable interests RMB'000
Assets		
Non-current assets	**2,163,345**	1,212,082
Current assets	**37,606,878**	20,386,684
Total assets	**39,770,223**	21,598,766
Liabilities		
Non-current liabilities	**5,302,141**	3,092,992
Current liabilities	**30,842,754**	16,720,603
Total liabilities	**36,144,895**	19,813,595
Total assets less current liabilities	**8,927,469**	4,878,163
Net assets	**3,625,328**	1,785,171

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

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2025, the Group had 571 employees (31 December 2024: 3,123 employees). The Group regularly reviews the remuneration and benefits of its employees according to the relevant market practice and individual performance of the employees. Pursuant to the relevant laws and regulations, the Group provides contributions to social insurance of China and contribution to the Mandatory Provident Fund Scheme of Hong Kong for eligible employees. The Group also provides employees in China with medical insurance, individual work injury insurance, maternity insurance and unemployment insurance.

Biographical Details of Directors

Mohamed Obaid Ghulam Badakkan Alobeidli, Non-executive Director

Chairman

Mohamed Obaid Ghulam Badakkan Alobeidli, aged 46, was appointed as a non-executive Director of the Company and the chairman of the Board on 20 September 2024. Mr. Alobeidli obtained his Bachelor's Degree of Management Information Systems from the United Arab Emirates University in 2001, Master's Degrees of Project Management and Computer Science from the George Washington University in 2008 and 2010 respectively, a Master's Degree of International Business Law from the Panthéon-Assas University Paris II in 2020 and a Master's Degree of Data Management and Artificial Intelligence from the ESCP Business School in 2022. He also completed the "Impactful Leaders Program" in the Mohammed Bin Rashid Center for Leadership Development in 2020. Mr. Alobeidli is currently enrolled in an Executive Master of Business Administration Program in the Georgetown University. Mr. Alobeidli has over two decades of experience across multiple industries, which include technology, real estate and strategic consulting. Since 2023, he acts as the general manager of Magnuvest Investment, which has participated in several real estate projects in the United Arab Emirates. He served as the chief executive officer of M5 Telecom and M5 Consultancy between 2001 and 2015 and between 2015 and 2023 respectively. Except for being a Director of the Company, Mr. Alobeidli has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Guo Zi Wen, Non-executive Director

Guo Zi Wen, aged 61, is the founder of the Group. He has been re-designated from the position of an executive Director and chairman to the position of a non-executive Director on 20 September 2024. He holds a Master's Degree in Business Administration. Mr. Guo is mainly responsible for giving guidance for the development strategies of the Group. Except for being a Director of the Company, Mr. Guo has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Cheng Siu Fai, Executive Director

Cheng Siu Fai, aged 52, is an executive Director of the Company and a member of Nomination Committee. Mr. Cheng is also a director of certain subsidiaries of the Company. Mr. Cheng is mainly responsible for the management of post-offshore restructuring and offshore projects, listing compliance and corporate governance of the Group. Mr. Cheng holds a Bachelor's Degree in Accounting and Economics from the Curtin University in Australia. Mr. Cheng possesses extensive experience in several aspects, such as financial management, corporate finance, capital market and investor relations. He also successively served as the finance manager, general finance manager, financial controller and vice president of international investment group of the Company from July 2007 to April 2020. From August 2021 to November 2021, Mr. Cheng served as the vice president of an international investment group of the Company. From November 2021 to May 2024, Mr. Cheng served as an executive director of Starjoy Wellness and Travel Company Limited (formerly known as Aoyuan Healthy Life Group Company Limited) ("Starjoy", together with its subsidiaries, the "Starjoy Group"), the shares of which are listed on the Main Board of the Stock Exchange (3662.HK) and the authorised representative of Starjoy from February 2023 to May 2024. From April 2020 to November 2020, he served as the vice president and the chief financial officer of Starjoy Group and was in charge of the relevant sectors of Starjoy Group, such as financial, capital management, corporate finance, capital market operations and investor relations.

Jiang Zhan Hong, Executive Director

Jiang Zhan Hong, aged 37, was appointed as an executive Director of the Company on 31 July 2025. Mr. Jiang is mainly responsible for the operation management of the real estate development. Mr. Jiang obtained a Bachelor's Degree in Industrial Engineering and a Master's Degree in Technical Economics and Management from the South China University of Technology. He joined the Group in July 2014 and successively served as the manager, controller, assistant of general manager, general manager, general vice president of cost control and was appointed as the executive president of the Group in March 2025. In addition, he was appointed as a member of the Party Committee of Aoyuan Group in May 2025. Except for being a Director of the Company, Mr. Jiang has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Shi Lili, Executive Director

Shi Lili, aged 40, was appointed as a member of Nomination Committee on 28 August 2025, she was re-designated from the position of a non-executive Director to the position of an executive Director and was appointed as a member of Remuneration Committee on 16 January 2026. Ms. Shi is responsible for monitoring the Company's performance, managing assets and developing new businesses of the Group. Ms. Shi holds a Bachelor's Degree of Tourism Management from the Zhengzhou University. She joined the Group in 2011 and successively served as an officer of the general office of the Board, the Human Resources and Corporate Social Responsibility Manager of the Company and the General Manager (Corporate Social Responsibility) of the Company. Except for being a Director of the Company, Ms. Shi has not held any directorship in the last three years in public companies which are listed in Hong Kong or overseas.

Cheung Kwok Keung, Independent Non-executive Director

Cheung Kwok Keung, aged 59, was appointed as an independent non-executive Director of the Company on 20 January 2011. Mr. Cheung is the chairman of the Audit Committee, a member of each of the Remuneration Committee and Nomination Committee. He is a fellow member of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 30 years of experience in auditing, accounting and financial management. Mr. Cheung is currently a chief financial officer of Huazhang Technology Holding Limited (1673.HK). He was the chief financial officer and the company secretary of Lee & Man Paper Manufacturing Limited (2314.HK) from August 2002 to December 2022, the shares of above companies are listed on the Main Board of Stock Exchange. Mr Cheung was an independent non-executive director of Coolpoint Innonism Holding Limited (8040.HK) from January 2018 to February 2023, which is listed on the GEM of the Stock Exchange.

Lee Thomas Kang Bor, Independent Non-executive Director

Lee Thomas Kang Bor, aged 72, was appointed as an independent non-executive Director of the Company on 13 April 2021. Mr. Lee is the chairman of the Remuneration Committee, a member of each of the Audit Committee and the Nomination Committee. Mr. Lee graduated from The Hong Kong Polytechnic University (formerly known as Hong Kong Polytechnic) with a higher diploma in accountancy in 1976. He received his Bachelor and Master of Laws degrees from the University of London in 1988 and 1990, respectively. Mr. Lee is a fellow member of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants (UK), the Taxation Institute of Hong Kong, and a member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries (now known as the Chartered Governance Institute and the Hong Kong Chartered Governance Institute). Mr. Lee was called to the Bar of the Honourable Society of Lincoln's Inn in 1990. Mr. Lee is a past president and an advisor of the Taxation Institute of Hong Kong, a past president and honorary advisor of Asia Oceania Tax Consultants' Association and a past president of Hong Kong Professional and Senior Executives Association. Mr. Lee is the chairman of Thomas Lee & Partners Limited, Certified Tax Advisers. From August 2008 to March 2021, Mr. Lee served as an independent non-executive director of Sparkle Roll Group Limited (970. HK) and from September 2005 to May 2022, Mr. Lee served as an independent non-executive director of China Infrastructure & Logistics Group Limited (1719.HK), the shares of which are listed on the Main Board of the Stock Exchange.

Wong Wai Keung Frederick, Independent Non-executive Director

Wong Wai Keung Frederick, aged 70, was appointed as an independent non-executive Director of the Company on 24 February 2023. Mr. Wong is the chairman of the Nomination Committee and a member of each of the Audit Committee and the Remuneration Committee. Mr. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Institute of Chartered Accountants in England and Wales. Mr. Wong received a Master's Degree in Electronic Commerce from the Edith Cowan University in Western Australia in 2002. Mr. Wong has over 40 years of experience in accounting, finance, audit, tax and corporate finance, and has worked at an international certified public accountant firm and listed companies in the United Kingdom, New Zealand, Hong Kong and Thailand. Mr. Wong is currently an independent non-executive director of Wah Sun Handbags International Holdings Limited (2683.HK). Mr. Wong served as an executive director of Da Sen Holdings Group Limited (1580.HK) from November 2020 to January 2022 and as an independent non-executive director of China Infrastructure & Logistics Group Ltd. (1719.HK) from April 2014 to May 2022. The shares of the above companies are listed on the Main Board of the Stock Exchange. Mr. Wong served as an independent non-executive director of Perfect Group International Holdings Limited (3326.HK, delisted) from December 2015 to November 2025. Besides, Mr. Wong is an executive director of CF Energy Corp. (stock code: CFY), the shares of which are listed on the TSX Venture Exchange.

PUBLIC CENSURES BY THE STOCK EXCHANGE

As disclosed in the news release published by the Stock Exchange on 13 January 2026 (the "News Release"), (i) Mr. Guo and Mr. Cheung were censured by the Stock Exchange; (ii) Mr. Lee was criticized by the Stock Exchange for breach of Rule 3.08 of the Listing Rules due to failure to exercise reasonable skill, care and diligence, and procure the Company to have in place adequate internal controls and procedures at the material time. Each of Mr. Guo, Mr. Cheung and Mr. Lee was directed to complete 17 hours of training on regulatory and legal topics and Listing Rule compliance, comprising two hours on Rule 2.13, and three hours each on (i) directors' duties, (ii) the Corporate Governance Code of the Listing Rules, and (iii) Chapters 13, 14 and 14A of the Listing Rules. Details of the above are set out in the News Release.

Profile of Senior Management and Company Secretary

Tan Yi

Tan Yi, aged 46, is an executive president of the Group and focuses on the legal management of the Group. He graduated from Sun Yat-Sen University in the PRC with a Master's Degree in Law. Mr. Tan joined the Group in October 2006 and has assumed various positions successively since then, including legal specialist, legal officer and legal general manager of the Company, president assistant and vice president of a major subsidiary of the Group, president assistant of the Group and vice president, executive president of the Group. From 27 April 2023 to 27 December 2024, Mr. Tan served as executive Director of the Company. From July 2020 to July 2023, Mr. Tan also served as the chairman of supervisory board of Aoyuan Beauty Valley Technology Co. Ltd., the shares of which are listed on the Shenzhen Stock Exchange (000615.SZ). Prior to joining the Group, Mr. Tan had served as a legal specialist in Guangzhou Dongshun Real Estate Development Co. (廣州東順房地產開發有限公司) in the PRC.

Yin Ji

Yin Ji, aged 44, is a president of the Group. He graduated from the Sun Yat-Sen University with an EMBA Degree. He worked as a marketing manager, general manager of city companies, president assistant and general manager of South China in companies such as Vanke, Guangdong GW Holdings Group Co. Ltd and Fosun Health Capital. He joined the Group in March 2018, and is currently responsible for the operation and management of the urban renewal business, capital investment group and real estate development projects in regional Company.

Dong Wen Ya

Dong Wen Ya, aged 40, is the chief financial officer of the Company. Ms. Dong is a member of The Chinese Institute of Certified Public Accountants and senior accountant. She graduated from the Guangdong University of Finance & Economics in the PRC in 2007 with a Bachelor's Degree in International Finance and obtained a Master's Degree in Business Administration from the Sun Yat-Sen University in the PRC in 2016. She joined the Group in May 2011. Prior to joining the Group, Ms. Dong served as an audit assistant manager in KPMG Huazhen LLP, Guangzhou branch.

Qiu Shao Kun

Qiu Shao Kun, aged 44, is a vice president of the Group. He graduated from the Guangdong University of Finance and Economics with a Bachelor's Degree in Accounting. He once worked for Kaisa Real Estate, holding positions such as financial manager and financial officer of its urban companies. He joined the Group in May 2015 and is mainly responsible for the financial and fund management of the real estate sector of the Group.

Huang Xiao Yan

Huang Xiao Yan, aged 42, is the vice president of the Group. She graduated from the Guangdong University of Technology with a Bachelor's Degree in Land Resources Management. She once worked for Country Garden and Nimble Holdings, holding positions such as development manager and person-in-charge of local district. She joined the Group in March 2016, and is currently responsible for the Group's human resources administration, information technology and external liaison.

COMPANY SECRETARY

Wong Mei Shan

Wong Mei Shan, joined the Group in July 2017 and was appointed as the Company Secretary of the Company in August 2018. She is a certified public accountant and a fellow member of the Hong Kong Institute of Certified Public Accountants, with over 10 years of experience in company secretarial, corporate governance and compliance affairs. She holds a Bachelor of Business Administration Degree in Accounting from the Hong Kong University of Science and Technology and a Bachelor of Laws Degree from the University of London.

The Board recognizes the importance of maintaining a high standard of corporate governance to protect and enhance the benefits of shareholders. The Board and senior management of the Company recognized their responsibility to maintain the interest of the shareholders and to enhance their value. The Board also believes a deliberate policy of corporate governance can facilitate a company in rapid growth under a healthy governance structure and strengthen the confidence of shareholders and investors.

DIRECTORS' RESPONSIBILITIES

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses, for discharging their duties to the Company. All Directors are entitled to have access to Board papers and related materials in a form and quality sufficient to enable the Board to make informed decisions. Directors' queries are responded in timely and comprehensive manner.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

CORPORATE GOVERNANCE CULTURE

The Company is committed to ensuring that its affairs are conducted in accordance with high ethical standards. This reflects its belief that, in the achievement of its long-term objectives, it is imperative to act with probity, transparency and accountability. By so acting, the Company believes that Shareholders' wealth will be maximised in the long term and that its employees, those with whom it does business and the communities in which it operates will all benefit. Corporate governance is the process by which the Board instructs management of the Group to conduct its affairs with a view to ensuring that its objectives are met. The Board is committed to maintaining and developing robust corporate governance practices that are intended to ensure:

- satisfactory and sustainable returns to Shareholders;
- that the interests of those who deal with the Company are safeguarded;
- that overall business risk is understood and managed appropriately;
- the delivery of high-quality products and services to the satisfaction of customers; and
- that high standards of ethics are maintained.

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for establishing a sound corporate governance framework and procedures and has adopted the CG Code as its corporate governance code of practices.

During the year, the Board had performed, without limitation to, the following:

(a) formulation and review of the Company's policies and practices on corporate governance;

(b) review of the training and continuous professional development of Directors and senior management;

(c) review and monitor of the Company's policies and practices on compliance with legal and regulatory requirements;

(d) formulation, review and monitor of the code of conduct and compliance applicable to employees and Directors; and

(e) review of the Company's compliance with the CG Code and disclosure in this annual report.

(f) conducted an evaluation of its performance.

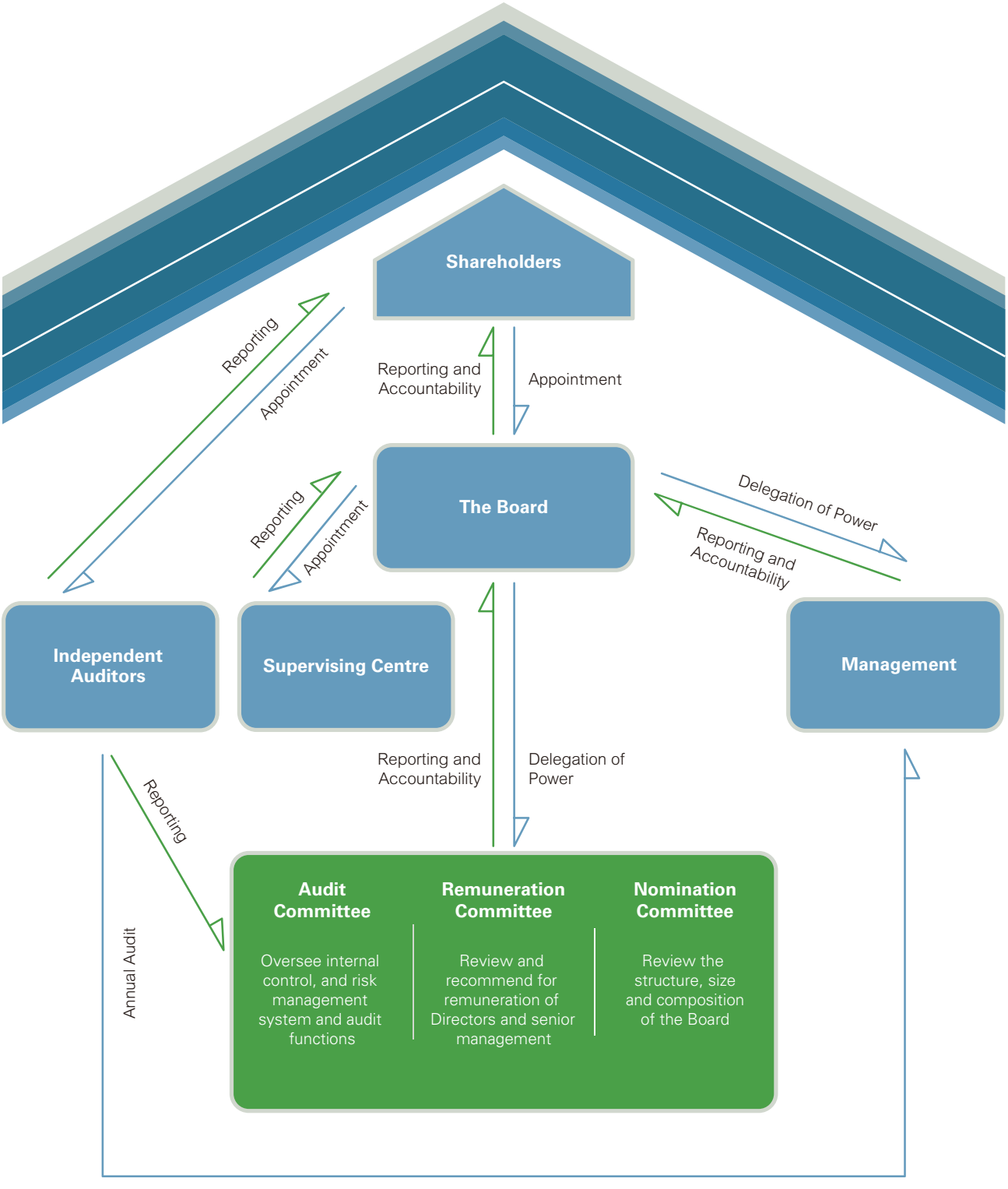
Throughout the year ended 31 December 2025, the Company has complied with the principles and applicable code provisions of the CG Code, except for certain deviations which are summarized as below.

In accordance with the Code C.1.5 of the code provisions of CG Code, independent non-executive directors and other non-executive directors shall generally attend general meetings. One non-executive Director was unable to attend the 2025 AGM due to other important engagement.

In accordance with the Code C.1.7 of the code provisions of CG Code, an issuer should arrange appropriate insurance cover in respect of legal action against its directors. As at 31 December 2025, there was no such insurance arrangement as the Board considers that the director liability insurance has not yet been identified on the market with reasonable insurance premium while providing adequate suitable security to the Directors.

In accordance with Code F.1.3 of the code provisions of CG code, the chairman of the Board is expected to attend the annual general meeting and respond to answer relevant questions raised by the shareholders. However, Mr. Mohamed Obaid Ghulam Badakkan Alobeidli, Chairman of the Board, was unable to attend the 2025 AGM due to unavoidable scheduling conflicts arising from other pressing business commitments. The Board acknowledges the importance of his presence at the annual general meeting and regrets his absence. To ensure shareholders' questions were adequately addressed, other members of the Board and senior management were present to respond on his behalf.

CORPORATE GOVERNANCE STRUCTURE



THE BOARD

As at 31 December 2025, the Board comprised two executive Directors namely Mr. Cheng Siu Fai and Mr. Jiang Zhan Hong, three non-executive Directors namely Mr. Mohamed Obaid Ghulam Badakkan Alobeidli, Mr. Guo Zi Wen and Ms. Shi Lili, and three independent non-executive Directors, namely Mr. Cheung Kwok Keung, Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick. There is no relationship (including financial, business, family or other material relevant relationship) among members of the Board. The Board possesses a balance of skills and experience appropriate for the requirements of the Company's business. The Directors possess management, finance and accounting professional qualifications with extensive experience in diversified business. Please refer to the section headed "Biographical Details of Directors" for details.

The Board is responsible to the Shareholders for providing effective leadership, and ensuring transparency and accountability of the Group's operations. It sets the Company's values and aims at enhancing shareholders' value. It formulates the Group's overall strategy and policies and sets corporate and management targets, key operational initiatives as well as policies on risk management pursuant to the Group's strategic objectives. The Board has been provided explanation and information and monthly updates from the management to make informed assessment.

The Board is scheduled to meet at least four times a year to determine the overall strategic direction and objectives, approve interim and annual results, and discuss other significant matters on the businesses and operations of the Group. During the year ended 31 December 2025, a total of 4 Board meetings were held. Details of the Directors' attendance at the Board meetings are set out under "Directors'/ Committee Members' Attendance at Meetings" below.

Chairman

Mr. Mohamed Obaid Ghulam Badakkan Alobeidli is the Chairman of the Board and is also a non-executive Director since 20 September 2024. The Chairman of the Board has to set clear expectations concerning the style and tone of Board discussions, ensuring the Board has effective decision-making processes. The chairman should ensure all directors are aware of their responsibilities, and hold periodic meetings with the NEDs and INEDs to facilitate a full and frank airing of views.

The Chairman of the Board encourages open and active discussions. Directors may speak freely at Board meetings and actively participate in the discussions of significant decision-makings of the Company, allowing INEDs and the non-executive Directors to make positive contribution to the development of the Company's strategy and policies through independent, constructive and informed comments.

Chief Executive Officer

The Company does not at present have any officer with the title "chief executive officer". The functions of chief executive officer were performed by the executive Directors. The Board considered that this structure would not impair the balance of power and authority between the Board and the management of the Company, and had been effective in discharging its responsibilities satisfactorily and facilitating the Company's operation and business development.

Non-executive Directors

Each of the non-executive Director and the INEDs has been appointed for a term of one year, subject to the provision of retirement and rotation of Directors under the Articles of Association.

Independent Non-executive Directors

Pursuant to Rules 3.10(1) and 3.10(2) of the Listing Rules, the Company has appointed three INEDs. The Company has received confirmations of independence pursuant to Rule 3.13 of the Listing Rules from each of the INEDs and considers them to be independent.

As at the date of this annual report, Mr. Cheung Kwok Keung ("Mr. Cheung") has served the Board for more than nine years. Pursuant to Code B.2.3 of the code provisions of CG Code, if an independent non-executive director has served more than nine years, his further appointment should be subject to a separate resolution to be approved by shareholders. In view of Mr. Cheung's professionalism, extensive business experience and familiarity with the Company's affairs, the Board is of the opinion that he possesses the required character, integrity and experience to ensure his independence in order to objectively scrutinise the Company's performance. Mr. Cheung's continued tenure will bring valuable contribution to the future sustainable development of the Company which is in the best interest of the Company and of the Shareholders. Taking into consideration of his independent scope of works in the past years, the Directors consider Mr. Cheung to be independent under the Listing Rules despite the fact that he has served the Company for more than nine years. Accordingly, Mr. Cheung shall be subject to retirement rotation and re-election by way of a separate resolution approved by the Shareholders at the annual general meeting.

Directors'/Committee Members' Attendance at Meetings

	Meeting Attended/Held During the Year Ended 31 December 2025				
Name of Directors	**Board**	**Audit Committee**	**Remuneration Committee**	**Nomination Committee**	**Annual General Meeting**
Executive Directors					
Mr. Cheng Siu Fai	4/4			2/2	1/1
Mr. Jiang Zhan Hong *(appointed on 31 July 2025)*	1/1				0/0
Mr. Chen Zhi Bin *(resigned on 31 July 2025)*	3/3				1/1
Non-executive Director					
Mr. Mohamed Obaid Ghulam Badakkan Alobeidli	4/4				0/1
Mr. Guo Zi Wen	4/4				0/1
Ms. Shi Lili	4/4			0/0	1/1
Independent Non-executive Directors					
Mr. Cheung Kwok Keung	4/4	5/5	2/2	2/2	1/1
Mr. Lee Thomas Kang Bor	4/4	5/5	2/2	2/2	1/1
Mr. Wong Wai Keung Frederick	4/4	5/5	2/2	2/2	1/1

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

Directors must receive continuous professional development in each financial year to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

The continuous professional development covers each of the following topics:

(1) the roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness;

(2) issuers' obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rule updates) relevant to the discharge of such obligations and duties;

(3) corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the issuer and its business);

(4) risk management and internal controls; and

(5) updates on industry-specific developments, business trends and strategies relevant to the issuer.

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

The Company has arranged and funded suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director. The Company Secretarial Department of the Company will provide relevant reading materials to the Directors to ensure that they are apprised of the latest changes in the commercial, legal and regulatory requirements in relation to the Company's businesses, and to refresh their knowledge and skills. In addition, all Directors are encouraged to attend external forum, or training course on relevant topics. During the year ended 31 December 2025, the Directors had provided their records of continuous professional development to the Company. The Board has reviewed and monitored the continuous professional development of the Directors.

The Directors' knowledge and skills are continuously developed and refreshed by, inter alia, the following means:

(A) Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops; and

(B) Reading news/journal/magazine/other reading materials as regards real estate, legal and regulatory changes and matters of relevance to the Directors in the discharge of their duties.

Records of the Directors' training during 2025 are as follows:

Members of the Board	Training received
Executive Directors	
Mr. Cheng Siu Fai	(A) & (B)
Mr. Jiang Zhan Hong *(appointed 31 July 2025)*	(A) & (B)
Mr. Chen Zhi Bin *(resigned 31 July 2025)*	(A) & (B)
Non-executive Director	
Mr. Mohamed Obaid Ghulam Badakkan Alobeidli	(A) & (B)
Mr. Guo Zi Wen	(A) & (B)
Ms. Shi Lili	(A) & (B)
Independent Non-executive Directors	
Mr. Cheung Kwok Keung	(A) & (B)
Mr. Lee Thomas Kang Bor	(A) & (B)
Mr. Wong Wai Keung Frederick	(A) & (B)

For the newly appointed executive Directors (i.e. Mr. Jiang Zhan Hong who was appointed during the year ended 31 December 2025), the Company has provided him with briefings and packages of orientation materials on the operations and businesses of the Group, together with information relating to the duties and responsibilities of directors under statutory regulations and the Listing Rules.

Mr. Jiang Zhan Hong has obtained from a law firm qualified to provide legal advice on Hong Kong law as regards the requirements under the Listing Rules that are applicable to him as a director of a listed issuer and the possible consequences of making a false declaration or giving false information to the Stock Exchange on 28 July 2025. He has confirmed this understanding of his obligations as a director of the Company.

BOARD INDEPENDENCE EVALUATION

The Company has in place the following mechanisms to ensure that independent views and input are available to the Board. During the year ended 31 December 2025, the Board has reviewed these mechanisms and considered that these mechanisms remain effective in maintaining a strong independent element on the Board.

- The Board has three INEDs and at least one-third of its members are being INEDs.
- The Nomination Committee will assess the independence of the INEDs on an annual basis by reference to the independence criteria set out in the Listing Rules.
- Directors may seek independent professional advice on issues relating to the Group's business at the Company's expense.
- The Chairman of the Board from time to time holds meetings with the INEDs without the presence of other Directors.
- A Director who has a material interest in a contract, transaction or arrangement will abstain from voting on any Board resolutions approving the same.

BOARD COMMITTEES

(a) Audit Committee

During the year, the AC consists of three members with all INEDs, namely, Mr. Cheung Kwok Keung (as chairman), Mr. Lee Thomas Kang Bor and Mr. Wong Wai Keung Frederick. Mr. Cheung Kwok Keung, the chairman of AC, has appropriate professional qualifications, accounting and related financial management expertise, with appropriate professional qualification as required under Rule 3.10(2) of the Listing Rules.

The primary duties of the AC are mainly to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and material advice in respect of financial reporting; and oversee financial reporting system, risk management and internal control procedures of the Company.

The terms of reference of the AC are in compliance with Rule 3.21 of the Listing Rules and the CG Code. For the year ended 31 December 2025, the AC held 5 meetings. Details of the committee members' attendance at the AC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the AC during the year ended 31 December 2025 is set out below:

- considered the independence and audit scope of the independent auditor;
- reviewed the Group's internal control and risk management systems;
- met with the independent auditor in preparation for the interim review and annual audit to discuss the Group's accounting and audit matters;
- reviewed independent auditor's findings, recommendations and representations, and discussed interim and annual financial statements of the Company; and
- discussed the opinion and report of the independent auditor before submitting to the Board for their approval.

(b) Remuneration Committee

During the year, the RC consists of three members with all INEDs, namely, Mr. Lee Thomas Kang Bor (as chairman), Mr. Cheung Kwok Keung, and Mr. Wong Wai Keung Frederick.

The terms of reference of the RC are in compliance with Rule 3.25 of the Listing Rules and the CG Code. The primary duties of the Remuneration Committee are to make recommendations to the Chairman of the Board about their remuneration proposals for other executive Directors, make recommendation to the Board on the Company's remuneration policy and structure for all Directors' and senior management, assess performance of the executive Directors, make recommendation to the Board on the remuneration packages of individual Directors' and senior management and review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules.

For the year ended 31 December 2025, the RC held 2 meetings. Details of the committee members' attendance at the RC meetings are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the RC during the year ended 31 December 2025 is set out below:

- reviewed the policy and structure of the remuneration of management of the Group;
- made recommendations to the Board on the remuneration packages of the executive Directors and management of the Group; and
- assessed performance of the executive Directors.

The Company's remuneration policy is to ensure that the remuneration offered to employees, including Directors and senior management, is based on skill, knowledge, responsibilities and involvement in the Company's affairs. The remuneration packages of the executive Directors are also determined with reference to the Company's performance and profitability, the prevailing market conditions and the performance or contribution of each executive Director. The remuneration for the executive Directors comprises basic salary, pensions and discretionary bonus. Executive Directors may receive options to be granted under the Company's share option scheme. The remuneration policy for the non-executive Director and the INEDs is to ensure that the non-executive Director and the INEDs are adequately compensated for their efforts and time dedicated to the Company's affairs, including their participation in Board committees. The remuneration for the non-executive Director and the INEDs mainly comprises Director's fee which is determined with reference to their duties and responsibilities by the Board.

(c) Nomination Committee

As at 31 December 2025, the NC consists of five members with one executive Director, namely Mr. Cheng Siu Fai; one non-executive Director, namely Ms. Shi Lili; and three INEDs, namely, Mr. Wong Wai Keung Frederick (chairman), Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor.

The terms of reference of the NC are in compliance with the CG Code. The primary duties of the NC are to review the structure, size and composition of the Board and make recommendations to the Board regarding candidates to fill vacancies on the Board.

For the year ended 31 December 2025, the NC held 2 meetings. Details of the committee members' attendance are set out under "Directors'/Committee Members' Attendance at Meetings" above.

The summary of the work of the NC during the year ended 31 December 2025 is set out below:

- made recommendations to the Board on the re-election of Directors at the 2025 AGM;
- made recommendations to the Board on the new appointment of an executive Director and non-executive Director;
- assessed the independence of the INEDs;
- reviewed the board diversity policy of the Company ("Board Diversity Policy"); and
- reviewed the structure, size and composition of the Board.

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

In identifying and selecting suitable candidates for directorships, the Nomination Committee will consider the candidate's relevant criteria as set out in the Company's director nomination policy (the "Director Nomination Policy") that are necessary to complement the corporate strategy and achieve board diversity, where appropriate, before making recommendation to the Board.

APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS

According to the Articles of Association, Directors shall be elected or replaced at the Shareholders' general meeting. At the expiry of a Director's term, the Director may stand for re-election and reappointment for further term. Subject to the compliance of the provisions of the relevant laws, the general meeting of the Shareholders may dismiss by ordinary resolution any Directors of whom the term of office has not expired (the claim for compensation under any contracts shall however be not affected).

The procedures for the appointment, re-election and removal of directors are set out in the Articles of Association. Every Director will be subject to retirement by rotation at least once every three years. The Nomination Committee will carefully considers the qualifications and experience of the director candidates and recommends them to the Board for consideration. After the Board passes the resolution in relation to the candidate, the Board will put forward the resolution to a general meeting for approval.

DIRECTOR NOMINATION POLICY

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

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

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

- Skills, experience and professional expertise – the candidate should possess the skills, knowledge, experience, qualification and professional expertise which are relevant to the operation of the Group.

- Diversity – the candidate should be considered with due regard to the diversity perspectives set out in the Board Diversity Policy.

- Commitment – the candidate should be able to devote sufficient time to attend the Board meetings and participate in induction, training and other relevant activities.

- Standing – the candidate must satisfy the Board and the Stock Exchange that he/she has the character, experience and integrity, and is able to demonstrate a standard of competence commensurate with the relevant position as a Director.

- Independence – the candidate to be nominated as an independent non-executive Director must satisfy the independence criteria set out in Rule 3.13 of the Listing Rules.

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year 2025, there were some changes in the composition of the Board as below:

1. Mr. Jiang Zhan Hong was appointed as an executive Director, with effect from 31 July 2025.

2. Mr. Chen Zhi Bin resigned as an executive Director, with effect from 31 July 2025.

3. Ms. Shi Lili was appointed as a member of the Nomination Committee on 28 August 2025.

Save as disclosed, there was no other change in the composition of the Board during 2025.

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

BOARD DIVERSITY POLICY

The Board has adopted a Board Diversity Policy which sets out the approach to achieve diversity on the Board, based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time.

All Board appointments will be made on meritocracy and candidates will be considered against objective criteria, with due regard for the benefits of the diversity on the Board. The Nomination Committee will discuss and agree annually all measurable objectives for achieving diversity on the Board and recommend them to the Board for adoption.

With the existing Board members coming from a variety of business and professional background, having a balance of skills, experience, expertise and diversity of perspectives appropriate to the requirements of the Company's business. Furthermore, the Board comprises Directors of a wide range of age, ranging from 37 years old to 72 years old. The Board achieved gender diversity as it comprises female Director. Taking into account the existing business model and specific needs as well as the different backgrounds of the Directors, at present, the composition of our Board satisfies the Board Diversity Policy.

For the gender ratio in the workforce (including senior management), please refer to Environment, Social and Governance Report in this annual report.

GOING CONCERN AND MITIGATION MEASURES

In view of the matters described in the section headed "BASIS FOR DISCLAIMER OF OPINION – Multiple Uncertainties Related to Going Concern" in the "Independent Auditor's Report" on pages 97 to 99 of this annual report, the Company's independent auditor, SHINEWING (HK) CPA Limited (the "Auditor"), did not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2025.

The Directors have carefully considered the Group's cash flow projections covering a period of not less than twelve months from 31 December 2025 and have given due consideration to the matters that give rise to material uncertainty as to its ability to continue as a going concern, and accordingly, have proactively come up with measures to improve the liquidity position, details of which are set out in note 2 to the consolidated financial statements as contained in this annual report. Regarding the plans and measures adopted by the Company in the year ended 31 December 2025, the Group has achieved the following: (i) entered into contractual arrangements with certain onshore lenders to extend the maturity of existing onshore borrowings of approximately RMB1,210 million in principal amount; (ii) recorded property contracted sales of approximately RMB7,290 million; (iii) controlled costs and reduced the total administrative expenses of the Group by 34.7% from approximately RMB954 million in the year ended 31 December 2024 to approximately RMB623 million in the year ended 31 December 2025; and (iv) settled 11 outstanding litigation cases. In the Directors' opinion, in view of such plans and measures, as well as the successful implementation of the China Aoyuan Schemes and the Add Hero Schemes which is a testament to the effectiveness of the Group's plan to address its liquidity issues and also a positive message to investors and creditors, the Group will be able to optimize resources to revitalize the construction and sales of its properties and meet its financial obligations as and when they fall due. Accordingly, the Directors consider that the preparation of the consolidated financial statements as at 31 December 2025 on a going concern basis is appropriate.

The Board has discussed the going concern issue with the Group's management and is satisfied that with the orderly implementation of the plans and measures, it is appropriate to prepare the consolidated financial statements on a going concern basis.

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

The Audit Committee has also discussed and understood the concerns of the Auditor that uncertainties exist as to whether the Group's management will be able to attain the plans and measures. There is no disagreement by the Board, the Group's management and the Audit Committee with the position taken by the Auditor regarding the going concern issue.

Further details on the material uncertainties relating to the Group's going concern and their mitigation measures are set out in note 2 to the consolidated financial statements of the Group.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The AC assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

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

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division.

The management, in coordination with division heads, assessed the likelihood of risk occurrence, provided treatment plans, and monitored the risk management progress, and reported to the AC and the Board on all findings and the effectiveness of the systems.

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

The Internal Audit Department of the Company is responsible for performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department of the Company will examine key issues in relation to the accounting practices and all material controls and provide its findings and recommendations for improvement to the AC.

The Board, as supported by the AC as well as the management report and the internal audit findings from an independent professional internal control firm, conducted an annual review of the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2025, and considered that such systems are effective and adequate. The annual review also covered the financial reporting, internal audit function, and staff qualifications, experiences and relevant resources.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

AUDIT

The Directors acknowledge their responsibility for preparing the financial statements of the Group for the year ended 31 December 2025 and confirm that the financial statements contained herein give a true and fair view of the results and state of affairs of the Group for the year under review. The Directors consider that the financial statements have been prepared in conformity with the statutory requirements and the applicable accounting standards.

Auditor's Remuneration

An analysis of the remuneration paid/payable to the external auditor, SHINEWING (HK) CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2025 is set out below:

	RMB'000
Audit services	3,000*

* Additional RMB3,000,000 is payable to a member firm for audit services in relation to a subsidiary of the Company registered in the PRC

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Companies as set out in Appendix C3 of the Listing Rules as its own code of conduct regarding directors' dealings in the securities of the Company. The Model Code is sent to each Director on his/her appointment and from time to time which is amended or restated.

Upon specific enquiry by the Company Secretary of the Company, all Directors have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2025.

COMPANY SECRETARY

Ms. Wong Mei Shan ("Ms. Wong") is the Company Secretary of the Company. Ms. Wong is a full time employee of the Company. For the year ended 31 December 2025, Ms. Wong has received not less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The Company recognizes the importance of, and takes high priority, on communication with its shareholders. Certain key information on shareholders' rights is provided below:

1. Communication with Shareholders

The general meetings provide a channel for communication between the Board and the Shareholders. The Group makes great efforts to enhance the communication with Shareholders. The Shareholders can visit the website of the Company (www.aoyuan.com.cn) for updated information of the Group and press releases are also posted on the Company's website in a timely manner. Notice of the annual general meeting together with the meeting materials will be despatched to all shareholders at least 21 clear days before the annual general meeting.

2. Procedures to convene and put forward proposals at extraordinary general meeting

Shareholders may request the Company to convene a general meeting according to the provision as set out in the Articles of Association and the Cayman Companies Act. A copy of the Articles of Association can be found on the Company's website.

Pursuant to Article 58 of the Articles of Association, the Board may, whenever it thinks fit, call extraordinary general meetings. Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself/herself (themselves) may convene a physical meeting at only one location which will be the Principal Meeting Place, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board (as defined in the Articles of Association) shall be reimbursed to the requisitionist(s) by the Company.

3. Procedures for Shareholders to Propose a Person for Election as a Director of the Company

The Company also adopted a set of procedures for putting forward proposals by the Shareholders at general meetings.

According to Article 83(3) of the Articles of Association, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director.

If a Shareholder wishes to propose a person other than a Director for election as a Director at a general meeting, he/she can deposit a written notice at the principal place of business of the Company in Hong Kong for the attention of the Board and Company Secretary. The period for lodgment of such written notice shall commence on the day after the despatch of the notice of general meeting and end no later than 7 days prior to the date of such general meeting.

To facilitate the Company to inform Shareholders of that proposal, the written notice must state the full name of the person proposed for election as a Director, including the person's biographical details as required by Rule 13.51(2) of the Listing Rules, and be signed by the Shareholder concerned and that person indicating his/her willingness to be elected.

In order to allow the Shareholders have sufficient time to receive and consider the proposal of election of the proposed person as a Director, Shareholders are encouraged to submit and lodge the written notice as early as practicable.

The procedures for Shareholders to nominate a person for election as a Director is available on the Company's website with title "Procedures for Shareholders to Propose a Person for Election as a Director of the Company".

4. Procedures to send enquiries to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the principal place of business of the Company in Hong Kong at Units 03 & P05, 15/F, One Kowloon, No. 1 Wang Yuen Street, Kowloon Bay, Kowloon, Hong Kong by post for the attention of the Company Secretary.

INVESTOR RELATIONS

The Company's website (www.aoyuan.com.cn) provides comprehensive and understandable news and information of the Company to the Shareholders, other stakeholders and investors. The Company will also update the website information from time to time to inform Shareholders and investors of the latest development of the Company.

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which will facilitate Shareholders and investors to make the best investment decisions. To achieve this, the Company maintains a website at http://www.aoyuan.com.cn, where up-to-date information and updates on the Company's business operations and developments, financial information, corporate governance practices and other information are posted.

During the year ended 31 December 2025, the Board has reviewed the shareholders' communication policy and opined that the shareholders' communication policy and its implementation are effective.

The general meetings of the Company also provide good opportunity for exchange of views between the Board and the Shareholders. The Chairman of the Board as well as the chairmen of the NC, RC and AC or, in their absence, other members of the respective committees and, where applicable, the chairman of the independent Board committee, are available to answer questions at Shareholders' meetings.

The Board believes effective investor relations can contribute towards, improving market liquidity for the Company's stock and building a more stable Shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and following a policy of disclosing information to Shareholders, investors, analysts and bankers. Keeping the Shareholders aware of our corporate strategies and business operations is one of the key missions of our investor relations team.

CONSTITUTIONAL DOCUMENTS

The Company adopted the Amended and Restated Articles on 24 August 2022 (the "Constitutional Documents").

A copy of the Constitutional Documents is available on the websites of the Company and the Stock Exchange.

During the year ended 31 December 2025, there is no change to the Constitutional Documents.

DIVIDEND POLICY

Pursuant to the Dividend Policy, the Company does not have any pre-determined dividend payout ratio. The declaration, payment and amount of dividends are subject to the discretion of the Board having regard to the following factors:

(1) the Group's actual and expected financial performance;

(2) the Group's expected working capital requirements, capital expenditure requirements and future development plans;

(3) retained profits and distributable reserves of the Company and each of the other members of the Group;

(4) the Group's liquidity position;

(5) the general economic conditions and other internal or external factors that may have an impact on the business or financial performance and position of the Group;

(6) the contractual restrictions on the payment of dividends by the Company to its Shareholders, if any;

(7) the statutory and regulatory restrictions on the payment of dividends by the Company; and

(8) any other factors the Board may consider relevant.

The Company's dividend distribution record in the past may not be used as a reference or basis to determine the level of dividends that may be declared or paid by the Company in the future.

The declaration and payment of dividend by the Company is also subject to any restrictions under the Cayman Companies Act, any applicable laws, rules and regulations and the Articles of Association. The declaration and payment of future dividend under the Dividend Policy are subject to the Board's determination that the same would be in the best interests of the Group and the Shareholders as a whole. The Board will review the Dividend Policy from time to time and may exercise at its sole and absolute discretion to update, amend and/or modify the Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be paid in any particular amount for any given period.

1. ABOUT THIS REPORT

1.1 Reporting Standards

China Aoyuan Group Limited and its subsidiaries are pleased to present the Environmental, Social and Governance ("ESG") Report (the "ESG Report"), which outlines the efforts and achievements of the Group in environmental and social aspects over the past year.

The ESG Report has been prepared with reference to Appendix C2 Environmental, Social and Governance Reporting Code to the Listing Rules of The Stock Exchange of Hong Kong Limited (the "ESG Reporting Code"), in compliance with its mandatory disclosure requirements and "comply or explain" provisions, and in adherence to the reporting principles of materiality, quantitative, balance and consistency.

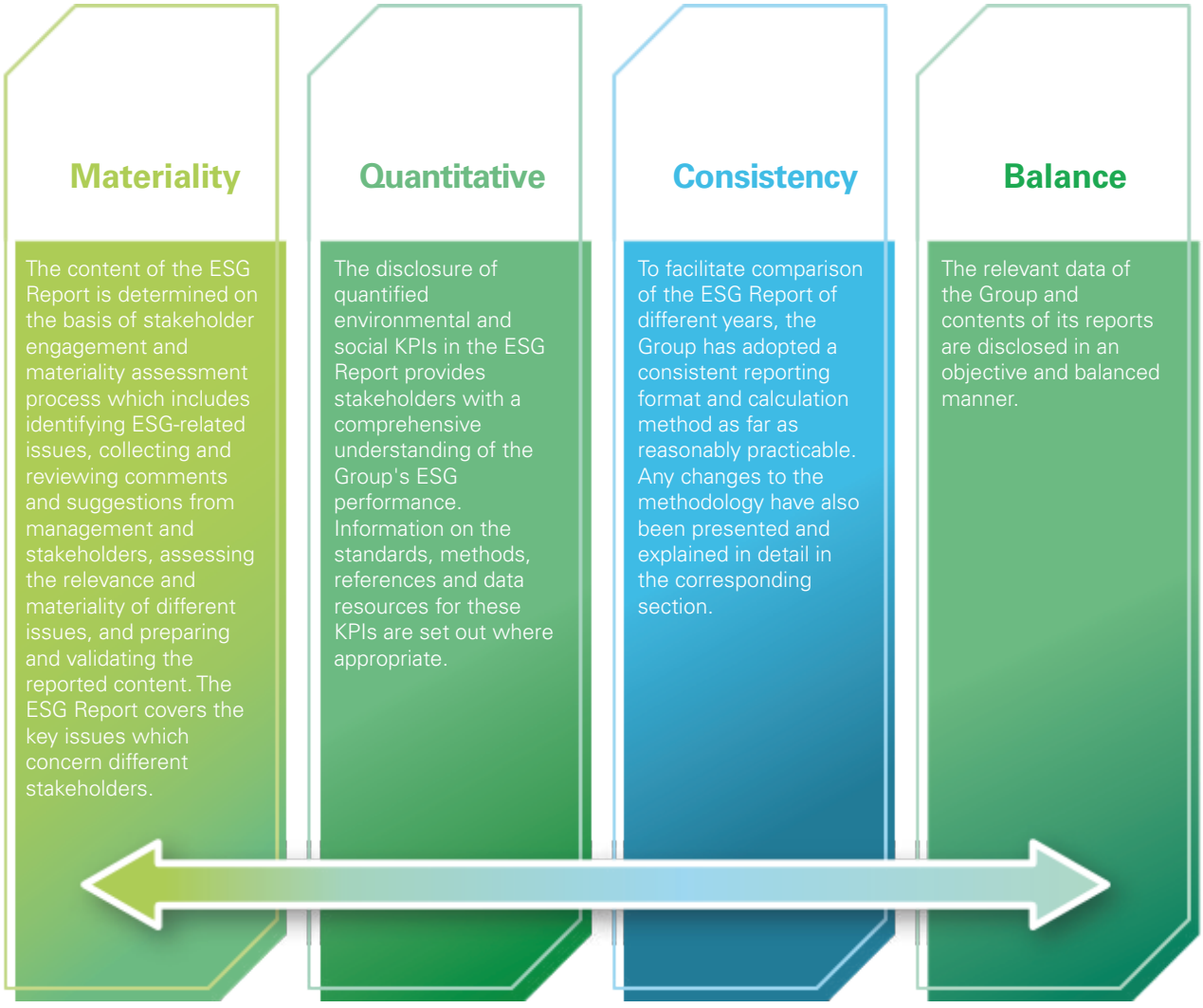
1.2 Scope of Reporting

The Report mainly discloses the ESG performance of business related to property development and property investment in Mainland China, which are considered to have primary impact on the social and environmental aspect by the Group, from 1 January 2025 to 31 December 2025 (the "Financial Year 2025", "FY 2025", the "Reporting Period" or the "Year"). Unless otherwise specified, the scope of the ESG Report is consistent with that of the ESG report for the Financial Year 2024 ("FY 2024"), including policies and management practices on major ESG issues related to property development and property investment.

The environmental data disclosed in this report include only the direct emission and consumption data generated from offices and sales centres during the operation of relevant businesses of property development and investment (the "Operating Business") of the Group, and does not include the environmental data generated from third parties of the Group, such as contractors, tenants and customers. The data on human resource, occupational health and safety and training disclosed in this report include data of all businesses of the Group as a whole.

1.3 Principles of ESG Reporting

In preparing the ESG Report, the Group has followed the principles of materiality, quantitative, consistency and balance as set out in the ESG Reporting Code above in the following manners:



1.4 Opinions and Feedbacks

For details on the environmental, social and corporate governance of the Group, please refer to the official website of China Aoyuan Group Limited (https://aoyuan.com.cn). For any questions or suggestions regarding this report, please feel free to contact us via email: ir@aoyuan.net.

2. ABOUT THE COMPANY

China Aoyuan Group Limited ("China Aoyuan" or the "Company"), together with its subsidiaries (the "Group", "we" or "us"), is a developer and operator of composite real estate in China. By practicing the philosophy of humility and pragmatism, we are committed to creating a high-quality living environment. In addition, to implement our brand concept, we are also engaged in the health-themed related industries to promote a healthy lifestyle in the city. With all these efforts, we are able to provide our property owners with harmonious and beautiful living experiences and cultural values. The Group also fulfils its corporate social responsibility by actively giving back to the community and contributing in areas such as education, poverty alleviation and community support. Looking ahead, China Aoyuan Group continues to move forward in a practical and collaborative manner, and to promote the Group's high-quality, sustainable, and steady development.

3. BOARD STATEMENT

With the brand philosophy of "Building a Healthy Lifestyle", the Group is committed to creating a harmonious and beautiful living experience and cultural value for our customers.

The Group is committed to enhancing its corporate management to raise the standardisation in various areas such as project operation, sales management, procurement and safety management, enhancing overall operational efficiency. The Group has also stepped up its monitoring and auditing efforts to build up a working culture of integrity and a positive and healthy working style. Moreover, the Group actively improves and promotes its corporate culture to form common values and objectives in the enterprise. We have improved the incentive and appraisal mechanisms to create an environment encouraging staff to demonstrate their talents.

The Group is fully aware of the importance of environmental management and has integrated the concept of environmental protection into all aspects of its business. Through the implementation of a series of environmental protection measures, the Group has continued to make new progress in green construction and green operation. The Group actively fulfils its social responsibilities, promoting community co-prosperity and synergy.

Looking ahead, the Group will actively embrace the new situation and seize the opportunities of the times. We will uphold the working style of being low-profile, pragmatic and rational, and strive to contribute superior real estate products and services, and make unremitting efforts to achieve sustainable development.

4. SUSTAINABILITY MANAGEMENT

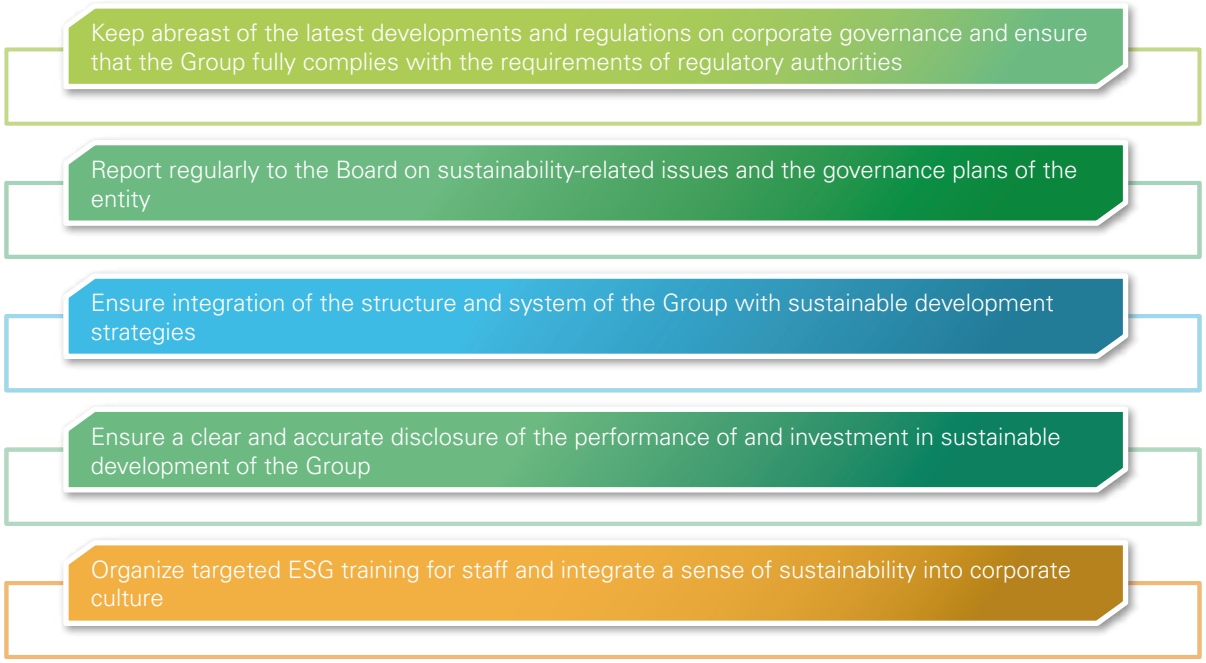
4.1 Statement of the Board

The Board is the highest governance body overseeing the sustainable development of the Group. It is responsible for overseeing the strategic orientation of the Group's sustainable development and the achievement of sustainability-related objectives, and integrating the concept of sustainability management into the governance structure. The Board monitors the significant risks and opportunities associated with ESG. If there are significant risks in the course of business operation, the Board will take timely actions to alleviate a negative impact on the Group's operation, profit and revenue. The Audit Committee under the Board is responsible for overseeing the management and the ESG Working Group, regularly assesses the overall risk of the Group and formulates plans to reduce the risk to an acceptable level. The Group believes that ESG risks have gradually become an important factor in its business and has taken the approach to incorporate ESG risks into its routine risk management process as a means to enhance its overall risk evaluation, prioritization, and control capabilities.

The Board understands that the establishment of ESG targets aids in the Group's ESG governance. Therefore, the Board sets ESG targets related to the Group's business where appropriate, and reviews progress made toward improving the Group's ESG performance by keeping track of the ESG key performance indicators ("KPIs") on a regular basis, in the environmental and social aspects, which are vital and closely related to the business of the Group. To strengthen our ESG management, we engaged external consultants to provide specialized ESG training to the Board during the Reporting Period.

4.2 ESG Governance Structure

The Group's ESG Working Group is led by members of the Board and comprises heads of functional departments. Its main responsibilities are to:



4.3 Stakeholder Engagement and Materiality Assessment

Stakeholder engagement is of great importance to the sustainable development of the Group. In order to understand and meet the opinions and expectations of stakeholders regarding the Group within the ESG context, the Group actively maintains good communication with all internal and external stakeholders. Effective communication with stakeholders also provides the Group with insight into existing risks and potential opportunities. The Group has categorized its key stakeholders into the following eight groups, covering all key stakeholders who are affected by or have a significant impact on the operations of the Group. The communication channels of the Group with each category of stakeholders are set out in the following table:

China Aoyuan Stakeholder Communication List

Stakeholders	Expectations and requirements	Communication channel and response
Government and regulators	• Comply with national policies, laws and regulations • Promote local economic development • Bolster local employment • Pay taxes on time	• Report regularly • Communicate with regulators regularly • Inspection and supervision • Case reporting
Shareholders	• Revenue and return • Compliant operation • Enhance corporate value • Clear information flow and effective communication	• General meeting • Company announcement • E-mail, telephone and company website • Case reporting
Business partners	• Integrity operation • Fair competition • Perform according to the law • Mutual benefit	• Business communication • Negotiation for cooperation • Review and evaluation meeting • Exchanges and seminars
Customers	• Quality products and services • Health and safety • Perform according to the law • Integrity operation	• Customer communication meeting • Customer service centre and hotline • Customer opinion survey • Social media platforms
Environment	• Comply with emission standards • Energy conservation and emission reduction • Ecological protection	• Communicate with local environment authorities • Communicate with local residents • Report submission
Industry	• Industry standard formulation • Promote industry development	• Exchanges and visits • Participate in industry forums
Employees	• Rights and interests protection • Occupational health and safety • Compensation and benefits • Career development • Humanistic caring	• Staff communication meeting • Internal newsletter and Intranet • Employee mailbox • Training and workshops • Staff activities
Community and the public	• Transparency • Improved community environment • Engage in public welfare	• Company website • Company announcement • Media interviews

Issues of which stakeholders are concerned are constantly changing according to changes in the market and the environmental conditions. In this regard, based on market trends, opinions gathered via stakeholder communication, and internal review made by the Board, we have updated and identified material ESG issues which have a direct impact on the Group's operations on an annual basis. The Group also engages a third-party ESG consultant to conduct a materiality assessment of the Group in order to understand the expectations of each stakeholder category on the Group and to develop a more market-appropriate operating strategy.

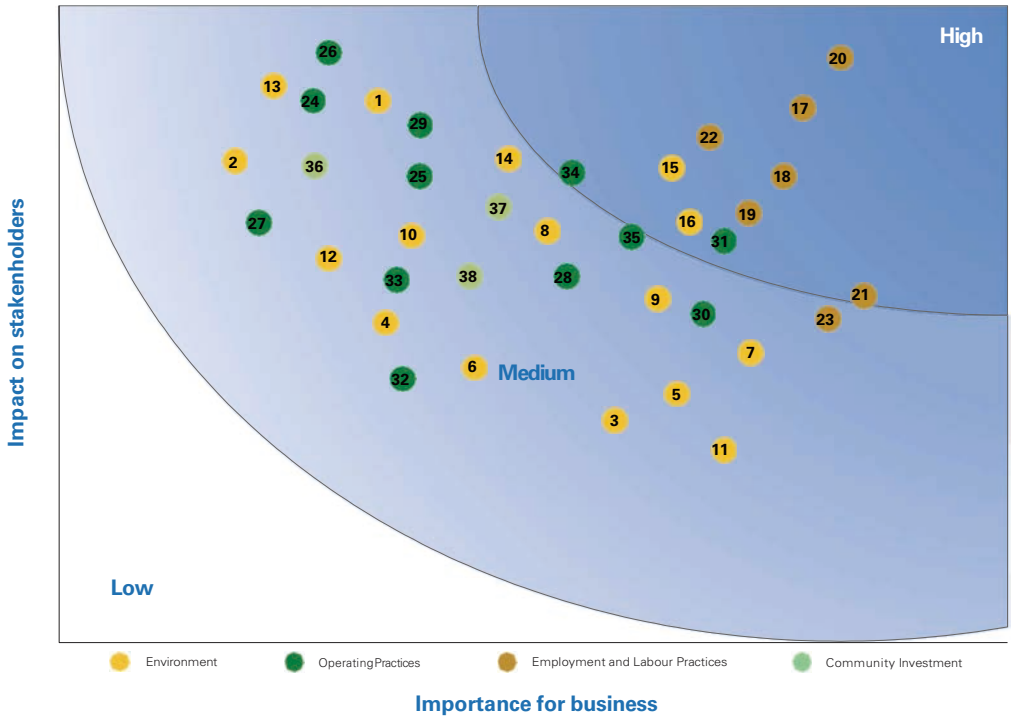
In order to identify material and relevant ESG issues in business operation, the Group conducted a materiality assessment. The Group, through questionnaires, gather insights from internal stakeholders, external stakeholders and the Group management the issues which they consider relevant and important to stakeholders and the Group's operations. The materiality assessment was completed by combining the questionnaire results and materiality maps[1] provided by renowned external organizations. The assessment results are also used by the Board as a reference to enhance the effectiveness of management and measures within the Group. In summary, materiality assessment and issues are developed through a 3-step process as follows:

Note:

1. The materiality assessment references the Environmental, Social and Governance Sector Materiality Map prepared by Morgan Stanley Capital International (MSCI) and the Sustainability Accounting Standards Board (SASB) Foundation respectively.

4.4 Materiality Matrix and Corresponding Issues

Based on the results above, the issues of concern to stakeholders of the Group for the Reporting Period are set out as follows:



Environment	Employment and Labour Practices	Operating Practices	Community Investment
1 Environmental Compliance	17 Employment Compliance	24 Operational Compliance	36 Charity
2 Air Pollutant Management	18 Employees' Remuneration and Benefits	25 Managing Environmental Risks of Supply Chain	37 Promotion of Community Development
3 Fleet Emissions Management	19 Employees' Working Hours and Rest Period	26 Managing Social Risks of Supply Chain	38 Poverty Alleviation
4 Wastewater Management	20 Diversity and Equal Opportunity	27 Procurement Practices	
5 Greenhouse Gas Emission	21 Occupational Health and Safety	28 Quality Management	
6 Waste Management	22 Training and Education	29 Customer Health and Safety	
7 Energy Consumption	23 Prevention of Child Labour and Forced Labour	30 Responsible Sales and Marketing	
8 Use of Water Resources		31 Customer Service Management	
9 Green Energy Project		32 Research and Development	
10 Use of Raw Materials and Packaging Materials		33 Information Security	
11 Ecological Protection		34 Customer Privacy Protection	
12 Responding to Climate Change		35 Anti-corruption	
13 Prevention and Handling of Environmental Incidents			
14 Green Office			
15 Green Building			
16 Land Contamination Management			

During the Year, the Group identified 15 key ESG-related issues together with ESG consultants, which will be discussed in detail in each chapter of this report.

	Key issues	Corresponding sections
Environment	15. Green Building	Environmental Protection
	16. Land Contamination Management	Environmental Protection Energy Usage and Emissions
	14. Green Office	Environmental Protection
	1. Environmental Compliance	Energy Usage and Emissions
	8. User of Water Resources	Energy Usage and Emissions
Employment and Labour Practices	20. Diversity and Equal Opportunity	Employment and Labour Practices
	17. Employment Compliance	Employment and Labour Practices
	22. Training and Education	Employment and Labour Practices
	18. Employees' Remuneration and Benefits	Employment and Labour Practices
	19. Employees' Working Hours and Rest Period	Employment and Labour Practices
Operating Practices	31. Customer Service Management	Customer Services
	34. Customer Privacy Protection	Intellectual Property and Personal Information Protection
	35. Anti-corruption	Anti-corruption
	28. Quality Management	Real Estate Project Quality and Advertising
	29. Customer Health and Safety	Real Estate Project Quality and Advertising

CORPORATE GOVERNANCE

5. ANTI-CORRUPTION

5.1 Independent Audit and Supervision Centre

The Group will strictly comply with relevant laws and regulations, make notices regarding integrity and establish a joint anti-corruption mechanism to enhance the integrity awareness of its staff. The Audit and Supervision Centre of the Group has organized regular exchange sessions, training and seminars on anti-corruption among various departments, and communicated with different enforcement agencies.

5.2 All-round Integrity System

With the working style of being low-profile, pragmatic and rational, the Group actively promotes the culture of integrity. The Group adheres to:

- Strictly following the Listing Rules of the Main Board of Hong Kong Stock Exchange and local laws and regulations, to ensure the Group's operation is compliant with laws and with integrity.
- Attaching importance to the integration of internal integrity mechanism building into operations and strictly enforcing the "Rule on the Supervision Work of China Aoyuan Group"* (《中國奧園集團監察工作條例》).
- Strengthening integrity building, setting up correspondence channels and defining the duties of each function and its approval authority.
- Fulfilling the responsibility under "integrity indicators", such as the establishment and rigorous implementation of a system for registering, declaring and disposing of gifts, monetary gifts and entertainment offered by contractors or business partners.
- Enhancing the integrity awareness of the staff through training, and issuing integrity tips with various topics from time to time.
- Requiring new employees to sign a commitment letter on integrity and self-discipline, and carry out integrity review on the performance appraisal. Employees are expected to uphold professional ethics, enabling them to align their personal values with the principles of integrity.
- Establishing supplier relationships with integrity and transparency. Integrity clauses and whistleblowing channels are included in the supplier contract. Electronic procurement procedures are adopted to prevent commercial bribery.
- Actively establishing a joint mechanism to prevent commercial crimes, while jointly promoting integrity culture with the stakeholders, including property owners, suppliers and business partners.

* The English name is for identification only.

5.3 "Three lines of defense" on Anti-corruption

The Audit and Supervision Centre is determined to implement the decision and deployment of the Board, firmly lays equal stress on prevention and combat.

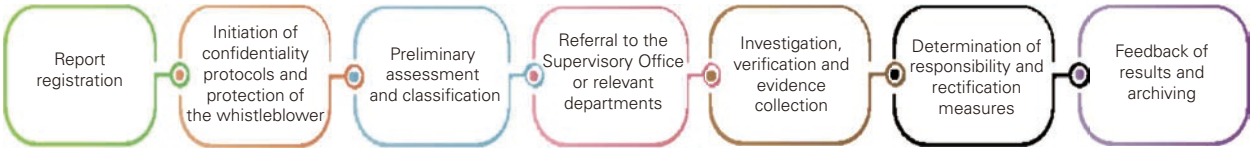
1) The Audit and Supervision Centre proposes to the Board based on the clues from the databases of industry associations such as the Trust and Integrity Enterprise Alliance, the Enterprise Anti-Fraud Alliance and the Greater Bay Area Enterprise Monitoring Alliance and internal investigation. Employees at the level of Group/Regional/Project Deputy Manager and above, as well as those in sensitive positions such as procurement and tendering/bidding are required to conduct regular integrity review and at the time of induction and promotion.

2) The Audit and Supervision Centre promote the materiality of integrity through intranet, internal newsletters and other channels to the Headquarter, regional companies and project companies.

3) The Headquarter and regional and project companies displayed a sample integrity notice in a prominent position. Employees in sensitive positions are required to include reporting channels of the Audit and Supervision Centre on their business cards. The Centre conducts reviews on management suggestions for cases, and monitors the implementation of corrective measures.

5.4 Whistle-blowing Policies

The Group establishes various whistle-blowing channels, including a telephone hotline, a mailbox and a postal address, which are published on the Group's official website, to ensure smooth supervision and encourage real-name reporting, and establish a strict confidentiality management system for the identity information and reported content of all whistleblowers (including both real-name and anonymous reporters). Any form of retaliation against whistleblowers is strictly prohibited. For anonymous reports, the whistle-blower is required to provide clear clues or evidence which can be verified. Upon receipt of an anonymous report without clear clues and evidence, the Audit and Supervision Centre may reject the report if, after communicating with the whistle-blower by mail or phone call, the whistle-blower fails to reply within the prescribed time or refuses to provide relevant information on the whistle-blowing matter. The Group reserves the right to pursue legal action and hold accountable any individual who knowingly submits malicious or false reports, in full compliance with applicable laws and regulations.



Whistle-blowing flow chart

5.5 Integrity Education for All

The Group is committed to promoting integrity education for all staff to enhance their awareness. The Company Secretary sends latest corruption prevention information issued by the Hong Kong Independent Commission Against Corruption to the Board members to strengthen the Board's integrity awareness, and provide practical advice and plan to the Board members to implement effective anti-corruption measures at both individual and corporate levels. The Audit and Supervision Centre is responsible for coordinating the establishment of the Group-wide integrity education system.

During the Year, the Group was not embroiled in any corruption proceedings, and no significant matters in violation of any laws and regulations relating to bribery, extortion, fraud and money laundering were identified.

SERVICE RESPONSIBILITY

6. REAL ESTATE PROJECT QUALITY AND ADVERTISING

The Group has continually improved the quality of projects from design to engineering, marketing and after-sales services in order to enhance the Group's operational efficiency and customer satisfaction. The Group has also set project inspection systems and quality inspection standards based on the best quality standards of national and international projects, which are regularly updated and communicated to relevant staff. We also require suppliers to comply with such standards and include the standards in the contracts when negotiating such contracts. To enhance the quality of projects, the Group's Operations Management Centre has published a number of project management protocols, including the Standard and Prohibited Project Practices of China Aoyuan Group* (《奧園集團工程標準做法及禁止做法》) and the Standard for Leakage Prevention Practices* (《防滲漏做法標準》). An internal organization is set up to conduct regular inspections in accordance with these protocols. To further strengthen project quality control and effectively enhance the Group's product competitiveness, the Group has also formulated the "Aoyuan Group Quality Control and Management Incentive Measures"* (《奧園集團品控質量管理獎勵辦法》) to encourage regional entities to strengthen their product quality control and management practices.

* The English name is for identification only.

All projects are executed in strict compliance with national legal requirements and undergo inspection and approval by relevant governmental authorities to ensure full adherence to regulatory standards. The Group issued the Product Delivery Practice Guidelines of China Aoyuan Group* (《奧園集團產品交付作業指引》), the Practice Guidelines on Sub-tenant Inspection of Housing of China Aoyuan Group* (《奧園集團房屋分戶驗收作業指引》) and the Joint Assessment Management Measures for Delivery Areas of China Aoyuan Group* (《奧園集團交付區聯合評審管理辦法》) to regulate the property delivery process. If there are any problems, the Group will follow up in a timely manner in accordance with the Guidelines for the Management of Defects in Products and Services of China Aoyuan Group* (《奧園集團產品和服務缺陷管理指引》).

In terms of marketing, the Group has established relevant systems for sales, pricing and positioning, and adhered to the Group's principle of integrity, which prohibits any misrepresentation in sales advertisements and sales brochures that would mislead consumers.

3+1 Quality Control System

The Group has formulated a 3+1 quality control system. The core systems cover safety management, standards for leakage prevention practices and guidelines for project planning. The Group has also established a key point inspection and verification system to verify and check the three major objectives for quality control, namely safety, quality and project progress. As a result, the Group achieved a steady improvement in the quality of its real estate projects.

The Group was not aware of any material breaches of laws and regulations related to advertising and labeling for the Financial Year 2025. In addition, stringent quality controls and regular training ensure the safety of our products and services, there were no products sold subject to recall for safety and health reasons during the Reporting Period.

7. CUSTOMER SERVICES

China Aoyuan has always made customer relationship management an important direction in the building of its core competitiveness. We have analysed the current customer service management and restructured the customer service structure, upgraded the existing customer service centre and upgraded the service management system with a view to raising the standards of customer service to an industry-leading level. In the Financial Year 2025, the Group was not aware of any material breaches of laws and regulations relating to the quality of products and services.

7.1 Customer Service System

A well-established customer service organisation is the foundation of quality customer service. To this end, the Customer Service Centre has set up service teams for projects, so as to provide customers with services that are in close proximity and easily accessible. In the meantime, the Customer Service Centre also provides regular training for the service team to enhance the professional image and competence of the staff and improve the quality of customer service.

7.2 Handling Customer Complaints

During the Financial Year 2025, the Group received a total of 3,205 (2024: 6,656) service complaints, of which 1,091 (2024: 3,079) were property development-related, 2,114 (2024: 3,577) were property management-related, and none (2024: 0) was shopping mall management-related. The Group established the Customer Service Management System of China Aoyuan Group* (《奧園集團客戶服務管理制度》), the Guidelines on Handling Customer Relationship Crises of China Aoyuan Group* (《奧園集團客戶關係類危機事件處理指引》) and the Customer Complaint Management System of China Aoyuan Group* (《奧園集團客戶投訴管理制度》) to regulate the implementation and execution of the general customer service process, as well as the response, notification and management of customer relationship crises. The Group's Customer Service Centre is responsible for the overall coordination of the Group's customer service operations, improving the efficiency and quality of complaint handling, and avoiding escalation of complaints and deepening of losses, so as to safeguard the Company's brand image and enhance customer satisfaction.

China Aoyuan attaches great importance to customer feedback and complaint handling. The Group has set up the Complaint Handling System of the 400 Customer Service Hotline* (《400客服熱線投訴處理制度》) and the Standardized Service Operation Guide of the Call Centre* (《呼叫中心標準化服務操作指引》), enhancing customer service experience and handling efficiency. Once a customer complaint is received, the Group will arrange for our customer service officers to proactively contact the customer by phone to follow up on the case and provide independent solutions for the customer's complaint or improvement plans. During the Reporting Period, we are committed to handling customers' reasonable requests, with a closure rate of 7% for real estate complaints and 98% for property/shopping mall management complaints. We have implemented relevant follow-up measures, such as the customer service center conducting case sorting and proactive follow-up for real estate-related complaints in accordance with the Complaint Handling System of the 400 Customer Service Hotline* (《400客服專線投訴處理制度》) and standardized processes.

7.3 Customer Satisfaction Improvement

For issues that are most likely to cause disputes, such as launching new projects and product sales, the Group has formulated relevant regulatory systems, such as the Management Measures on Project Delivery of Aoyuan Group* (《奧園集團項目交付啟動管理辦法》) and Sales Service Contact Standardization Manual for Prospective Owners of Aoyuan Group* (《奧園集團準業主銷售服務觸點標準化手冊》), to strictly control the project quality, reduce the proportion of complaints, and improve customer satisfaction.

* The English name is for identification only.

8. INTELLECTUAL PROPERTY AND PERSONAL INFORMATION PROTECTION

In order to protect intellectual property rights, the Group uniformly manages trademark registration activities on a unified basis and ensures the timely renewal of all core trademarks as they approach expiration. The Group adopts a rigorous attitude to review and consider the development of the Group in respect of existing and future trademark registrations, and makes strategic arrangements to achieve effective protection of intellectual property rights.

The Group is committed to complying with national and local laws and regulations in relation to personal information and privacy, and to deal with the methods and guidelines for collecting, utilizing, storing, disclosing, transferring, confidentializing and accessing personal information in accordance with the Six Guidelines of Data Protection in order to protect personal information provided by our customers and employees from leakage or illegal use. During the Financial Year 2025, the Group had no significant matters in violation of any laws and regulations related to intellectual property and privacy.

8.1 Company Information Security

Information security has become a new challenge for enterprises in the information era. China Aoyuan puts emphasis on information security and has formulated internal protocols such as the Information Security Management Measures (2021 Version)* (《信息安全管理辦法(2021)版》) and Information Security Incident Management Regulations* (《信息安全事件管理規定》), which provide guidance on how to handle information security incidents with different levels of impact and causes of occurrence. In addition, an information security leadership team and an information security working group are established to fulfil the responsibility for information security maintenance. Through building firewall for information security, the Group is confident to effectively protect corporate information and personal data of customers.

8.2 Customer Information and Privacy Protection

With the advancement in technology, the Group has recognized the importance of maintaining a secure information network. The Group has been upgrading the firewalls to prevent customer information from leakage, while placing great importance on internal control over customer information management. The staff are required to sign integrity and confidentiality agreements and to comply with relevant laws and regulations, as well as internal rules and regulations such as the Confidentiality System of China Aoyuan Group* (《奧園集團保密制度》). The Group strictly prohibits employees from disclosing customer information. If any information leakage is discovered, the Group will dismiss the employee or terminate the employment contract, and reserves the right to seek legal action against that employee.

* The English name is for identification only.

9. SUPPLY CHAIN MANAGEMENT

The Group attaches importance to supply chain management and formulates its internal management system such as bidding and procurement, and suppliers' inspection, and strictly regulates the supply chain and procurement activities.

9.1 Supplier Communication and Training

The Group has set up the Suppliers Management System of China Aoyuan Group* (《奧園集團供應商管理制度》) to strictly implement the supplier admission assessment procedures. A professional supplier database is established for building strategic partnership with high-quality suppliers. The Group also monitors the environmental and social performance of its suppliers and subcontractors to reduce the environmental and social risks caused by procurement and subcontracting.

The Group conducts regular performance assessments by supplier category and holds supplier meeting. It carries out comprehensive assessment through third party patrol inspection, unannounced inspection, and random inspection, and updates the supplier database in terms of quantity, quality, work progress, cooperativeness, contract fulfilment and responsibility, etc. The Group has established a stringent performance evaluation system. We conduct appraisal and rating based on comprehensive criteria including project experience, professional knowledge, environmental protection policies and measures, records of work-related injuries and accidents, whether child labour and forced labour are used and community engagement, etc. It also requires suppliers to obtain certifications from independent institutions on quality, environmental protection and social responsibility, such as ISO9001, ISO14001 and other domestic and overseas accreditations relating to social responsibility.

The Group continuously monitors the suppliers on construction status, products and services provided. We regularly review the list of suppliers, conduct KPI appraisal and arrange on-site inspections. The Group has also developed evaluation methods and scoring criteria by supplier category to ensure that all the existing suppliers meet our quality requirements and the criteria on social responsibility. If any supplier doesn't fulfill the requirements, it is required to make improvement immediately and is to be terminated and blacklisted at the Group's discretion.

The Group adopts a fair and open tendering mechanism. It explores suppliers with similar values, strong performance capability and high-quality product. It also conducts supplier inspections of important categories in all directions, strictly controlling potential risks of suppliers' entry and shortlisting. We invite sufficient companies to participate in bidding, segregate duties during the bidding process such as identifying suppliers and reviewing tender documents and ensure the confidentiality of bidding documents. We regularly review the tendering mechanism with audit and supervision department, in order to reduce risks on bribery and malpractices due to control loopholes.

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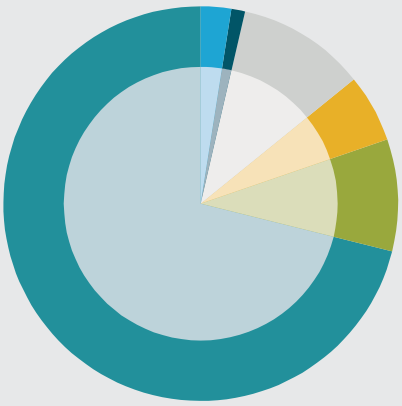
In addition, the Group requires its suppliers to comply with the practice of encouraging the use of environmentally friendly products and services. We convey the concepts of sustainable procurement, environmental protection and energy saving, and sustainable management to the suppliers through interviews, sharing sessions and site visits. Effective monitoring methods have been established to maintain a complete green supply chain. When a supplier violates the relevant requirements or fails to meet the performance requirements, its regular evaluation results will reflect the case and renewal of contract will be affected. In the event of a serious breach, the Group will terminate cooperation right away.

9.2 List of Suppliers

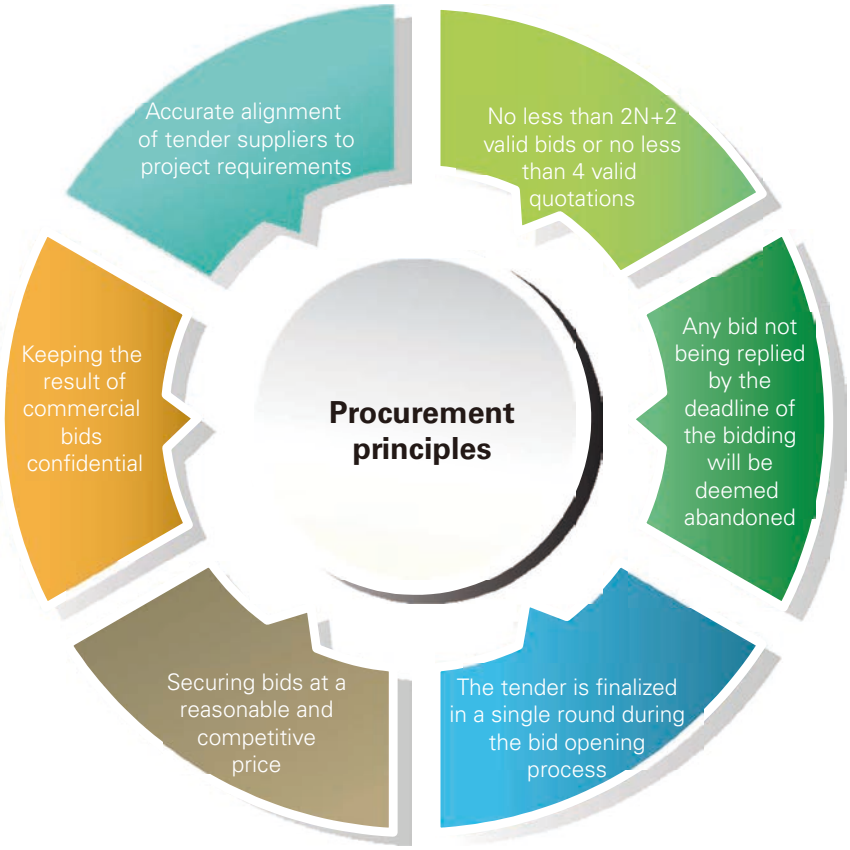
The Group incorporates green concepts into its supply chain management and procurement and strives to fulfil its social responsibility on environment protection. The Group gives preference to suppliers that are geographically closer to the projects to reduce the carbon footprint in transportation. The Group will also consider using products that have a smaller impact on the environment, such as those with environmental labels. At the same time, the Group put in place comprehensive warehouse control procedures to keep track of materials and products in storage, encourage staff to be aware of the shelf life of materials and products, and prioritize the use of materials and products purchased earlier to avoid unnecessary wastage. During the Year, the Group has 993 (2024: 993) major suppliers. The Group's major suppliers are as follows:

Suppliers by Geographical region



Northern China
2.7%
Northeastern China
1.0%
Eastern China
10.6%
Central China
5.6%
Southwestern China
9.0%
Southern China
71.1%

The Group strictly requires suppliers tendering with the following principles:



9.3 Supplier Communication and Training

China Aoyuan places high value on communication with suppliers. We have improved the communication efficiency and enhanced mutual trust through various forms such as stocktaking seminars, thematic workshops, post-tender meeting, quarterly meeting, face-to-face on-site meeting with new suppliers according to the respective situation of the projects. The Group will also organize supplier meetings at the Group and regional levels on a regular basis to reward quality suppliers, so as to lay a good foundation for strategic cooperation for sustainable development.

The Group provides post-bid orientation for new suppliers to help them understand the system and culture of the Group. In addition, we hold discussion with suppliers on project cooperation and improvement measures to encourage them to meet the expectations and requirements of Aoyuan.

10. COMMUNITY INVESTMENT

Property development and operations are the main businesses of the Group and closely linked to contributions to the community. We actively contribute to the community and continue to devote efforts to poverty alleviation and community development, in order to fulfil our corporate social responsibility. No donations was made by the Group to the relevant charitable organizations during the Reporting Period. However, the Group has spared no efforts in bringing positive and long-term impacts to the communities it serves, and searching for the charitable activities or organisation which align with its vision, with its aim to facilitate sustainable relationships and support the well-being of society.

EMPLOYMENT AND PERSONNEL MANAGEMENT

11. HEALTH AND SAFETY

The Group places emphasis on raising the safety awareness of employees, creating a safe and healthy corporate culture and protecting the safety and occupational health of employees. The Group strictly complies with national laws and regulations, formulates internal safety management systems and annual targets, and clearly sets out the safety responsibilities and the management of performance appraisals for managers at all levels, and strictly manages the safety bottom lines in an effort to minimize the risk of injuries to employees, partners and customers.

Employees who were unfortunately injured at work were granted Confirmation of Work Injury in accordance with the procedures and received appropriate subsidies, granting of leave or reimbursement of medical expenses from the Group or their insurers. In the past four years, the Group was found with no work-related fatality of employees. Work-related injuries and fatalities and work days lost due to work-related injuries of the Group are detailed in the following table:

	Number of work-related injuries	Lost days due to work-related injuries
2025	–	–
2024	1	15
2023	–	–
2022	9	612

11.1 Occupational Safety Management

The Group strictly enforces the relevant occupational safety laws and regulations, and has established a safety management system and a safety responsibility system to implement a series of measures to protect the health and safety of its employees. The Safety Management Committee, as the highest decision-making body for the Group's safety management, is responsible for safety management requirements, safety drill arrangements, staffing standards, safety incident management, safety assessment management and other safety management and production-related tasks. In addition, the Group conducts the comprehensive review of the fulfilment of safety responsibility to strengthen the safety supervision of each level and to safeguard the employees in the production process.

During the year, the Group continued to carry out various training activities, including safety production training, fire emergency evacuation drills, drowning emergency response training, construction site safety training, equipment operation safety training, extreme weather emergency training, training on the criteria for identifying major accident hazards in projects, and training on accident reporting and insurance claim processing. The aim is to equip employees with a wide range of safety knowledge, enhance safety awareness, and avoid safety incidents in case of emergencies or maloperation.

Case: 2025 Fire Evacuation Drill

The Aoyuan International Center conducted a fire evacuation drill to improve the staff and tenant's ability to deal with fire emergencies and arrange evacuation, as well as to check the fire equipment and facilities. The Group provided training on fire fighting and rescue, including fire alarm handling, fire extinguishing, property protection, evacuation arrangement and stampede prevention, assistance in firefighting and rescue, and first-aid for the injured. Through this training, employees received practical emergency training to enhance their response and self-protection ability under emergency situations.

Fire Safety Knowledge Training

Initial Fire Suppression

Fire Escape Experience House

11.2 Construction Quality and Safety

11.2.1 Construction Safety Management System

China Aoyuan values construction quality and has a comprehensive quality and safety management system in place. In addition to strict enforcement of relevant laws and regulations, the Group has also formulated a series of management measures for construction safety management and management of labour protective gears for employees, including keeping medical kits at fixed locations, issuing labour protective gears on a regular basis as required, supervising employees to use labour protective gears properly, and making available sufficient labour protective gears at construction sites to create a safe working environment. At the same time, before the construction of each project commences, the Group will assign the relevant responsible person as the person primarily liable for safety management and sign a safety management responsibility letter to ensure the effective implementation. Each unit is required to organize regular safety management meetings and prepare safety management reports to the Safety Department under the Group's Quality Control Centre for record.

Case: 2025 Safety Training Program for the Projects

The Group regularly arranged safety training for construction workers and project department staff of its projects, to enhance the staff's safety awareness in construction site and minimize operational risks to the greatest extent. During the training, construction workers and project department staff acquired the best practices that should be implemented at the construction sites, including site safety measures and operational risk assessment.

Safety Education and Training for Construction and Project Department Staff

The Group has established emergency response organizations with clear responsibility mechanism. An emergency response plan has been formulated. Upon occurrence of a safety incident, the responsible person in charge of the unit should initiate the corresponding crisis management plan as soon as possible and report the incident to higher level following the procedures and according to the severity of the situation.

Case: 2025 Project Extreme Weather Emergency Training and Major Accident Hazard Identification Standards Training

The Group carried out activities such as typhoon prevention emergency deployment training and training on criteria for determining major accident potential hazards for the projects. These activities aimed to ensure that staff have sufficient knowledge reserves to respond before extreme weather arrives and a profound understanding of the criteria for determining major accident potential hazards, which also enable the staff to avoid major disasters or accidents in a timely manner or effectively control the impact of incidents.

Training on Typhoon Prevention Emergency Deployment

11.2.2 Implementation of Safety Inspections and Standards

In order to better meet the market demand and improve the quality of our projects, we have implemented the Aoyuan Group's Guidance Manual for Management and Control over Fine Decoration of Aoyuan Group* (《奧園集團精裝修管控指導手冊》), and the Management Measures for Major Safety Risks of the Group* (《集團重大安全隱患管理辦法》). The Group also developed a safety inspection and risk prevention system and scoring standards, and conducts regular safety inspections. If any major construction hazards or fire hazards are found, the work will be stopped immediately at the site in question and can be resumed only after the relevant unit has conducted a safety review with satisfactory results. Corresponding control measures for prevention and control of different risk levels were taken.

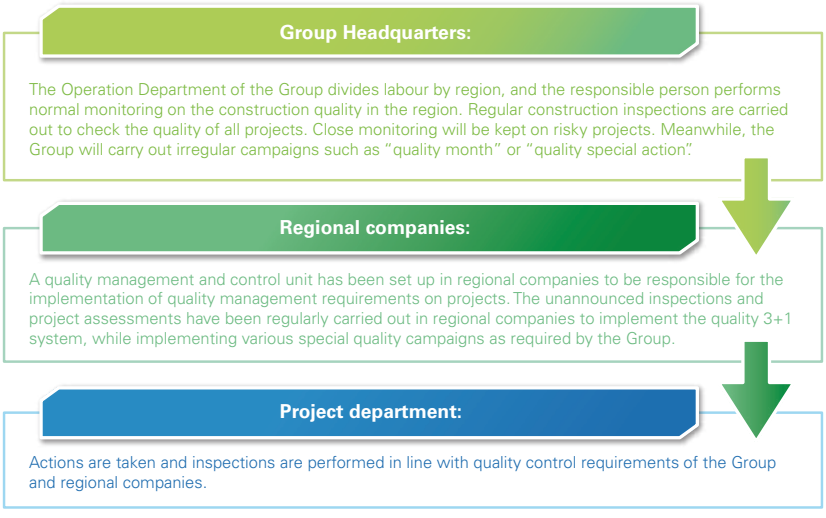
* The English name is for identification only.

Safety risk levels and corresponding control measures

Risk level	Evaluation criteria	Control measures
Low	1) Safety inspection score ≥ 85; 2) No major safety hazards.	1) Issuance of a Safety Risk Correction Notice; 2) Rectification by the Project Department within a timeframe.
Medium	1) 75 ≤ security inspection score < 85; 2) 1-2 major safety hazards.	1) Issuance of a Safety Risk Rectification Notice; 2) Immediate suspension of work due to major safety hazards; 3) Safety managers of regional companies should oversee the rectification, and the Safety Department of the Group's Quality Control Centre tracks the progress of rectification on a daily basis; 4) Acceptance by safety managers of regional companies and reporting to the Safety Department of the Group's Quality Control Centre.
High	1) Safety inspection score < 75 points; 2) 3 or more major safety hazards.	1) The Safety Department of the Group's Quality Control Centre issues a Notice of Suspension and Rectification of Major Safety Risks to the general managers of regional companies; 2) Immediate suspension of projects; 3) The Safety Department of the Group's Quality Control Centre supervises the rectification.

11.2.3 Three-level Inspection System for Project Quality and Safety

In order to ensure product quality and safety, China Aoyuan has established a three-level project quality and safety inspection system, covering the Group, regional companies and project departments.



11.2.4 Safe Production Training Activity

The Group arranges various trainings on safety every year, such as Fire Prevention Month, Safety Month, Safe Work Knowledge Contest, Quality Control Month and Skill Competition, which helps to enhance the safety knowledge, skills, awareness and emergency handling capability from the management to the general staff and therefore to improve the overall project quality.

Case: 2025 Safety Training on the Operation of Amusement Equipment

To ensure robust safety standards at the Aoyuan Yingde Chocolate Kingdom amusement project* (奧園英德巧克力王國遊樂項目), the Group conducts regular emergency rescue drills for operational staff. In September 2025, a simulation of a sudden power failure during equipment use was carried out: the operator reported a trapped-person incident, and maintenance staff responded by cutting control power, analyzing the issue, and applying emergency procedures. This drill reinforced the team's ability to manage complex emergencies (e.g., power outages or generator failures), enabling efficient visitor rescue and upholding tourist safety.

12 EMPLOYMENT AND LABOUR PRACTICES

12.1 Employee Rights and Interests

The hard work of our employees is inextricably linked to the long-term development and success of the Group's business. The Group complies with employment-related laws and regulations, including but not limited to the Labour Law of the People's Republic of China* (《中華人民共和國勞動法》), the Labour Contract Law of the People's Republic of China* (《中華人民共和國勞動合同法》) and the Prohibition of Child Labour Provisions* (《禁止使用童工規定》).

The Group promotes a harmonious and diverse work environment and strives to treat people of all cultural backgrounds, gender, religion, marital status, etc. equally. The Group's recruitment criteria are based on the candidate's resume and interview performance. We offer reasonable remuneration and fair promotion opportunities based on the performance of employee. The Group respects the relationship with its employees. Any termination of employment is subject to appropriate notice periods and clear communication with the employee regarding the reasons. No employees will be dismissed without justification.

In order to increase the diversity of our workforce and provide development opportunities for young people, the Group offers opportunities for the physically challenged and fresh graduates every year as well as in-house on-the-job training and courses to nurture them to become an important force in the Group and a future pillar of society.

* The English name is for identification only.

12.2 Employee Recruitment

The Group strictly complies with relevant laws and regulations. The Group has also established a clear human resources management system and standard operating procedures, which are fully implemented by the human resources department and reviewed by the Board on a regular basis. The Human Resources Department will review the relevant laws and regulations on a regular basis. Any update on provisions will be immediately made known to employees. There were no material breaches of laws and regulations relating to the prevention of child labour or compulsory labour during the Reporting Period. During the Reporting Period, the Group was not aware of any material non-compliance with the laws and regulations relating to employment.

The Group has a well-defined and comprehensive talent recruitment process and configuration to prevent any irregularities or illegal recruitment, such as child labour or forced labour. The Human Resources Department requires candidates to produce their identification documents, academic qualifications and employment proof at the time of recruitment to ensure that their age and identity are consistent with the documents they have submitted. The Group also performs pre-employment checks on the prospective employee, including interfacing with the former employer to understand the prospective employee's performance and verification of information from relevant government departments. Important work terms such as job duties, working hours, remuneration, social benefits, insurance, labour protection, work ethics and termination of contract are clearly stated in the employment contract. All employees must voluntarily sign an employment letter with the Group to ensure the rights of both parties. There were no material breaches of laws and regulations relating to the prevention of child labour or compulsory labour during the Reporting Periods.

In the event that a minor under the age of 16 is recruited, the Group will immediately terminate the employment, and the person in charge of human resources concerned will be subject to disciplinary action and his/her annual performance incentives will be deducted. In the event that child labour is found, the Group will immediately report the matter to the local labour department, arrange for a health check and cover any medical expenses which may be incurred. The Human Resources Department will contact their guardians, make full payment of wages earned and arrange for escort or return by their guardians.

12.3 Employee Welfare/Caring for Employees

In order to enhance the social security of our employees, the Group taken out corresponding social insurance for all employees at the time of employment. During the Reporting Period, the Group was proud to receive the "MPF Good Employer" and "Electronic Contribution" awards presented by the Mandatory Provident Fund Schemes Authority of Hong Kong. As a "Joyful@Healthy Workplace" certified by the Hong Kong Occupational Safety and Health Council, the Group has always in place blood pressure monitors and touchless thermometers in office to ensure that employees can monitor their health conditions at all times.

The Group understands the importance of the sense of belonging and cohesiveness among its employees in the overall development. The Group regularly organized a variety of activities beneficial to physical and mental health, such as the Mountaineering Activities* (登山活動), etc., to improve the physical and mental health of its staff and to promote the philosophy of work-life balance.

Good communication is important to understand the needs of employees and get them to be engaged at work. The Group is committed to listening to its staff by building various communication channels, including performance interviews, the AOffice mobile work platform, e-newsletters, social media, the intranet and the suggestions mailbox, enabling employees to interact with the Group and reflect their views through different channels.

* The English name is for identification only.

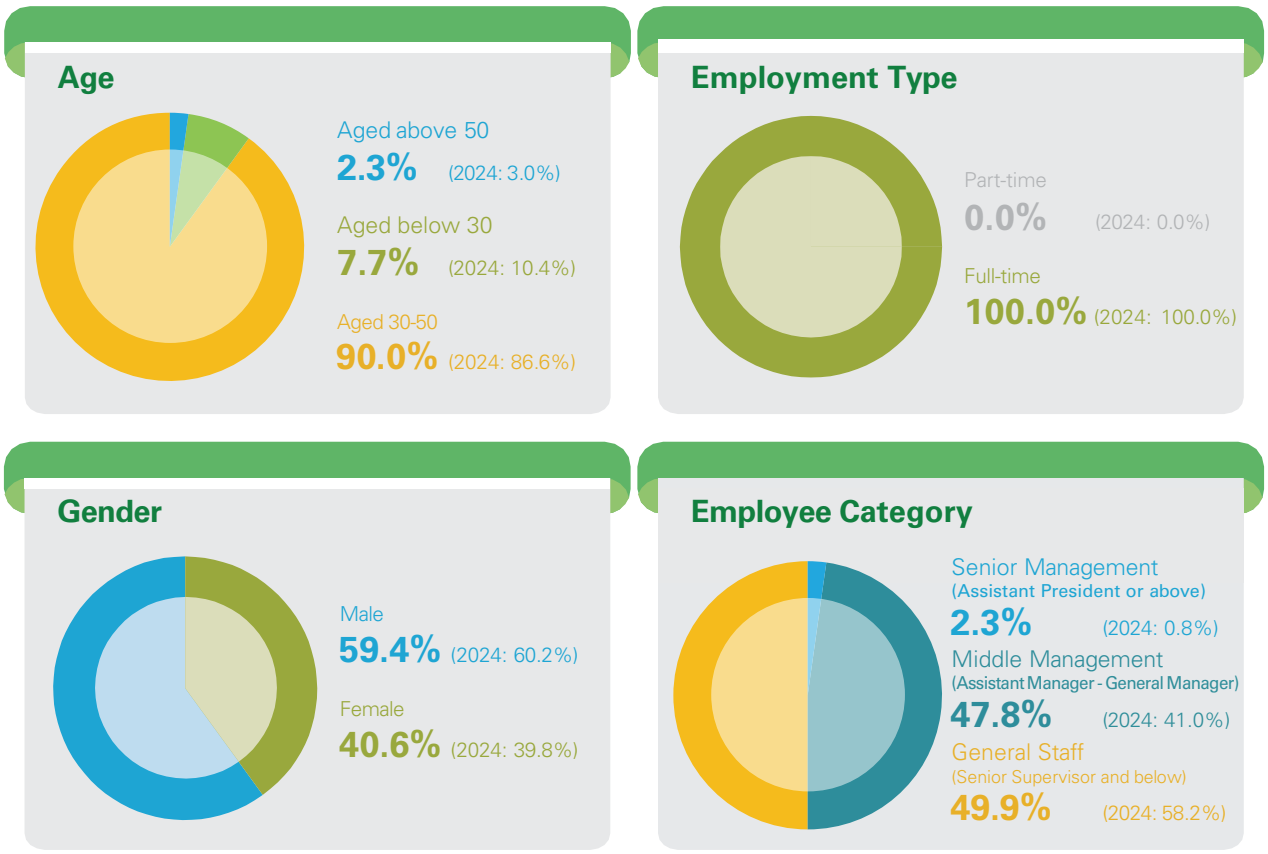
12.4 Staff Promotion and Rewarding System

To retain talent and encourage performance, the Group will give priority to internal promotion when a vacancy arises. The Group determined the promotion management process and the promotion cycle and conditions for different ranks. Promotion results and salary adjustments will be determined by the ability and performance of the staff, ensuring that all staff are given equal opportunities and that those who are capable will be rewarded. Staff remuneration is linked to performance and competency, and performance will be evaluated on two scales, "key performance" and "competency-based attitude".

To reward staff performance and encourage self-improvement, the Group has set up benefits such as allowance upon the achievement of certificates. For employees who have obtained professional qualifications or awards, the Group will provide them with cash bonuses, paid leave, salary adjustments and promotions depending on the specific circumstances. The Group will impose penalties and warnings for employees who fail to perform or improperly perform their duties in violation of the rules and regulations. The reward and punishment system has been recorded in the Group's human resources management system to ensure fairness in reward and punishment.

12.5 Annual Employment Data/Employee Distribution

In 2025, The Group had 571 employees (2024: 925) in total. The number of employees decreased during the Reporting Period was mainly due to the corporate allocation of human resources in response to the macroeconomic changes and the industry competition. All of the Group's employees are full-time in nature, of which 98.6% (2024:99.2%) are from the Mainland China. The distribution of the Group's workforce are detailed as follows:



The Group's staff turnover for the Reporting Period was 421 (2024:754), the turnover rate was 56% (2024:64%) as shown in the table below:

Employee turnover rate (%)[1]	**2025**	2024
Total	**56**	64
By gender		
Male	**54**	61
Female	**59**	68
By age group		
Aged below 30	**121**	77
Aged 30-50	**49**	62
Aged above 50	**63**	55

Note:

1. The overall turnover rate is calculated as the number of employees who left the organization during the Reporting Period/the average of the numbers of employees at the end of the FY 2024 and the end of the Reporting Period x 100%. Employees who leave within one month of their onboarding are not counted.

12.6 Employee Development and Training

12.6.1 Training for Employees

China Aoyuan attaches great importance to the career development and nurturing of its employees to create a learning organisation, with the goal of increasing the competitiveness of the Group and its employees as a whole. The Group provide comprehensive on-the-job training, which is mainly in-house, with supplementary external training for our staff. The courses are taught and led by professional instructors. In addition to preparing the course materials, instructors are required to monitor the trainees' training progress and participation. Instructors are also required to regularly provide summaries and thematic training programmes to the staff in charge as a guide for improving the quality of subsequent training courses.

12.6.2 Participation in Training

The Group is committed to nurturing talents and provides sufficient resources to organize a wide range of training programmes and offer opportunities for its employee. The training is conducted to align with the Group's comprehensive internal ranking system and promotion mechanism, providing a wide range of career development opportunities. In terms of employee training, the number of employees trained was 298 (2024: 476) and the total number of training hours was 1,213 (2024: 5,257), as listed in the table below.

Percentage of Employee Trained[1]	**2025**	2024
Overall	**52%**	51%
By Gender		
Male	**50%**	52%
Female	**56%**	51%
By Employee Categories		
General Staff (Senior Supervisor and below)	**54%**	60%
Middle Management (Assistant Manager – General Manager)	**50%**	44%
Senior Management (Assistant President or above)	**62%**	33%

Average Training Hours (Hours)[2]	**2025**	2024
Overall	**4**	6
By Gender		
Male	**2**	6
Female	**2**	6
By Employee Category		
General Staff (Senior Supervisor and below)	**2**	7
Middle Management (Assistant Manager – General Manager)	**2**	4
Senior Management (Assistant President or above)	**3**	0.3

Notes:

1. Employees training percentage in the relevant categories = T(x)/E(x)*100%, T(x) = number of employees in the specified category who took part in training, E(x) = number of employees in the specified category at the end of the Reporting Period.

2. Average training hours for employees in relevant categories = TH(x)/E(x), TH(x) = total number of training hours for employees in the specified category, E(x) = number of employees in the specified category at the end of the Reporting Period.

12.7 Diversity and Inclusion Policy

In line with our meritocratic approach, China Aoyuan was accredited The Racial Diversity and Inclusion Charter for Employers by the Hong Kong Equal Opportunities Commission for five consecutive years. The Group's policy on diversity and inclusion was fully recognised by the Labour and Welfare Bureau of the Hong Kong Special Administrative Region Government under the Talent-Wise Employment Charter.

12.8 Family-Friendly Measures

With its family-friendly and people-oriented human resources policy and management's commitment to promoting equal opportunities, China Aoyuan was awarded the "Equal Opportunity Employer for Family Status Equality" by the Hong Kong Equal Opportunities Commission, the first Mainland real estate enterprise to receive such recognition. Meanwhile, the Group was awarded the "Breastfeeding Friendly Workplace" by the Hong Kong Committee for UNICEF for six consecutive years, an award which recognises companies that provide breastfeeding facilities and support to working mothers, and help working mothers to take care of their family responsibilities when they return to work after child birth.

ENVIRONMENTAL MANAGEMENT

13 ENVIRONMENTAL PROTECTION

The Group attaches great importance to the impact of its operating activities on the surrounding environment and ecosystems. Therefore, the Group conducts environmental risk assessments before and after the development of its real estate projects, and endeavours to minimize the impact of noise pollution, dust pollution, etc. on the surrounding environment, and incorporates considerations for the preservation of biodiversity and natural habitats in the planning, design, construction and operation of its projects. The Group also sets environmental targets for each real estate project and continuously monitors, reports and reviews the environmental performance of the projects to reduce the environmental risks to an acceptable level.

In response to the country's carbon neutrality and sustainable development objectives, the Group is committed to achieving low carbon operations and integrating environmental protection concepts into its corporate sustainability strategy and approach. The Group ensures that it complies with laws and regulations on environmental protection, as well as the formulation of internal management regulations and systems to promote environmental protection. The Group set annual environmental targets since the FY 2024. The progress of achievement is detailed below:

Environmental area	Environmental targets set in 2024	Progress of annual targets
Greenhouse gas (GHG)	The Group sets an annual target to reduce greenhouse gas emissions by 5% by 31 December 2025.	During the reporting period, the Group has continued to promote energy conservation and emission reduction efforts and implemented various management and technical measures. However, certain individual energy-saving retrofit projects, equipment upgrades, or the deployment of intelligent energy consumption management systems have not yet been fully completed, resulting in the Group's annual greenhouse gas emissions and energy consumption not fully meeting the reduction targets set in the previous year. In the future, the Group will further improve the management of emission and energy consumption data, continue to increase investment in energy-saving technological upgrades, strengthen refined energy use management, and enhance employees' awareness and training on energy conservation, with the aim of progressively achieving its medium-and long-term targets for emission reduction and energy efficiency improvement.
Energy Consumption	The Group sets an annual target to reduce energy consumption by 5-10% by 31 December 2025.	
Use of Water Resources	The Group sets an annual target to save water use by 10% by 31 December 2025.	Target achieved, with an approximate 12% reduction during the reporting period, primarily attributable to the decrease in employee numbers, which in turn led to lower water consumption.
Waste	The Group sets an annual target to increase the recycling rate of computer waste to 100% by 31 December 2025 to reduce the waste generated during operation.	Target achieved.

During the Reporting Period, to promote the development of a sustainable enterprise, we established the following environmental objectives and work arrangements based on our operational circumstances:

Environmental area	Environmental objectives
GHG	We are committed to reducing greenhouse gas emissions and responding to the "Action Plan for Peak Carbon Dioxide Emissions by 2030" (《2030年前碳達峰行動方案》) issued by the State Council to achieve the national carbon peak target by 2030. With FY 2025 as the base year, the Group aims to reduce GHG emissions by 5% by 31 December 2027.
Energy Consumption	We are committed to reducing energy consumption, promoting energy conservation and consumption reduction, and replacing conventional energy with renewable energy and clean energy. At the same time, we will arrange for inspections by designated personnel to reduce the waste and actual use of electricity. With FY 2025 as the base year, the Group aims to reduce energy consumption by 5% by 31 December 2027.
Use of Water Resources	Stepping up internal publicity by putting up posters to promote water conservation and recycling. We also regularly inspect and repair water facilities to minimize losses, so as to improve water use efficiency. With FY 2025 as the base year, the Group aims to reduce water consumption by 5% by 31 December 2027.
Waste	We promote paperless office, reuse of used resources, separation of domestic waste and industrial waste, and improve the efficiency of recycling and the types of recycled items. The Group set an annual target to maintain the recycling rate of computer waste at 100% by 31 December 2026 to reduce the waste generated during operation.

13.1 Green Construction

China Aoyuan is concerned about the impact of construction development on the ecosystem. Environmental assessment, inspection and acceptance of the project to the surrounding environment are carried out before and after project development to analyse, predict and assess the impact of the project on the ecosystem and biodiversity. The Group also pays attention to the cultivation of plants and prevention of pests and diseases in the process of landscape implementation to ensure the variety of greenery and biodiversity.

The Group also strictly complies with relevant laws and regulations to promote green construction practices. The Group actively promotes new environmental technologies such as modular construction and aluminium film system to reduce construction waste, construction noise and on-site dust. In view of the waste pollution, light pollution, noise pollution and dust pollution caused by construction sites to the surrounding environment, the Group has taken a number of measures to reduce waste emissions and implement resource recycling with the goal of protecting the environment and lowering its environmental impact.

13.2 Green Building

China Aoyuan promotes green development and strictly adheres to the relevant laws and regulations. It actively integrates the concept of environmental protection into its development, and creates green buildings with high quality, low energy consumption and renewable resources for customers. China Aoyuan has implemented the construction concept of sponge city in a number of projects to collect rainwater and irrigation water for reuse, reducing water wastage and increasing the area of greenery in the projects for air purification, sound and noise absorption and temperature regulation. Meanwhile, the Group has also enhanced the use of lead-free taps, energy-saving lights and other eco-friendly materials in its projects to provide owners with a green and healthy living space.

Adhering to the Group's sustainable development concept of "shared responsibility for environmental protection", the Group carefully plans green belts around construction sites at all stages of design, construction and completion, and develops comprehensive policies and a series of measures to ensure effective preservation of ecological appearance and minimize the negative impact to the surrounding environment. In addition, for the light pollution, noise pollution and dust pollution that the property development business may cause to the surrounding environment, the Group takes different actions to control and minimize the impact on ecological environment during construction.

Light pollution management

- Limit the intensity and angle of illumination during night-time construction to avoid disturbing the community and affecting the livelihood of residents
- Use protective equipment such as shades to reduce the impact of glare

Noise pollution management

- Requires contractors to control construction noise by conducting regular noise assessments, using qualified silent construction machinery, measuring noise levels with noise detectors, installing noise barriers, silencers and enclosures to prevent noise from spreading to nearby residential areas, selecting appropriate time slots for major construction work, etc.
- Workers are strictly required to wear devices to protect their hearing

Dust pollution management

- Uses precast concrete components and finished mortar to reduce the amount of dust generated on the construction site and install extensive sprinklers on the construction sites and conduct periodical spraying to reduce dust in the air
- Various measures such as hardening of roads, covering of exposed soil and washing of vehicles before leaving the construction sites are adopted to prevent dust from polluting the nearby environment and community
- Sprinklers with automatic spray flushing system have been set up in side way of all main carriageways in the construction site to reduce road dust

13.3 Green Office

It develops internal management policies such as the "Office Environment Management Measures for China Aoyuan Tower"* (《中國奧園大廈辦公環境管理辦法》) and "Energy-Saving and Consumption-Reduction Management Manual for China Aoyuan Tower"* (《中國奧園大廈節能降耗管理手冊》) to carry out energy saving and consumption reduction work.

The Group actively promotes the efficient use of resources by its staff. The Group saves water and electricity and reduces energy consumption by posting water and electricity saving slogans, controlling the hours of electricity consumption in public areas, setting energy-saving temperatures for air-conditioning, turning off idle electrical equipment in a timely manner and using water-saving sensor taps. The Group promotes a paperless office, uses an electronic office system to replace paper records, conducts regular paper consumption statistics, monitors paper consumption, saves office consumables and reduces waste.

The Group also focuses on advocating water saving plans in office, which include the adoption of water-saving devices, such as sensor taps, reducing water pressure to the lowest practicable level and using dual flush toilets, etc to reduce unnecessary wastage. The Group also regularly checks office water consumption and inspects the plumbing tanks to ensure that there is no leakage. The Group also regularly advocates water conservation and promotes water-saving measures to staff through posters and e-mails to further enhance their awareness of environmental protection.

14 ENERGY USAGE AND EMISSIONS

The Group integrates environmental protection concepts into development policies and sustainable management objectives and strives to provide its customers with green buildings that are comfortable, low-energy consumption and make good use of renewable energy. The Group pays close attention to the consumption of resources in its daily production and operation activities to ensure that resources are well utilised. During the Year, the Group consumed 0.18 tonnes of packaging materials (2024: 0.43 tonnes), all of which were paper and paper-based materials.

14.1 Energy Efficiency

The Group has introduced low energy consumption construction technology to reduce water usage and the energy required in the lighting, air-conditioning and ventilation systems during the construction process. In addition, the Group actively adopts environmental construction designs and reduces the energy consumption in the routine operation of buildings from external wall design, glass window material, hot water system and other aspects. At the same time, the Group issued the Aoyuan Group Vehicle and Driver Management System* (《奧園集團車輛及駕駛員管理制度》) to improve the efficiency of vehicle use, and provide drivers with low-carbon driving training and other measures to reduce the consumption of energy by vehicles. The Group promotes and encourages the effective use of resources in various aspects to raise awareness on resource conservation and environmental protection.

The Group has formulated a corresponding reward and penalty system and set up an "Energy consumption management and monitoring team" to strengthen the supervision and management of energy saving and consumption reduction and arrange energy saving and consumption reduction inspections to enhance the Group's overall environmental performance.

* The English name is for identification only.

The Group's energy consumption data for the Year are detailed in the following table:

Energy consumption[1]	**2025**	2024
Total energy consumption[4] (MWh)	**26,061**	26,676
Direct energy[2]	**106**	152
Indirect energy[3]	**25,955**	26,524
Energy consumption intensity (MWh/per group company)	**2,004.69**	2,052.02

Notes:

1. The resource consumption data disclosed in this report includes only energy used directly by the Group in its Operating Business. Data on resources used by third parties such as outsourced contractors, tenants and customers of the Group are not included.

2. Direct energy consumption includes energy use from gasoline, with the energy conversion factors sourced from Appendix II: Reporting Guidance on Environmental Key Performance Indicators in the How to Prepare Environmental, Social and Governance Reports.

3. Indirect energy consumption includes energy consumption from purchased electricity. It is calculated based on the actual electricity consumption amount purchased by the Group.

4. The net decrease in energy consumption was mainly attributable to (i) some vehicles of the Group being sealed and thereby rendered unusable, and (ii) the Group's efforts to reduce administrative expenses following the merger of projects, which resulted in lower company vehicle usage.

14.2 Water Use Effectiveness

The Group has actively taken various measures with contractors to improve water efficiency, establishing water quota guidelines, recording water consumption at construction sites for regular review, and posting water-saving slogans within the sites to increase staff awareness. Contractors are also required to plan the water supply system at the construction site, and set up water recycling devices and surface water and rainwater collection systems. We collect reusable sewage and natural water which, after sedimentation and filtration, is used for washing machines, significantly increasing the reuse of water resources. During the Year, the Group has not encountered any difficulties in sourcing water.

The Group's water consumption data for the Year are detailed in the following table:

	2025	2024
Total water consumption[1,2,3] (m^3)	**304,192.00**	348,266.00
Intensity of water consumption (m^3/per group company)	**23,399.38**	26,789.69

Notes:

1. The resource consumption data disclosed in this report includes water used directly by the Group only in its Operating Business. Data on resources used by third parties such as outsourced contractors, tenants and customers of the Group are not included.

2. Total water consumption is based on actual water consumption.

3. The decrease in water consumption was mainly attributable to the reduction in water usage due to the decline in employee numbers during the reporting period.

* The English name is for identification only.

14.3 Climate Change Adaptation and Greenhouse Gas Emission Management

To attain the global goal of zero greenhouse gas emissions by 2050, the Group expects that climate change will have a certain impact on its daily operations and assets. Therefore, the Group is committed to reducing carbon emissions during the course of operation and reducing its carbon footprint in order to eliminate the impact of climate change and demonstrate its responsibility as a green enterprise.

In order to cope with the increasingly severe climate change and its risks, the Group formulated relevant climate solutions, requiring all future development projects to conduct local climate studies to ensure that resilience of the property is enhanced. The Group sets up an Extreme Weather Response Team to assess the climate risk of all its projects and identify the direct and indirect physical and transition risks arising from climate change, so as to take precautionary measures and provide emergency relief in the event of extreme weather in advance. The Group will continue to adopt green building practices and undergo application of green materials and technologies, enhance asset value and create new values and services for investors and the community.

The Group has incorporated climate-related risks into its enterprise risk management and reviews these climate-related risks in our risk register. We assess the physical and transitional risks associated with climate change within our assets, business operations and value chain. This analysis helps us understand potential climate risks and formulate long-term strategies to enhance our resilience and adaptability in the face of a changing climate. The following are the significant climate-related risks identified by the Group and the relevant countermeasures:

Physical Risks	Description	Response Strategy
Acute Physical Risk	Occurrence of extreme weather events, such as typhoons, rainstorm, floods, etc.	The Group provides employees with Extreme Weather Emergency Training to prepare for and respond to the impacts of typhoons in an effective and systematic manner, thereby minimizing disaster-related damages. Project general managers serve as commanders for typhoon contingency responses, overseeing the coordination of each contingency team. Their responsibilities include obtaining, disseminating, and monitoring real-time updates promptly to implement precautionary measures and mitigate potential damages.
Chronic Physical Risk	The increasing duration of extreme high-temperature weather poses heightened risks to employees' occupational health and safety.	We keep blood pressure monitors and contactless thermometers in the office at all times to ensure employees can monitor their physical conditions any time. First aid kits must be stored at designated locations, and adequate labor protection supplies should be prepared. Additionally, cold water and cooling items should be easily accessible. Work schedules should be organized in a rational manner to minimize the health impacts of high-temperature weather on employees.

Transition Risks	Description	Response Strategy
Policy and Legal Risk	The government tightened energy guidelines for buildings, enhanced emission report requirements and regulated high-pollution projects in the industry	Th e Group will continue to monitor the development and requirements of the government and the industry, so as to make timely adjustments to its strategies to ensure that the projects are in compliance with the latest legal requirements.
Market Risk	Shifting customer preferences, such as rising demand for green buildings	The Group implemented the construction of sponge cities in some projects, collecting rainwater and irrigation water for recycling to reduce water resource waste. It also increased the green area of the projects, achieving the effects of purifying the air, absorbing sound and reducing noise, and regulating the temperature. In addition, the Group actively adopted environmentally friendly architectural designs to reduce the energy consumption of buildings during their daily operation.
Technology Risk	Use of more renewable energy and environmentally friendly materials, growing trend of adopting energy-efficient and low-carbon technology	The Group introduced building technology with low energy consumption to reduce the energy required during the construction process. The Group required its suppliers to comply with the practices that encourage the use of environmentally friendly products and services. Internally, the Group also established effective monitoring methods to maintain a complete green supply chain.
Reputation Risk	With growing stakeholder awareness of climate change, expectations for enterprises to fulfill social responsibilities and provide transparent information have become increasingly stringent. Failure to meet these expectations may result in higher capital costs and a potential decline in the company's value.	The Group actively undertakes work to address climate change, strengthens communication with stakeholders, regularly discloses relevant information, and continuously improves the quality of information disclosure.

The Group's greenhouse gas emissions data for the year are set out in the following table:

Greenhouse Gases[1]	**2025**	2024
Total greenhouse gas emissions (tonnes of carbon dioxide equivalent)	**13,838.22**	14,448.79
Scope 1: Direct emissions[2] (tonnes of carbon dioxide equivalent)	**25.96**	37.95
Scope 2: Energy indirect emissions[3] (tonnes of carbon dioxide equivalent)	**13,771.87**	14,233.00
Scope 3: Other indirect emissions[4] (tonnes of carbon dioxide equivalent)	**40.39**	177.84
Greenhouse gas emission intensity (tonnes of carbon dioxide equivalent/per group company)	**1,064.48**	1,111.45

Notes:

1. The resource consumption data disclosed in this report only includes greenhouse gas emissions generated directly from the Group's Operating Business. Resource data used by the Group's third parties such as contractors, tenants and customers are not included. Greenhouse gas emissions include carbon dioxide, methane, and nitrous oxide, and are presented in tonnes of carbon dioxide equivalent.

2. Scope 1 covers emissions from mobile combustion sources. The calculation method and emission factors of fuel consumption by vehicle is based on Appendix II Reporting Guidance on Environmental KPIs* (《環境關鍵績效指標匯報指引》(「附錄二」))published by the Stock Exchange ("Appendix II").

3. Scope 2 indirect energy emissions include greenhouse gas emissions associated with purchased electricity. The emissions were computed in line with the methodology and factors in Appendix II. The emission factors for 2025 and 2024 were based on the Release of 2023 Electricity Carbon Dioxide Emission Factors* (《關於發佈2023年電力二氧化碳排放因子的公告》) and the Release of 2022 Electricity Carbon Dioxide Emission Factors* (《關於發佈2022年電力二氧化碳排放因子的公告》).

4. Scope 3 Other indirect emissions includes electricity usage on water treatment, methane generated from disposal of waste paper and greenhouse gas emissions generated from business trips. The emission factors used for water treatment are based on Appendix II, "Study on Energy Consumption of Urban Water Supply System in China"* (《中國城市供水系統能耗研究》) published by Tsinghua University, "Statistical analysis and quantitative identification of the law of energy consumption in urban sewage treatment plants in China"* (《我國城市污水處理廠能耗規律的統計分析與定量識別》) published by Tsinghua University and National Urban Water and Drainage Engineering Technology Research Centre. The calculation method and emission factors for methane emissions from disposal of waste paper are based on Appendix II. Emissions from business air travel are calculated based on the International Civil Aviation Organization (ICAO) Carbon Emissions Calculator. The reduction observed during the reporting period was principally due to a noticeable decline in the frequency of employee business trips in the current year.

* The English name is for identification only.

14.4 Wastewater Treatment

Although the Group does not generate a large volume of wastewater directly during the course of daily operation, we are also well aware of the negative impact of the wastewater on the environment. Therefore, we require contractors to adopt measures on wastewater treatment to ensure that the discharge of wastewater complies with the environmental protection requirements, and strictly prohibit the discharge of wastewater without treatment directly into the municipal drainage system. The measures undertaken include:

- installing wastewater treatment system, such as desilter, oil separator and septic-tank, and only purified wastewater could be discharged into drainage pipeline of designated municipal drainage system;

- regularly maintaining and cleaning up wastewater treatment facilities to ensure the normal and effective operation. A portion of the treated wastewater will be reused in the site to reduce water usage.

The Group will continue to monitor the performance of its construction site contractors in the treatment of wastewater, review and improve its policy on wastewater treatment from time to time, so as to ensure that the treatment process complies with national regulations, and strive to reduce the production and discharge of wastewater.

14.5 Waste Management

The waste directly generated by the Group mainly comes from office paper and domestic waste. The Group advocates reducing and recycling paper documents (including waste paper, posters, letters and envelopes) and encourages the use of environmentally friendly paper. Recycling bins are set up in offices to collect waste paper. Notices are posted at conspicuous locations next to the copiers/printers to remind staff to use double-sided photocopying or reusable paper for proper use of resources. The Group also conducts regular paper counts to monitor paper consumption and take appropriate improvement measures.

The Group actively promote paperless office and paperless concepts to employees. We encourage employees to store documents electronically, use e-mail as the main communication method and replace manual approval with electronic approval to replace paper-based office administration systems ("OA Systems") with electronic OA Systems.

The Group reminds staff to reduce the use of disposable and non-recyclable products (e.g. plastic cutlery) and set up waste separation and recycling facilities in the office to encourage employee to develop proactive recycling and environmental protection habit.

During the Reporting Period, the Group generated 1,000 kilograms of waste paper (2024: 748 kilograms), all of which is recycled. At the same time, the Group generated 600 tons (2024: 900 tons) of domestic waste in total, which had been sent to the government-regulated landfills for disposal.

In terms of hazardous waste, a total of 550 units of discarded electronic equipment were recycled during the Reporting Period (2024: 441 units). All electronic equipment waste was recycled by qualified recyclers.

The Group also strictly requires contractors to establish a comprehensive waste disposal mechanism to control and reduce the amount of waste by various means so as to eliminate its impact on the surrounding environment.

14.6 Air Pollutant Emission Management

The Group has taken multiple measures to effectively monitor the various emissions from contractors during the construction process in order to control the impact on the environment. During the project planning stage, the Group will set pollutant emission standards and limits with the contractor, and real-time environmental monitoring instruments are to be installed to continuously monitor the actual emissions at construction sites. The Group will collect the data regularly to compare with industry benchmarks to analyse and formulate plans for improvements. In case of excess emissions, contractors are required to report to the Group immediately and identify the source of the problem. In order to reduce the particulate matter ("PM2.5") generated during the construction process, we have installed the PM2.5 detectors in a number of projects to monitor dust emission levels, and reduce the particulate matter in the air by spraying water to improve air quality. The Group also requires contractors to use low-polluting fuels which meet emission standards as the main fuel for construction machinery and transport vehicles. Contractors should also install filtering and conversion equipment in the exhaust pipe to effectively reduce the emission of air pollutants. There was no reported case of investigation by the regulatory authorities as a result of excessive emission during the Reporting Period.

The Group's air pollutant data for the Year are set out in the following table:

Air pollutants[1]	**2025**	2024
Nitrogen oxides (kg)	**76.22**	5.18
Sulphur oxides (kg)	**0.16**	1.22
Particulate matter (kg)	**7.33**	1.62

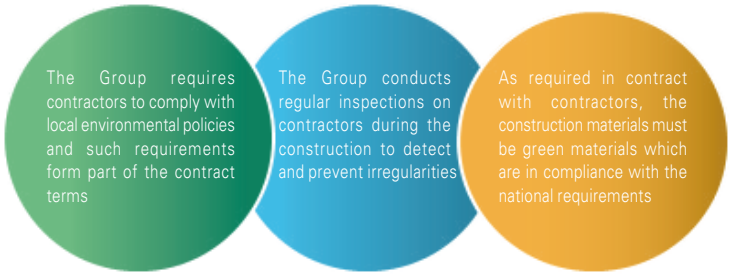
Note:

1. The Group's direct air pollutant emissions are mainly from emissions from motor vehicles. The calculation methodology and emission factors for vehicle exhaust emissions in 2025 were derived from Appendix II. The calculation method and emission factors of vehicle exhaust in 2024 are derived from the Technical Guide for Compiling Atmospheric Pollutant Emission Inventories of Road Motor Vehicles* (《道路機動車大氣污染物排放清單編製技術指南》) issued by the Ministry of Environmental Protection of China* (中國環境保護部) and the Greenhouse Gas Emission Accounting Method and Reporting Guidelines* (《溫室氣體排放核算方法與報告指南》) provided by the NDRC.

* The English name is for identification only.

14.7 Environmental Compliance Management

To ensure that the Group complies with environmental-related laws and regulations, the engineering department will check the relevant laws and regulations on a regular basis. If there are any updates on the relevant provisions, contractors will be notified in real time and required to comply with the relevant provisions, and will be informed, trained and monitored. The Group implements the following control measures for contractors:



The Group is committed to the concept of building healthy lives. The following low-carbon and green policies are implemented in an effort to reduce the negative impacts of the operating activities on the environment:

Compliance supervision

- Strictly comply with the relevant environmental and emission regulations and standards, and promptly address and report any exceedance or noncompliance

Business operation

- Identify sources of greenhouse gases, air emissions, effluents and waste and employ the best environmental practices to improve the emission performance
- Promote environmental awareness and advocate the Group's environmental philosophy and policies among staff to ensure their performance of duties in a manner consistent with the Group's environmental policy
- Aiming for sustainable development, take the environment into account in business decisions

Third parties

- Require contractors to use low-emission construction techniques and materials and continuously monitor the greenhouse gases, air emissions, effluents, waste, etc. generated by contractors in real estate projects
- Actively promote the performance of environmental obligations by business partners, suppliers and customers

To ensure to comply with environmental-related laws and regulations, the Group checks relevant laws and regulations on a regular basis. During the Reporting Period, the Group has not identified any material breaches of the laws and regulations related to environmental protection.

Report of the Directors

The Board herein presents their report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Company is investment holding. The activities of its principal subsidiaries are set out in note 48 to the consolidated financial statements.

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 and other comprehensive income on pages 100 to 101 of this annual report.

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

The dividend policy of the Group is set out on page 41 to this annual report.

BUSINESS REVIEW

A fair review of the Group's business during the year ended 31 December 2025, a discussion on the prospect of the Group's future business development, a description of the principal risks and uncertainties that the Group may be facing and an analysis of the Group's performance during the year ended 31 December 2025 using financial key perform indicators are provided in the Chairman's Statement on pages 7 to 8 and the Management Discussion and Analysis on pages 9 to 15 of this annual report.

The financial risk management objectives and policies of the Group are shown in note 39 to the consolidated financial statements.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As a socially responsible corporation, the Group has endeavoured to strictly comply with laws and regulations regarding environmental protection and the Group has adopted the ecotechnology to ensure project output meets the standards and ethics in respect of environmental protection.

The Company recognizes the importance of environmental protection. The Company is committed to providing an eco-friendly energy environment for our staff and has developed energy conservation and carbon reduction policy so as to minimize negative environmental impacts.

Details of the Group's environmental policies are contained in the section headed "Environmental, Social and Governance Report" on pages 42 to 83 of this annual report.

COMPLIANCE WITH LAWS AND REGULATIONS

During the financial year, as far as the Company is aware, there was no material breach of or non-compliance with applicable laws and regulations by the Group that has a significant impact on the business and operations of the Group.

RELATIONSHIP WITH STAKEHOLDERS

We fully understand that employees, customers and suppliers and others (together "stakeholders") are the key to our sustainable and stable development. We are committed to maintaining a good relationship with our stakeholders so as to ensure our continuing development.

The Group regarded our staff as the most valuable assets of the Company. The Group is providing a fair and harmonious workplace where individuals with diverse cultural backgrounds are treated equally. The Group offers a reasonable remuneration package and fair opportunities for career advancement based on employees' performance. The Group also provides our staff with different trainings, including on-the-job training and training courses provided by professional organisations in order to enhance staff development and career progression.

The Group believes that our vendors (including contractors) are equally important in building high-quality property projects. The Company proactively communicates with our vendors to ensure they are committed to delivering high-quality and sustainable output.

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and assets and liabilities of the Group for each of the last five financial years is set out in the Five Years Financial Summary on page 256 of this annual report. This summary does not form part of the audited consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 15 to the consolidated financial statements.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out below, no equity-linked agreements were entered into by the Group, or existed during the year ended 31 December 2025.

SHARE CAPITAL

Details of the movements in the Company's share capital during the year are set out in note 36 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Cayman Companies Act which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

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

During the year ended 31 December 2025, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

RESERVES

Details of movements in the reserves of the Company during the year ended 31 December 2025 are set out in note 51 to the consolidated financial statements of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2025, sales to the Group's five largest customers accounted for less than 30% of the total sales of the Group for the year. Purchases from the five largest suppliers accounted for less than 30% of the Group's total purchases for the year.

None of the Directors or any of their close associates or any Shareholders (which to the best knowledge of the Directors, own more than 5% of the number of the issued Shares) had any interest in the Group's five largest suppliers and customers.

BANK AND OTHER BORROWINGS

Details of the bank and other borrowings of the Group as at 31 December 2025 are set out in note 32 to the consolidated financial statements of this annual report.

SENIOR NOTES AND BONDS

Details of senior notes and corporate bonds of the Company are set out in note 34 to the consolidated financial statements.

ISSUANCE OF NEW SHARES ON CONVERSION OF CONVERTIBLE NOTES

On 20 March 2024, as part of the Restructuring, zero coupon mandatory convertible bonds with a nominal value of USD143 million (equivalent to approximately RMB1,015 million) due 30 September 2028 (the "MCBs") were issued by the Company pursuant to a trust deed entered into between the Company and Madison Pacific Trust Limited as Trustee. The MCBs were issued in the denomination of USD1,000 for each MCB. The MCBs are convertible into ordinary Shares from 20 March 2025 up to and including 10 business days prior to the maturity date or any redemption date. On maturity, any MCBs which remain outstanding will be mandatorily and automatically be converted into ordinary Shares at a conversion price of HK$0.66. The MCBs would be convertible into 1,691,449,122 ordinary Shares at the initial conversion price upon full conversion. Details of the issue of the MCBs, are set out in the Company's circular dated 15 December 2023.

During the year ended 31 December 2025, a total principal amount of US$62,072,725 of the MCBs has been converted into 731,498,748 ordinary Shares at the conversion price of HK$0.66 per ordinary share on exercise of the conversion rights pursuant to the conversion of the MCBs, details of which are as follow:

Month	Conversion Price	Number of Ordinary Shares Issued
March	HK$0.66	146,178,712
April	HK$0.66	194,232,876
May	HK$0.66	230,966,799
June	HK$0.66	63,607,361
July	HK$0.66	22,109,155
August	HK$0.66	35,885,489
September	HK$0.66	3,641,951
October	HK$0.66	11,312,242
November	HK$0.66	23,459,269
December	HK$0.66	104,894
Total		731,498,748

As at 31 December 2025, a total principal amount of US$80,927,275 of the MCBs was outstanding. The maximum number of ordinary shares issuable by the Company upon full conversion of the outstanding MCBs amounted to 959,950,374 ordinary Shares.

As at 31 December 2025, the Company had used all the net proceeds in repayment of debts, consistent with the use of proceeds disclosed in the announcement of the Company dated 15 December 2023.

CORPORATE GOVERNANCE

The Company is committed to maintaining a high standard of corporate governance practices.

Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 21 to 41 of this annual report.

ANNUAL GENERAL MEETING AND CLOSURE OF REGISTER OF MEMBERS

The 2026 AGM will be held on Friday, 26 June 2026. For the purpose of determining the qualification as shareholders of the Company to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Tuesday, 23 June 2026 to Friday, 26 June 2026, both days inclusive. In order to be eligible to attend and vote at the 2026 Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with Computershare Hong Kong Investor Services Limited, the Company's branch share registrar and transfer office in Hong Kong at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Monday, 22 June 2026, being the last share registration date. The record date for the purpose of determining the eligibility of the shareholders to attend the 2026 AGM is Friday, 26 June 2026.

DIRECTORS

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

Executive Directors

Mr. Cheng Siu Fai
Mr. Jiang Zhan Hong *(appointed on 31 July 2025)*
Ms. Shi Lili *(re-designated from non-executive Director to executive Director on 16 January 2026)*
Mr. Chen Zhi Bin *(resigned on 31 July 2025)*

Non-Executive Directors

Mr. Mohamed Obaid Ghulam Badakkan Alobeidli *(Chairman)*
Mr. Guo Zi Wen

Independent Non-Executive Directors

Mr. Cheung Kwok Keung
Mr. Lee Thomas Kang Bor
Mr. Wong Wai Keung Frederick

According to Article 83(3) of the Articles of Association, the Directors shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an addition to the existing Board from time to time or at any time. Any Director so appointed shall hold office only until the next following annual general meeting of the Company after his appointment and shall then be eligible for re-election.

According to Article 84 of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), 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.

In accordance with Article 84 of the Articles of Association, Mr. Guo Zi Wen, Mr. Cheung Kwok Keung and Mr. Lee Thomas Kang Bor shall retire at the 2026 AGM. In accordance with Article 83(3) of the Articles of Association, Mr. Jiang Zhan Hong (appointed on 31 July 2025) shall retire at the 2026 AGM. All of the above Directors, being eligible, will offer themselves for re-election at the 2026 AGM.

The Company has received annual confirmations of independence from all INEDs, and still considers them to be independent as at the date of this annual report.

BIOGRAPHICAL DETAILS OF DIRECTORS

Biographical details of the Directors are set out on pages 16 to 18 of this annual report.

DISCLOSURE OF INFORMATION OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVES OF THE COMPANY PURSUANT TO RULES 13.51(2) AND 13.51B(1) OF THE LISTING RULES

Save as disclosed in this report, there is no other change of information of Directors, Supervisors and chief executives of the Company during the Reporting Period which is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has been appointed for a term of three years subject to the provision of retirement and rotation of directors under the Articles of Association of the Company.

Each of the non-executive Directors and the independent non-executive Directors has been appointed for a term of one year at an annual remuneration set out in their appointment letters and other discretionary bonuses as may be determined by the Board according to the recommendation of the Remuneration Committee subject to the provision of retirement and rotation of Directors under the Articles of Association.

Save as disclosed above, no other Director have entered into service contract with the Company which are not determined by the Company within one year without payment of compensation, other than statutory compensation.

DIRECTORS' INTERESTS IN MATERIAL CONTRACTS

Save as disclosed in this annual report, no transactions, arrangements and contracts of significance, to which the Company, its subsidiaries or fellow subsidiaries, was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

There is no transactions, arrangements and contract of significance to the business of the Group between the Company, or any of its subsidiaries, or a controlling shareholder or any of its subsidiaries during the year. During the year, no transactions, arrangements and contract of significance for the provision of services to the Group by a controlling shareholder or any of its subsidiaries was made.

MANAGEMENT CONTRACT

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

REMUNERATION OF SENIOR MANAGEMENT

The remuneration paid/payable to the senior management of the Company (whose biographical details are disclosed in the section headed "Profile of Senior Management and Company Secretary" of this annual report) during the year was within the following bands:

	Number of senior management
RMB500,001 to RMB1,000,000	2
RMB1,000,001 to RMB1,500,000	1
RMB1,500,001 to RMB2,000,000	2

PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2025 and up to the date of this annual report, the Articles of Association provides that the Directors 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 they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty in their respective offices, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any Director.

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

As at 31 December 2025, the interests or short positions of the Directors of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were to be 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 they were taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which were required, pursuant to the Model Code were as follows:

Long position in Shares and/or underlying Shares under equity derivatives of the Company:

Name of Director	Personal interest	Corporate interest	Total	Percentage
Mr. Mohamed Obaid Ghulam Badakkan Alobeidli	–	621,728,877	621,728,877	13.56%
Mr. Guo Zi Wen	–	530,761,345(note)	530,761,345	11.58%
Mr. Cheng Siu Fai	100,000	–	100,000	0.002%

Note:

468,516,782 Shares are registered in the name of Ace Rise Profits Limited while 62,244,563 Shares are registered in the name of Joy Pacific Group Limited. Ace Rise Profits Limited is wholly-owned by Joy Pacific Group Limited (which in turn is wholly-owned by Sturgeon Limited). Sturgeon Limited is wholly-owned by Arowana Holdings Limited, as nominee for First Advisory Trust (Singapore) Limited as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.

Save as disclosed above, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations as recorded in the register which were required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the Share Option Scheme, none of the Directors or their spouses or children under the age of 18, had been granted any right to subscribe for the equity or debt securities of the Company or any of its associated corporations, or had exercised any such right for the year ended 31 December 2025.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

In order to eliminate competing business with the Group, on 20 September 2007, Mr. Guo Zi We and Ms. Jiang Miner, spouse of Mr. Guo Zi Wen, entered into a deed of non-competition with the Company.

In compliance with the deed of non-competition signed on 20 September 2007, each of Mr. Guo Zi Wen and Ms. Jiang Miner has made an annual declaration on his/her compliance with the non-competition undertaking.

Save as disclosed above, none of the Directors had an interest in any business which competes or may compete with the business in which the Group is engaged.

GROUP'S EMOLUMENT POLICY

The Company's policy on determining the emolument payable to Directors are based on the skill, knowledge, involvement in the Company's affairs and the performance of each Director, together with reference to the profitability of the Company, remuneration benchmarks in the industry, and prevailing market conditions. To enable the Remuneration Committee to give better advice on the Group's future remuneration policy and related strategies, the Remuneration Committee has been advised of the Group's existing remuneration policy and succession plan, such as guidelines on designing employees' remuneration packages and related market trends and information.

The details of the Directors' emoluments and senior management's remuneration for the year ended 31 December 2025 are set out in note 12 to the consolidated financial statements.

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

As at 31 December 2025, so far as is known to the Directors or chief executives of the Company, the following entities, not being a Director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long position in shares of the Company

Name of shareholder	Capacity	Number of shares	Approximate percentage of the issued share capital
Multi Gold Group Limited(Note 1)	Beneficial owner	621,728,877	13.56%
Magnuvest Investment(Note 1)	Interest of controlled corporation	621,728,877	13.56%
Mr. Mohamed Obaid Ghulam Badakkan Alobeidli(Note 1)	Interest of controlled corporation	621,728,877	13.56%
Ace Rise Profits Limited(Note 2)	Beneficial owner	468,516,782	10.22%
Joy Pacific Group Limited(Note 2)	Interest of controlled corporation/ Beneficial owner	530,761,345	11.58%
Sturgeon Limited(Note 2)	Interest of controlled corporation	530,761,345	11.58%
Arowana Holdings Ltd.(Note 2)	Interest of controlled corporation	530,761,345	11.58%
First Advisory Trust (Singapore) Limited(Note 2)	Trustee	530,761,345	11.58%
Ms. Jiang Miner(Note 2)	Settlor of The Golden Jade Trust	530,761,345	11.58%

Notes:

(1) The Shares were directly held by Multi Gold Group Limited, which is wholly-owned by Magnuvest Investment. Mr. Mohamed Obaid Ghulam Badakkan Alobeidli is the sole shareholder of Magnuvest Investment.

(2) The 468,516,782 Shares are registered in the name of Ace Rise Profits Limited, while 62,244,563 Shares are registered in the name of Joy Pacific Group Limited. Ace Rise Profits Limited is wholly-owned by Joy Pacific Group Limited (which in turn is wholly owned by Sturgeon Limited). Sturgeon Limited is wholly owned by Arowana Holdings Ltd., as nominee for First Advisory Trust (Singapore) Ltd. as the trustee holding such interests on trust for the beneficiaries of The Golden Jade Trust. The Golden Jade Trust is a discretionary family trust established under the laws and regulations of Singapore. The settlors of The Golden Jade Trust are Mr. Guo Zi Wen and Ms. Jiang Miner.

Save as disclosed above, as at 31 December 2025, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no person who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

SHARE OPTION SCHEME

The Share Option Scheme was approved and adopted by the Shareholders at the annual general meeting of the Company held on 29 May 2018, which shall be valid and effective for a period of 10 years from 29 May 2018. The purpose of the Share Option Scheme is to provide incentives or rewards to participants thereunder for their contribution to the Group and/or enable the Group to recruit and retain high-calibre employees and attract human resources that are valuable to the Group.

Eligible participants of the Share Option Scheme include mainly the Directors, employees, suppliers of goods or services, customers, shareholders, business partners and professional advisers of the Company.

The maximum number of Shares which may be issued upon exercise of all share options to be granted and granted under the Share Option Scheme is 268,157,135 shares of the Company, representing 10.00% of the total number of issued shares of the Company as at 29 May 2018 (being the date of the annual general meeting of the Company approving the Share Option Scheme).

The maximum number of Shares issuable under the 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 as at any time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. The exercise period of the share options granted is determinable by the Directors, save that the period commences on the date on which the offer is made and ends on a date which is not later than 10 years from the date of the offer of the share options subject to any provisions of the Share Option Scheme determining the rights of the grantees. The offer of a grant of share option may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK$1 in total by the grantee.

The exercise price of the 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 the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of a share of the Company.

There were no share option granted, exercised, expired, cancelled/lapsed and outstanding under the Share Option Scheme during the year ended 31 December 2025, therefore the weighted average closing price of the shares immediately before the dates on which the options were exercised or vested pursuant to Rule 17.07(1) (d) of the Listing Rules is not available.

Pursuant to Rule 17.07(2) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 1 January 2025 and 31 December 2025 were 243,157,135 and 243,157,135 respectively.

Pursuant to Rule 17.09(3) of the Listing Rules, the total number of share options available for grant under the Share Option Scheme as at 31 December 2025 was 243,157,135 shares, representing approximately 5.30% of the ordinary shares of the Company at issue as at the date of this annual report.

Pursuant to Rule 17.09(9) of the Listing Rules, as at 31 December, 2025, the remaining life of the Share Option Scheme is 2 years and 5 months.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, there is 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 annual report.

EVENTS AFTER THE REPORTING PERIOD

Subsequent to the reporting period, the Group had the following significant events:

Statement of Disciplinary Action issued by the Stock Exchange

On 13 January 2026, the Company received the statement of disciplinary action (the "Statement of Disciplinary Action") issued by the Stock Exchange in relation to the disciplinary action against, among others, three Directors and six former directors of the Company.

The Company confirmed that no former director(s) of the Company who is subject to the director unsuitability statement and/or the prejudice to investors' interests statement as referred to in the Statement of Disciplinary Action currently occupies any position as director or within senior management of the Company and its subsidiaries.

For details, please refer to the announcement of the Company dated on 13 January 2026.

Appointment of Receivers Over the Properties Held by a Subsidiary

On 23 January 2026, the Company received notices in respect of an appointment of joint and several receivers and managers in respect of the assets subject to security created under a mortgage dated 4 July 2018 in favour of Hang Sang Bank Limited ("Hang Sang Bank") in connection with the mortgage loans (the "Mortgage Loans") granted by Hang Seng Bank to an indirect wholly-owned subsidiary of the Company (the "Subsidiary"). The Mortgage Loans are guaranteed by the Company, with collateral on properties which are held by the Subsidiary. The outstanding principal and accrued interest of the Mortgage Loans as at 27 February 2026 were approximately HK$539 million and HK$121 million, respectively.

For details, please refer to the announcement of the Company dated 27 February 2026.

INDEPENDENT AUDITOR

The financial statements for the year ended 31 December 2025 have been audited by SHINEWING (HK) CPA Limited ("SHINEWING") who will retire and, being eligible, offer itself for re-appointment at the 2026 AGM. It is the auditor's responsibility to form an independent opinion, based on their audit, on those financial statements and to report their opinion solely to the Company and for no other purpose. They do not assume responsibility towards or accept liability to any other person for the contents of the independent auditor's report.

There was no change in the external auditor of the Company for the three years preceding the date of this annual report.

The statement of the independent auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 97 to 99 to this annual report.

On behalf of the Board
Cheng Siu Fai
Executive Director

Hong Kong, 20 March 2026

SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

To the shareholders of China Aoyuan Group Limited
(incorporated in the Cayman Islands with limited liability)

DISCLAIMER OF OPINION

We were engaged to audit the consolidated financial statements of China Aoyuan Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 100 to 255, 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 consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

We do not express an opinion on the consolidated financial statements of the Group for the year ended 31 December 2025. Because of the potential interaction of the multiple uncertainties relating to going concern and their possible cumulative effect on the consolidated financial statements as described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR DISCLAIMER OF OPINION

Multiple uncertainties related to going concern

We draw attention to note 2 to the consolidated financial statements prepared by the directors of the Company (the "Directors"), which states that for the year ended 31 December 2025, the Group recorded a net loss of approximately RMB19,090 million and a net operating cash outflow. As at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB40,014 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB71,527 million, out of which approximately RMB56,065 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has contracted but not provided for commitments for properties for sale and investment properties, including its share of commitments made jointly with other investors relating to its joint ventures in aggregate of approximately RMB14,044 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB1,594 million. In addition, as at 31 December 2025 and as of the date of approval of these consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of overdue liabilities, details of which are set out in note 50 to these consolidated financial statements. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Notwithstanding the abovementioned, these consolidated financial statements have been prepared by the Directors on a going concern basis, the validity of which depends upon the successful outcome of the Group's various plans and measures, as set out in note 2 to these consolidated financial statements, to mitigate its liquidity pressure and to improve its financial performance, which are subject to multiple uncertainties.

As a result of the multiple uncertainties, their potential interaction and the possible cumulative effect thereof, we are unable to form an opinion as to whether the going concern basis of preparation of these consolidated financial statements as adopted by the Directors is appropriate. Should the Group fail to achieve the intended effects resulting from the various plans and measures as mentioned in note 2 to these consolidated financial statements, it might not be able to operate as a going concern, and adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of all these potential adjustments have not been reflected in these consolidated financial statements of the Group for the year ended 31 December 2025.

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

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") 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 are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and to issue an auditor's report, solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the "Basis for Disclaimer of Opinion" section of our report, it is not possible for us to form an opinion on these consolidated financial statements.

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

The engagement partner on the audit resulting in the independent auditor's report is Lau Kai Wong.

SHINEWING (HK) CPA Limited
Certified Public Accountants
Lau Kai Wong
Practising Certificate Number: P06623

Hong Kong
20 March 2026

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	**2025 RMB'000**	2024 RMB'000
Revenue	(6)		
Contracts with customers		**9,142,189**	9,491,763
Leases		**113,456**	183,098
Total revenue		**9,255,645**	9,674,861
Cost of sales		**(16,420,272)**	(25,863,564)
Gross loss		**(7,164,627)**	(16,188,703)
Other income, gains and losses, net	(8)	**(1,919,881)**	23,453,112
Change in fair value of investment properties		**(439,158)**	(511,464)
Selling and distribution expenses		**(330,435)**	(538,817)
Administrative expenses		**(622,576)**	(953,941)
Loss on disposal of subsidiaries	(40)	**(962,130)**	(769,399)
Share of results of joint ventures		**(345,879)**	175,939
Share of results of associates		**(159,871)**	(82,783)
Finance costs	(9)	**(5,557,261)**	(4,065,325)
(Loss)/profit before tax	(10)	**(17,501,818)**	518,619
Income tax expenses	(11)	**(1,587,800)**	(2,615,256)
LOSS FOR THE YEAR		**(19,089,618)**	(2,096,637)
Attributable to:			
Owners of the Company		**(17,763,939)**	35,033
Non-controlling interests		**(1,325,679)**	(2,131,670)
		(19,089,618)	(2,096,637)

	NOTES	2025 RMB'000	2024 RMB'000
OTHER COMPREHENSIVE (EXPENSE)/INCOME			
Item that will not be reclassified to profit or loss in subsequent periods:			
Fair value gain on equity instruments designated at fair value through other comprehensive income ("FVTOCI")		**4,962**	14,520
Item that may be reclassified to profit or loss in subsequent periods:			
Exchange differences arising on translation of foreign operations		**(20,003)**	79,960
OTHER COMPREHENSIVE (EXPENSE)/INCOME FOR THE YEAR		**(15,041)**	94,480
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(19,104,659)**	(2,002,157)
Attributable to:			
– Owners of the Company		**(17,778,980)**	129,513
– Non-controlling interests		**(1,325,679)**	(2,131,670)
		(19,104,659)	(2,002,157)
(Loss)/earnings per share (RMB cents)	(14)		
Basic		**(320.38)**	0.71
Diluted		**(320.38)**	0.71

Consolidated Statement of Financial Position

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	(15)	**1,479,328**	2,815,515
Right-of-use assets	(16)	**357,790**	662,706
Investment properties	(17)	**7,090,224**	9,014,568
Goodwill	(18)	**–**	509,978
Interests in joint ventures	(19)	**1,999,736**	2,406,440
Interests in associates	(20)	**695,624**	863,229
Financial assets at fair value through profit or loss ("FVTPL")	(28)	**155,465**	266,999
Equity instruments designated at FVTOCI	(21)	**151,886**	367,868
Deferred tax assets	(22)	**36,037**	136,683
Total non-current assets		**11,966,090**	17,043,986
CURRENT ASSETS			
Properties for sale	(25)	**75,232,908**	95,692,723
Inventories		**7,606**	164,174
Trade and other receivables	(26)	**22,317,955**	25,745,348
Amounts due from non-controlling shareholders of subsidiaries	(23)	**841,808**	1,024,474
Amounts due from joint ventures	(24)	**11,070,380**	11,339,942
Amounts due from associates	(27)	**539,690**	599,657
Financial assets at FVTPL	(28)	**600,275**	30,611
Tax recoverable		**4,052,592**	4,723,497
Restricted bank deposits	(29)	**1,409,804**	2,254,277
Bank balances and cash	(29)	**184,018**	886,427
Total current assets		**116,257,036**	142,461,130

	NOTES	2025 RMB'000	2024 RMB'000
CURRENT LIABILITIES			
Trade and other payables	(30)	**58,778,831**	58,659,823
Contract liabilities	(31)	**18,371,715**	27,759,433
Amounts due to non-controlling shareholders of subsidiaries	(23)	**1,852,676**	1,848,801
Amounts due to joint ventures	(24)	**7,462,549**	7,393,811
Amounts due to associates	(27)	**1,158,215**	1,168,730
Tax liabilities		**11,581,219**	10,832,468
Bank and other borrowings	(32)	**46,419,948**	48,932,257
Lease liabilities	(33)	**598,633**	427,331
Senior notes and bonds	(34)	**9,645,304**	4,729,437
Convertible bonds	(35)	**401,664**	710,685
Total current liabilities		**156,270,754**	162,462,776
Net current liabilities		**(40,013,718)**	(20,001,646)
Total assets less current liabilities		**(28,047,628)**	(2,957,660)
Non-current liabilities			
Bank and other borrowings	(32)	**932,916**	2,247,965
Deferred tax liabilities	(22)	**671,610**	1,051,472
Lease liabilities	(33)	**976,864**	1,144,338
Senior notes and bonds	(34)	**14,529,300**	17,895,155
Deferred income		**486,750**	571,047
Total non-current liabilities		**17,597,440**	22,909,977
Net liabilities		**(45,645,068)**	(25,867,637)

	NOTE	2025 RMB'000	2024 RMB'000
EQUITY			
Capital and reserves			
Share capital	(36)	**42,529**	35,777
Reserves		**(45,326,516)**	(27,847,615)
Equity attributable to owners of the Company		**(45,283,987)**	(27,811,838)
Non-controlling interests		**(361,081)**	1,944,201
TOTAL EQUITY		**(45,645,068)**	(25,867,637)

The consolidated financial statements on pages 100 to 255 were approved and authorised for issue by the Board of Directors on 20 March 2026 and are signed on its behalf by:

Cheng Siu Fai
Director

Shi Lili
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000 (Note a)	Special reserve RMB'000 (Note b)	Translation reserve RMB'000	Revaluation reserve RMB'000 (Note c)	Other reserve RMB'000 (Note e)	Accumulated losses RMB'000	Perpetual capital securities RMB'000 (Note d)	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2024	27,726	5,103,113	1,151	623,718	349,195	4,906	(33,106)	–	(38,258,182)	–	(32,181,479)	4,097,626	(28,083,853)
Profit/(loss) for the year	–	–	–	–	–	–	–	–	35,033	–	35,033	(2,131,670)	(2,096,637)
Exchange differences arising on translation of foreign operations	–	–	–	–	–	79,960	–	–	–	–	79,960	–	79,960
Fair value gain on equity instruments at FVTOCI	–	–	–	–	–	–	14,520	–	–	–	14,520	–	14,520
Other comprehensive expenses for the year	–	–	–	–	–	79,960	14,520	–	–	–	94,480	–	94,480
Total comprehensive (expenses)/income for the year	–	–	–	–	–	79,960	14,520	–	35,033	–	129,513	(2,131,670)	(2,002,157)
Issue of new shares (note 36)	8,051	120,764	–	–	–	–	–	–	–	–	128,815	–	128,815
Disposal of subsidiaries (note 40)	–	–	–	–	–	–	–	–	–	–	–	(49,341)	(49,341)
Acquisitions of additional interests from non-controlling shareholders of subsidiaries	–	–	–	–	(33,226)	–	–	–	–	–	(33,226)	33,226	–
Issuance of perpetual capital securities (note 37)	–	–	–	–	–	–	–	–	–	4,086,485	4,086,485	–	4,086,485
Contribution from a controlling shareholder	–	–	–	–	–	–	–	58,054	–	–	58,054	–	58,054
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	4,900	4,900
Dividends paid to non-controlling shareholders of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(10,540)	(10,540)
At 31 December 2024	35,777	5,223,877	1,151	623,718	315,969	84,866	(18,586)	58,054	(38,223,149)	4,086,485	(27,811,838)	1,944,201	(25,867,637)

Consolidated Statement of Changes in Equity (continued)

For the year ended 31 December 2025

	Attributable to owners of the Company												
	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Statutory reserve RMB'000 (Note a)	Special reserve RMB'000 (Note b)	Translation reserve RMB'000	Revaluation reserve RMB'000 (Note c)	Other reserve RMB'000 (Note e)	Accumulated losses RMB'000	Perpetual capital securities RMB'000 (Note d)	Sub-total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2025	35,777	5,223,877	1,151	623,718	315,969	84,866	(18,586)	58,054	(38,223,149)	4,086,485	(27,811,838)	1,944,201	(25,867,637)
Loss for the year	-	-	-	-	-	-	-	-	(17,763,939)	-	(17,763,939)	(1,325,679)	(19,089,618)
Exchange differences arising on translation of foreign operations	-	-	-	-	-	(20,003)	-	-	-	-	(20,003)	-	(20,003)
Fair value gain on equity instruments at FVTOCI	-	-	-	-	-	-	4,962	-	-	-	4,962	-	4,962
Other comprehensive expenses for the year	-	-	-	-	-	(20,003)	4,962	-	-	-	(15,041)	-	(15,041)
Total comprehensive (expenses)/income for the year	-	-	-	-	-	(20,003)	4,962	-	(17,763,939)	-	(17,778,980)	(1,325,679)	(19,104,659)
Transfer of fair value reserve upon the disposal of equity investments	-	-	-	-	-	-	(5,304)	-	5,304	-	-	-	-
Conversion of convertible bonds (note 36)	6,752	300,079	-	-	-	-	-	-	-	-	306,831	-	306,831
Disposal of subsidiaries (note 40)	-	-	-	-	-	-	-	-	-	-	-	(971,078)	(971,078)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(8,525)	(8,525)
At 31 December 2025	42,529	5,523,956	1,151	623,718	315,969	64,863	(18,928)	58,054	(55,981,784)	4,086,485	(45,283,987)	(361,081)	(45,645,068)

Notes:

(a) The statutory reserve represents the amount transferred from net profit for the year of the subsidiaries established in the People's Republic of China (the "PRC") based on the subsidiaries' PRC statutory financial statements in accordance with the relevant PRC laws until the statutory reserve reaches 50% of the registered capital of the subsidiaries. The statutory reserve cannot be reduced except either in setting off the accumulated losses or increasing capital.

(b) Special reserve represents amounts arising from the acquisitions of additional equity interests in subsidiaries from non-controlling shareholders of subsidiaries or disposal/deemed disposal of equity interests in subsidiaries without losing control. It represents the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.

(c) Revaluation reserve represents (i) revaluation surplus arising from transfer of owner-occupied properties to investment properties at the date of change in use amounted to RMB45,205,000 net of related deferred tax during the year ended 31 December 2007; and (ii) cumulative revaluation deficit of RMB64,133,000 (2024: RMB63,791,000) arising from fair value changes on equity instruments designated at FVTOCI.

(d) The perpetual capital securities were issued by the Company. Detailed information of the perpetual capital securities is disclosed in note 37.

(e) Other reserve represents the contribution to the Group made by the controlling shareholder of the Company, Mr. Guo Zi Wen, by transferring certain of his shares of the Company to settle the Group's offshore debts as part of the debt restructuring.

Consolidated Statement of Cash Flows

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
OPERATING ACTIVITIES		
(Loss)/profit before tax	**(17,501,818)**	518,619
Adjustments for:		
Change in fair value of investment properties	**439,158**	511,464
Loss/(gain) on change in fair value of financial assets at FVTPL	**1,233**	(7,796)
Investment return from financial assets at FVTPL	**–**	(6,433)
Finance costs	**5,557,261**	4,065,325
Share of results of joint ventures	**345,879**	(175,939)
Share of results of associates	**159,871**	82,783
Loss on disposal of subsidiaries	**962,130**	769,399
Loss on disposal of joint ventures and associates	**60,825**	162,113
Loss on disposal of assets	**–**	85,448
Bank interest income	**(5,741)**	(14,065)
Other interest income	**–**	(36,906)
Depreciation of property, plant and equipment	**245,293**	305,409
Depreciation of right-of-use assets	**60,860**	90,230
Gain on disposal of property, plant and equipment	**(12,280)**	(2,596)
Loss on disposal of investment properties	**225,137**	176,938
Fair value change of convertible bonds	**–**	41,279
Exchange (gain)/losses, net	**(240,423)**	54,682
Impairment losses on and write-off of properties for sale	**7,814,771**	16,818,773
Impairment losses on trade and other receivables	**1,362,046**	1,675,308
Impairment losses on amounts due from joint ventures	**208,888**	–
Impairment loss/(reversal of impairment loss) on amounts due from NCI	**129,267**	(10,506)
Impairment losses on interests in associates	**–**	101,371
Impairment losses on property, plant and equipment	**111,941**	85,045
Impairment losses on goodwill	**–**	113,701
Gain on restructuring of the offshore indebtedness	**–**	(26,154,924)
Loss on debt settlement in specie	**134,664**	476,979
Amortisation of deferred income	**(49)**	(73)
Operating cash flows before movements in working capital	**58,913**	(274,372)
Changes in restricted cash	**407,286**	846,719
Decrease in inventories	**24,427**	16,688
Decrease in properties for sale	**7,784,237**	3,898,871
Decrease in trade and other receivables	**569,902**	90,761
(Decrease)/increase in trade and other payables	**(1,430,350)**	1,217,009
Decrease in contract liabilities	**(6,966,171)**	(5,475,671)
Decrease in deferred income	**(5,532)**	(3,058)
Cash from operations	**442,712**	316,947
Income tax paid	**(537,284)**	(260,282)
Interest paid	**(79,336)**	(194,780)
NET CASH USED IN OPERATING ACTIVITIES	**(173,908)**	(138,115)

Consolidated Statement of Cash Flows (continued)

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES		
Net cash inflow from acquisitions of subsidiaries	**–**	27,148
Purchases of property, plant and equipment	**(1,012)**	(7,667)
Advances to NCI	**(37,607)**	(22,882)
Repayments from NCI	**1,820**	67,676
Advances to joint ventures	**(51,091)**	(389,845)
Repayments from joint ventures	**1,092**	265,787
Advances to associates	**(1,422)**	(35,305)
Repayments from associates	**–**	5,953
Net cash outflow from disposals of subsidiaries	**(58,184)**	(46,350)
Interest received	**5,741**	14,065
Proceeds on disposal of property, plant and equipment	**30,900**	44,362
Proceeds from disposals of joint ventures	**–**	41,295
Proceeds from disposals of associates	**–**	82,948
Proceeds from disposal of assets	**–**	294,359
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	**(109,763)**	341,544

	2025 RMB'000	2024 RMB'000
FINANCING ACTIVITIES		
New bank and other borrowings raised	**25,440**	15,000
Repayment of bank and other borrowings	**(70,923)**	(1,040,891)
Settlement of senior notes and bonds	**(245,934)**	(40,350)
Repayment of lease liabilities	**(59,878)**	(51,614)
Interest paid on lease liabilities	**(10,934)**	(12,118)
Advances from NCI	**14,008**	116,647
Repayments to NCI	**(10,133)**	(37,321)
Advances from joint ventures	**7,892**	148,973
Repayments to joint ventures	**(49,613)**	(254,640)
Advances from associates	**–**	44,437
Repayments to associates	**(10,425)**	(58,016)
Dividends paid to NCI of the Company	**(8,525)**	(10,540)
Contribution from NCI	**–**	4,900
NET CASH USED IN FINANCING ACTIVITIES	**(419,025)**	(1,175,533)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(702,696)**	(972,104)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	**886,427**	1,858,831
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	**287**	(300)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, REPRESENTED BY BANK BALANCES AND CASH	**184,018**	886,427

1. GENERAL INFORMATION

China Aoyuan Group Limited (the "Company") is a limited company incorporated in the Cayman Islands ("Cayman") and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information section to the annual report.

In the opinion of the directors, at the end of the reporting period and up to the date of approval of these consolidated financial statement, the Company does not have any holding company. Details of the principal activities of its subsidiaries are set out in note 48.

The consolidated financial statements are presented in Renminbi ("RMB"), which is the same as the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company (the "Directors") have, at the time of approving the consolidated financial statements, a reasonable expectation that the Company and its subsidiaries (collectively referred to as the "Group") has adequate resources to continue in operational existence for the foreseeable future. Thus, the Directors continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

Going concern basis

For the year ended 31 December 2025, the Group recorded a net loss of approximately RMB19,090 million and a net operating cash outflow. As at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB40,014 million. At the same date, the Group's total bank and other borrowings and senior notes and bonds amounted to approximately RMB71,527 million, out of which approximately RMB56,065 million will be due for repayment within the next twelve months from the end of the reporting period. Further, the Group has contracted but not provided for commitments for properties for sale and investment properties, including its share of commitments made jointly with other investors relating to its joint ventures, in aggregate of approximately RMB14,044 million, while the Group has only total bank balances and cash (including restricted bank deposits) of approximately RMB1,594 million.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going concern basis (Continued)

The real estate sector in the PRC continues to face persistent challenges and ongoing volatility. The Group experienced a significant decline of its contracted sales of property in 2025, which adversely impacted the Group's cash receipts from sales and pre-sales of properties.

In order to improve the Group's liquidity and cash flows to sustain the Group as a going concern, the Directors had implemented or are in the process of implementing the following measures:

(a) The Group has been actively promoting a comprehensive restructuring of onshore debts of the Group to establish a long-term mechanism to alleviate debt pressure and strengthen the full-cycle cash flow risk control system to ensure operational stability of the Group. The Group is close to the finalisation of the onshore debts restructuring proposal and is in the process of soliciting opinions from all parties (including onshore creditors).

(b) The Group has been actively negotiating with various onshore lenders on the renewal and extension of borrowings. In 2025, the Group has entered into contractual arrangements with certain onshore financial institutions to extend the maturity of existing onshore financing arrangements, involving onshore borrowings of approximately RMB1,210 million in principal amount. The Directors consider that the Group will be able to extend the repayment period for its other onshore financing arrangements.

(c) The Group has been actively exploring potential asset disposal opportunities to create liquidity.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Continued)

Going concern basis (Continued)

(d) To ensure the stability and sustainable operation of the Group's business, the Group has consolidated and optimised resources to revitalise the construction and sales of its properties, reducing its operating expenses and improving the Group's liquidity position, including the following measures:

(i) 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.

(ii) The Group has prioritised delivery of property development projects. As at the date of approval of these consolidated financial statements, majority of the Group's property development projects are progressing according to schedule, and the Group continues to ensure the completion and delivery of its property development projects.

(iii) The Group will continue to adopt stringent cost control and to actively implement additional measures to further reduce discretionary spending.

(iv) The Group will continue to obtain support from its contractors and suppliers in completing its property development projects.

(e) The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Directors believed that the Group will reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

After taken into account of the above plans and measures and the Group's cash flow projections prepared by the management and reviewed by the Directors covering a period of not less than twelve months from the date of these consolidated financial statements, the Directors are of the opinion that the Group will have sufficient working capital for its operations and can meet its financial obligations as and when they fall due. Accordingly, the Directors considered that it is appropriate to prepare the consolidated financial statements of the Group for the year ended 31 December 2025 on a going concern basis.

Should the Group fail to achieve the intended effects resulting from the plans and measures as mentioned above, adjustments would have to be made to reduce the carrying amounts of the Group's assets to their realisable amounts, to provide for any further liabilities that may arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of all these potential adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2025.

3. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Application of amendments to IFRS Accounting Standards

In current year, the Group has applied, for the first time, the following amendments to IFRS Accounting Standards issued by the IASB which are effective for the Group's financial year beginning on 1 January 2025:

Amendments to IAS 21	*Lack of Exchangeability*

The application of the amendments to IAS 21 in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards issued but not yet effective

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS Accounting Standards	*Annual Improvements to IFRS Accounting Standards – Volume 11*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual periods beginning on or after 1 January 2027
3 Effective for annual periods beginning on or after a date to be determined

The Directors anticipate that the application of the new and amendments to IFRS Accounting Standards will have no material impact on the results and the financial position of the Group.

3. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS (Continued)

New and amendments to IFRS Accounting Standards issued but not yet effective (Continued)

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the IFRS 18 is not expected to have material impact on the financial position of the Group. The Directors are in the process of making an assessment of the impact of IFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The consolidated financial statements have been prepared in accordance with IFRSs. For the purpose of preparation of the consolidated financial statements, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the SEHK and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are accounted for in accordance with IFRS 16 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

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.

For financial instruments and investment properties which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial recognition the results of the valuation technique equals the transaction price.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved where the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date of the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is 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.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Basis of consolidation (Continued)

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity including reserves and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specific/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments ("IFRS 9") or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in an annual period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units). Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in associates and joint ventures

An associate is an entity over which the Group 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 joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, investments in associates and joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the profit or loss and changes in the other comprehensive income of the associates and joint ventures are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

If an associate or a joint venture uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's or joint venture's accounting policies conform to those of the Group when the associate's or joint venture's financial statements are used by the Group in applying the equity method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Investments in associates and joint ventures (Continued)

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When there is any objective evidence that interests in associate or joint venture may be impaired, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal or partial disposal of the relevant associate or joint venture.

When a group entity transacts with an associate or a joint venture, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- 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 customer obtains control of the distinct good or service.

Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer, excludes amounts collected on behalf of third parties, discounts and sales related taxes.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Contract assets and contract liabilities

A contract asset represents the Group's right to consideration in exchange for goods or service that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with IFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration from the customer. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Revenue from contracts with customers (Continued)

Contract costs

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

The Group recognises such costs (agency commissions) as an asset if it expects to recover these costs. The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate.

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognised an asset for these costs only if they meet all of the following criteria:

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

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases

Definition of 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.

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of buildings and transportation vehicles that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Except for those that are classified as investment properties and measured under fair value model, right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

When the Group obtains ownership of the underlying leased assets at the end of the lease term, upon exercising purchase options, the cost of the relevant right-of-use assets and the related accumulated depreciation and impairment loss are transferred to property, plant and equipment.

The Group presents right-of-use assets that do not meet the definition of investment property or inventory as a separate line item on the consolidated statement of financial position. Right-of-use assets that meet the definition of investment property and inventory are presented within "investment properties" and "properties for sale", respectively.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. 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.

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, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessee (Continued)

Lease liabilities (Continued)

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

- a lease contract is modified and the modification is not accounted for a separate lease.

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Leases (Continued)

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

Rental income which are derived from the Group's ordinary course of business are presented as revenue

Refundable rental deposits

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests in the foreign operation.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Foreign currencies (Continued)

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into presentation currency (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate or joint arrangement that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associate or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowing pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income, gains and losses, net".

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans and stated-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standard requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation

Income tax expense represents the sum of current and deferred income tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit/(loss) before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Taxation (Continued)

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale, except for freehold land, which is always presumed to be recovered entirely through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in IAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to right-of-use assets and lease liabilities separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment

Property, plant and equipment including buildings that are held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction/construction in progress as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position except for those that are classified and accounted for as investment properties under the fair value model. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment, except for building under development/construction in progress, less their residual values over their estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The estimated useful lives or the principal annual rates of items of property, plant and equipment are as follows:

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Property, plant and equipment (Continued)

	Useful lives
Buildings	Over the shorter of the relevant lease term or 3% – 5% per annum
Office equipment	3 to 5 years
Transportation vehicles	3 to 15 years
Leasehold improvements	Over the shorter of relevant lease term or 3 to 10 years
Plant and machinery	5 to 15 years

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss rising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties and/or land held to earn rentals and/or for capital appreciation (including investment properties under construction for such purpose).

Investment properties are initially measured at cost, including directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values, adjusted to exclude any prepaid or accrued operating lease income.

Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment on property, plant and equipment, right-of-use assets and contract costs

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the CGU to which they belong for the purpose of evaluating impairment of that CGU.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Impairment on property, plant and equipment, right-of-use assets and contract costs (Continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or the group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Properties for sale

Properties for/under development which are intended to be sold upon completion of development and properties for sale are classified as current assets. Except for the leasehold land element which is measured at cost model in accordance with the accounting policies of right-of-use assets, properties for/under development/properties for sale are carried at the lower of cost and net realisable value. Cost is determined on a specific identification basis including allocation of the related development expenditure incurred and where appropriate, borrowing costs capitalised. Net realisable value represents the estimated selling price for the properties less estimated cost to completion and costs necessary to make the sales. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Properties under development for sale are transferred to properties for sale upon completion.

Inventories

Inventories represent trading merchandises are stated at the lower of cost and net realisable value. Costs of inventories are determined on a first-in-first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payment (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 Business Combinations ("IFRS 3") applies.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

In addition, the Group may irrevocably designate a financial asset that is required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Classification and subsequent measurement of financial assets (Continued)

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in revaluation reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income, gains and losses, net" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the "other income, gains and losses, net" line item.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, amounts due from NCI, joint ventures and associates, restricted bank deposits and bank balances and cash) and other items which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) the debt instrument has a low risk of default, ii) the debtor has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(i) Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitments is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when the instrument is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(iii) Credit-impaired financial assets (Continued)

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for forward looking information that is available without undue cost or effort.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder of a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets and other items subject to impairment assessment under IFRS 9 (Continued)

(v) Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by the management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the revaluation reserve is not reclassified to profit or loss, but is transferred to retained profits/ accumulated losses.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Perpetual capital securities issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset or the Group has the sole discretion to defer the payment of distribution and redemption of principle amount indefinitely, are classified as equity instruments and are initially recorded at the proceeds received.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities is classified as at FVPTL when the financial liability is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which IFRS 3 applies; (ii) held for trading or (iii) it is designated at FVTPL.

Financial liabilities at amortised cost

Financial liabilities (including trade and other payables, amounts due to NCI, joint ventures and associates, bank and other borrowings and senior notes and bonds) are subsequently measured at amortised cost using the effective interest method.

4. MATERIAL ACCOUNTING POLICY INFORMATION (Continued)

Financial instruments (Continued)

Financial liabilities and equity (Continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair value. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, when appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Convertible Bonds

Convertible loan notes issued by the Group that contain both liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that will be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is a conversion option derivative. At the date of issue, both the liability and conversion option components are recognised at fair value.

In subsequent periods, the liability component of the convertible loan notes is carried at amortised cost using the effective interest method. The derivative component is measured at fair value with changes in fair value recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 4, the management of the Group are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment, apart from those involving estimations (see below), that the management of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Going concern basis

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 to the consolidated financial statements.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgment in applying accounting policies (Continued)

Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the management of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred taxation on investment properties, the management of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both EIT and LAT on changes in fair value of all investment properties.

Key sources of estimation uncertainty

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

Fair value measurements of investment properties

The investment properties of the Group are measured at fair value for financial reporting purposes. The management of the Company have set up a property valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages qualified external valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of investment properties. Note 17 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties. Changes to these assumptions, would result in changes in the fair values of the Group's investment properties and the corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

As at 31 December 2025, the carrying amount of the Group's investment properties is approximately RMB7,090,224,000 (2024: RMB9,014,568,000).

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Determination of net realisable value of properties for sale

Properties for sale are stated at the lower of the cost and net realisable value. The net realisable value is the estimated selling price (which has taken into account a number of factors including recent prices achieved for similar property types in the same project or by similar properties, and the prevailing and forecasted real estate market conditions in the PRC and Hong Kong) less estimated costs to completion (if any), estimated selling expenses and estimated other taxes, which are determined based on best available information. Where there is any decrease in the estimated selling price arising or increase in costs arising from any changes to the property market conditions, there may be written down on the properties under development for sale and completed properties for sale.

As at 31 December 2025, the aggregate carrying amount of properties for sale amounted to approximately RMB75,232,908,000 (2024: RMB95,692,723,000), net of impairment loss on properties for sale approximately RMB16,328,344,000 (2024: RMB10,089,067,000), which are located in the PRC and Hong Kong.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets including the property, plant and equipment and right-of-use assets) at the end of each 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 ("CGU") 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 estimates the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; and (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal and value in use. If there is a significant adverse change in recoverable amount, further impairment loss may be necessary to recognise in the consolidated statement of profit or loss and other comprehensive income.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

LAT

The Group is subject to LAT in the PRC. LAT is prepaid when properties are pre-sold to the buyers and is provided when properties are delivered to the buyers and revenue is recognised. The appropriateness of the rates used are determined by the appreciation of land value. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The amount of the land appreciation is determined with reference to proceeds of the sales of properties less the estimated deductible expenditures, including the cost of land use rights and relevant property development expenditures. The Group recognised the LAT based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Deferred tax assets

As at 31 December 2025, a deferred tax asset of RMB287,356,000 (2024: RMB315,700,000) in relation to unused tax losses for certain subsidiaries has been recognised in the Group's consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of approximately RMB48,462,445,000 (2024: RMB50,287,054,000) due to the unpredictability of future profit streams. The realisability of the deferred tax asset mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Provision of ECL for amounts due from NCI, joint ventures and associates and trade and other receivables

Trade receivables with significant balances are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

At the end of the reporting period, the Directors have assessed the past due status of the amounts due from NCI, joint ventures and associates, the financial position of those debtors as well as the economic outlook of the industries in which those debtors operate.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's amounts due from NCI, joint ventures, associates and trade and other receivables are disclosed in note 39.

Impairment of investment in associates and joint ventures

As at 31 December 2025, considering the existence of the of impairment indicators, the Group performed impairment assessment on certain associates and joint ventures. Determining whether impairments loss should be recognised requires an estimation of the recoverable amounts of the relevant investments in associates/joint ventures which are the higher of value in use and fair value less costs of disposal. The value in use calculation requires the management of the Group to estimate the present value of the estimated cash flows expected to arise from dividends to be received from the associates/joint ventures and the proceeds from the ultimate disposals of the investment taking into account factors, including discount rate. In cases where the actual cash flows are less or more than expected, or changes in facts and circumstances which result in revision of future cash flows estimation or discount rate, a reversal or further recognition of impairment loss may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place. As at 31 December 2025, the carrying amounts of the interests in associates and joint ventures amounted to approximately RMB695,624,000 and RMB1,999,736,000 respectively (2024: RMB863,229,000 and RMB2,406,440,000 respectively), net of impairment loss on interests in associates and joint ventures of approximately RMB256,360,000 and RMB126,695,000 (2024: RMB256,360,000 and RMB126,695,000 respectively), respectively.

6. REVENUE

	For the year ended 31 December 2025			
	Property development RMB'000	Property investment RMB'000	Other RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	**7,076,862**	**–**	**–**	**7,076,862**
Commercial apartments	**515,259**	**–**	**–**	**515,259**
Retail shops and others	**506,277**	**–**	**–**	**506,277**
Low-density residential	**214,307**	**–**	**–**	**214,307**
	8,312,705	**–**	**–**	**8,312,705**
Others	**–**	**–**	**829,484**	**829,484**
Revenue from contracts with customers	**8,312,705**	**–**	**829,484**	**9,142,189**
Property investment				
Commercial and retail shops	**–**	**113,456**	**–**	**113,456**
Total	**8,312,705**	**113,456**	**829,484**	**9,255,645**
Time of revenue recognition				
At a point of time	**8,312,705**	**–**	**829,484**	**9,142,189**

6. REVENUE (Continued)

	For the year ended 31 December 2024			
	Property development RMB'000	Property investment RMB'000	Other RMB'000	Total RMB'000
Types of goods or services				
Sales of properties				
Residential apartments	6,758,610	–	–	6,758,610
Commercial apartments	486,207	–	–	486,207
Retail shops and others	275,499	–	–	275,499
Low-density residential	647,476	–	–	647,476
	8,167,792	–	–	8,167,792
Others	–	–	1,323,971	1,323,971
Revenue from contracts with customers	8,167,792	–	1,323,971	9,491,763
Property investment				
Commercial and retail shops	–	183,098	–	183,098
Total	8,167,792	183,098	1,323,971	9,674,861
Time of revenue recognition				
At a point of time	8,167,792	–	1,323,971	9,491,763

6. REVENUE (Continued)

Performance obligations for contracts with customers

The Group recognises revenue from goods and services from the following major sources:

- Sales of properties;
- Sales of goods and provisions of services; and
- Hotel operations

For contracts entered into with customers on sales of properties, the relevant properties specified in contracts will be delivered to specified customers with no alternative use on the relevant properties. Taking into consideration of the relevant contract terms, the legal environment and relevant legal precedent, it is concluded that the Group does not have an enforceable right to payment prior to transfer of the relevant properties to customers. Revenue from sales of properties is therefore recognised at a point in time when the completed property is transferred to customers, being at the point that the customer obtains the control of the completed property and the Group has present right to payment and collection of the remaining consideration is probable.

The Group receives certain percentage of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period for the full amount of the contract price.

For sales of goods, revenue is recognised when the customer obtains the control of the goods, being at the point the goods are delivered to the customer's specific location, the Group has presented right to payment and the collection of the consideration is probable.

For hotel operations, the Group recognises revenue when the promised goods and services are transferred to the customers.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities.

	2025	2024
	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	**7,472,722**	7,318,292

7. SEGMENT INFORMATION

Information regularly reported to the Group's chief executive officer (the chief operating decision maker) for the purposes of resource allocation and assessment of performance focuses on the type of operation. The Group's reportable and operating segments under IFRS 8 Operating Segments are as follows:

Property development	–	development and sale of properties
Property investment	–	lease of investment properties
Others	–	hotel operation, provision of services and sales of goods

No operating segments have been aggregated in arriving at the reportable segments of the Group. The following is an analysis of the Group's revenue and results by reportable and operating segments:

	For the year ended 31 December 2025			
	Property development RMB'000	**Property investment RMB'000**	**Other RMB'000**	**Total RMB'000**
External segment revenue	**8,312,705**	**113,456**	**829,484**	**9,255,645**
Segment result	**(9,631,164)**	**(653,134)**	**(311,882)**	**(10,596,180)**
Other income, gains and losses, net				**216,839**
Loss on disposal of subsidiaries				**(962,130)**
Unallocated corporate expenses				**(97,336)**
Share of results of joint ventures				**(345,879)**
Share of results of associates				**(159,871)**
Finance costs				**(5,557,261)**
Loss before tax				**(17,501,818)**

7. SEGMENT INFORMATION (Continued)

	For the year ended 31 December 2024			
	Property development RMB'000	Property investment RMB'000	Other RMB'000	Total RMB'000
External segment revenue	8,167,792	183,098	1,323,971	9,674,861
Segment result	(19,446,643)	(648,546)	(512,323)	(20,607,512)
Other income, gains and losses, net				26,019,889
Loss on disposal of subsidiaries				(769,399)
Unallocated corporate expenses				(152,190)
Share of results of joint ventures				175,939
Share of results of associates				(82,783)
Finance costs				(4,065,325)
Profit before tax				518,619

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in note 4. Segment results represent the profit generated or loss incurred by each segment without allocation of central administration costs including directors' salaries, head office operating expenses, certain amount of other income, gains and losses, net, loss on disposal of subsidiaries, share of results of joint ventures and associates and finance costs. This is the measure reported to the Group's chief executive officer for the purposes of resource allocation and performance assessment.

7. SEGMENT INFORMATION (Continued)

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

Segment assets

	2025 RMB'000	2024 RMB'000
Property development	**92,558,311**	117,851,514
Property investment	**7,293,332**	9,256,599
Others	**7,057,737**	8,059,229
Total segment assets	**106,909,380**	135,167,342
Unallocated assets:		
Interests in joint ventures	**1,999,736**	2,406,440
Interests in associates	**695,624**	863,229
Financial assets at FVTPL	**755,740**	297,610
Equity instruments designated at FVTOCI	**151,886**	367,868
Deferred tax assets	**36,037**	136,683
Amounts due from joint ventures	**11,070,380**	11,339,942
Amounts due from associates	**539,690**	599,657
Tax recoverable	**4,052,592**	4,723,497
Restricted bank deposits	**1,409,804**	2,254,277
Bank balances and cash	**184,018**	886,427
Others	**418,239**	462,144
Consolidated assets	**128,223,126**	159,505,116

7. SEGMENT INFORMATION (Continued)

Segment liabilities

	2025 RMB'000	2024 RMB'000
Property development	**79,404,789**	88,029,076
Property investment	**47,508**	66,519
Others	**1,613,172**	2,315,178
Total segment liabilities	**81,065,469**	90,410,773
Unallocated liabilities:		
Bank and other borrowings	**47,352,864**	51,180,222
Senior notes and bonds	**24,174,604**	22,624,592
Convertible bonds	**401,664**	710,685
Amounts due to joint ventures	**7,462,549**	7,393,811
Amounts due to associates	**1,158,215**	1,168,730
Tax liabilities	**11,581,219**	10,832,468
Deferred tax liabilities	**671,610**	1,051,472
Consolidated liabilities	**173,868,194**	185,372,753

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to reportable and operating segments other than interests in joint ventures and associates, financial assets at FVTPL, equity instruments designated at FVTOCI, deferred tax assets, amounts due from joint ventures and associates, tax recoverable, restricted bank deposits, bank balances and cash, certain property, plant and equipment and other assets not attributable to respective segment.

- all liabilities are allocated to reportable and operating segments other than amounts due to joint ventures and associates, tax liabilities, bank and other borrowings, senior notes and bonds, convertible bonds and deferred tax liabilities.

7. SEGMENT INFORMATION (Continued)

Other segment information

	For the year ended 31 December 2025				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	408	–	151	453	1,012
Depreciation of property, plant and equipment	35,481	–	186,628	23,184	245,293
Depreciation of right-of-use assets	5,477	6,374	45,854	3,155	60,860
Gain on disposal of property, plant and equipment	–	(12,280)	–	–	(12,280)
Loss on disposal of investment properties	–	225,137	–	–	225,137
Loss on disposal of joint ventures	–	–	–	60,825	60,825
Impairment loss on property, plant and equipment	–	–	111,941	–	111,941
Impairment losses on trade and other receivables	1,362,046	–	–	–	1,362,046
Impairment losses on amounts due from joint ventures	208,888	–	–	–	208,888
Impairment losses on amounts due from NCI	129,267	–	–	–	129,267
Impairment losses on properties for sale	7,814,771	–	–	–	7,814,771
Fair value loss of investment properties	–	439,158	–	–	439,158

7. SEGMENT INFORMATION (Continued)

Other segment information (Continued)

	For the year ended 31 December 2024				
	Property development RMB'000	Property investment RMB'000	Others RMB'000	Unallocated RMB'000	Total RMB'000
Amounts included in the measure of segment profit or loss or segment assets:					
Additions of property, plant and equipment	304	–	4,504	2,859	7,667
Depreciation of property, plant and equipment	36,870	–	228,855	39,684	305,409
Depreciation of right-of-use assets	11,292	6,373	66,659	5,906	90,230
Gain on disposal of property, plant and equipment	–	(2,596)	–	–	(2,596)
Loss on disposal of investment properties	–	176,938	–	–	176,938
Loss on disposal of associates	–	–	–	162,113	162,113
Loss on disposal of assets	–	–	–	85,448	85,448
Impairment loss on property, plant and equipment	–	–	85,045	–	85,045
Impairment losses on trade and other receivables	1,675,308	–	–	–	1,675,308
Impairment losses on goodwill	–	–	113,701	–	113,701
Reversal of impairment losses on amounts due from non-controlling shareholders of subsidiaries ("NCI")	(10,506)	–	–	–	(10,506)
Impairment losses on interests in associates	–	–	–	101,371	101,371
Impairment losses on and write-off of properties for sale	16,818,773	–	–	–	16,818,773
Fair value loss of investment properties	–	511,464	–	–	511,464

7. SEGMENT INFORMATION (Continued)

Geographical information

The Group's operations and location of non-current assets are substantially in the PRC. Information about the Group's revenue from external customers is presented based on location of the operations. Information about the Group's non-current assets is presented based on the geographical location of the assets.

	Revenue from external customers for the year ended 31 December		Non-current assets as at 31 December	
	2025	2024	**2025**	2024
	RMB'000	RMB'000	**RMB'000**	RMB'000
Mainland China	**9,254,063**	9,663,632	**11,389,022**	16,038,450
Hong Kong	**–**	–	**233,379**	233,794
Canada	**1,582**	11,229	**301**	192
	9,255,645	9,674,861	**11,622,702**	16,272,436

Note: Non-current assets excluded equity instruments designated at FVTOCI, financial assets at FVTPL and deferred tax assets.

Information about major customers

There is no individual customer who contributed over 10% of the total revenue of the Group during the years ended 31 December 2025 and 2024.

8. OTHER INCOME, GAINS AND LOSSES, NET

	2025	2024
	RMB'000	RMB'000
Exchange (gain)/loss, net	**(240,423)**	54,682
Loss/(gain) on change in fair value of financial assets at FVTPL	**1,233**	(7,796)
Investment return from financial assets at FVTPL	**–**	(6,433)
Bank interest income	**(5,741)**	(14,065)
Other interest income	**–**	(36,906)
Gain on disposal of property, plant and equipment	**(12,280)**	(2,596)
Loss on disposal of investment properties	**225,137**	176,938
Loss on disposal of joint ventures	**60,825**	–
Loss on disposal of associates	**–**	162,113
Loss on disposal of assets (note 1)	**–**	85,448
Fair value change of convertible bonds	**–**	41,279
Impairment losses on trade and other receivables	**1,362,046**	1,675,308
Impairment loss on amounts due from joint ventures	**208,888**	–
Impairment loss/(reversal of impairment loss) on amounts due from NCI	**129,267**	(10,506)
Impairment losses on interests in associates	**–**	101,371
Impairment losses on property, plant and equipment	**111,941**	85,045
Impairment losses on goodwill	**–**	113,701
Gain on restructuring of the offshore indebtedness (note 2)	**–**	(26,154,924)
Loss on debt settlement in specie	**134,664**	476,979
Others	**(55,676)**	(192,750)
	1,919,881	(23,453,112)

Note 1: During the year ended 31 December 2024, the Group disposed of certain interests in Ontario Aoyuan Property Limited to an independent third party at a total consideration of CAD68,000,070 (equivalent to approximately RMB362 million). Such disposal was accounted for as disposal of assets and liabilities related to a property project in Canada and the Group recorded a loss of approximately RMB85 million for such disposal. Further details of the disposal had been set out in the Company's announcement and circular dated 13 May 2024 and 17 June 2024, respectively.

Note 2: Upon the restructuring became effective on 20 March 2024 and pursuant to the terms of the schemes, the obligations of the Group under certain senior notes and bonds and borrowings amounting to approximately RMB44,611 million have been discharged in exchange for the issue of the new senior notes, convertible bonds, perpetual capital securities of the Group and new shares of the Company. As a result, taking into account certain costs and expenses associated with the restructuring, a gain of approximately RMB26,155 million had been recorded during the year ended 31 December 2024.

9. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on:		
Bank and other borrowings	**4,762,239**	5,356,911
Senior notes and bonds	**2,026,639**	1,667,045
Amount due to a joint venture	**45,600**	45,600
Lease liabilities	**109,316**	121,185
Total borrowing costs	**6,943,794**	7,190,741
Less: amounts capitalised to properties under development for sale	**(1,386,533)**	(3,125,416)
	5,557,261	4,065,325

Interest capitalised arose on the general borrowing pool of the Group was calculated by applying a capitalisation rate of approximately 7.75% (2024: 8.02%) per annum to expenditure on the qualifying assets.

10. (LOSS)/PROFIT BEFORE TAX

	2025 **RMB'000**	2024 RMB'000
(Loss)/profit before tax has been arrived at after charging/(crediting):		
Directors' emoluments	**5,764**	8,059
Other staffs' salaries	**173,309**	331,648
Other staffs' retirement benefit scheme contributions	**2,352**	5,025
Total staff costs	**181,425**	344,732
Less: amounts capitalised to properties under development for sale	**(32,961)**	(63,808)
	148,464	280,924
Gross rental income in respect of investment properties	**(113,456)**	(183,098)
Less: direct operating expenses from investment properties that generated rental income during the year	**47,459**	77,487
	(65,997)	(105,611)
Cost of properties for sale/inventories recognised as an expense (excluding impairment loss on properties for sale)	**7,837,688**	8,016,102
Impairment loss on and write-off of properties for sale (included in cost of sales)	**7,814,771**	16,818,773
Depreciation of property, plant and equipment	**245,293**	305,409
Depreciation of right-of-use assets	**60,860**	90,230

11. INCOME TAX EXPENSES

	2025 RMB'000	2024 RMB'000
Income tax expenses recognised comprise of:		
Current tax:		
PRC		
Enterprise income tax ("EIT")	**454,228**	257,196
Land appreciation tax ("LAT")	**1,296,097**	975,226
	1,750,325	1,232,422
Deferred tax (note 22)		
PRC	**(162,525)**	1,345,501
Other jurisdictions	**–**	37,333
	(162,525)	1,382,834
Income tax expenses for the year	**1,587,800**	2,615,256

Under the Law of the People's Republic of China on EIT (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years, subject to certain preferential income tax policies.

Under the Provisional Regulations of the People's Republic of China on LAT (the "LAT Provisional Regulations") and Implementation Regulation of the LAT Provisional Regulations, the tax rate of the PRC subsidiaries is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and relevant property development expenditures.

No provision for Hong Kong profits tax has been made in the consolidated financial statements for both years as the Group's income neither arises in, nor is derived from, Hong Kong.

Under Canadian tax law, the tax rate used for the year is 26.5% (2024: 26.5%) on taxable profits on Canadian incorporated entities. No provision for Canadian profits tax has been made in the consolidated financial statements for both years as the Group's income neither arises in, nor is derived from, Canada.

11. INCOME TAX EXPENSES (Continued)

The income tax expenses for the year can be reconciled to the profit/(loss) before tax per consolidated statement of profit or loss and other comprehensive income as follows:

	2025 **RMB'000**	2024 RMB'000
(Loss)/profit before tax	**(17,501,818)**	518,619
Tax charge at domestic tax rate of 25%	**(4,375,455)**	129,655
Tax effect of share of results of joint ventures and associates	**126,438**	(23,289)
Tax effect of expenses not deductible for tax purpose	**1,425,245**	1,028,199
Tax effect of income not taxable for tax purpose	**–**	(6,633,613)
Tax effect of tax losses and temporary differences not recognized	**3,777,315**	5,671,987
Reversal of deferred tax recognized on tax losses and temporary difference in prior year	**–**	1,738,400
Utilisation of tax losses previously not recognised	**(319,086)**	–
LAT	**1,296,097**	975,226
Tax effect of LAT	**(324,024)**	(243,807)
Tax effect of LAT on revaluation of investment properties	**(18,730)**	(27,505)
Effect of different tax rate of subsidiaries operating in other jurisdictions	**–**	3
Income tax expenses for the year	**1,587,800**	2,615,256

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

	Fees RMB'000	Salaries and allowances RMB'000	Retirement benefit Scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2025				
Executive director:				
Chen Zhi Bin (Note c)	–	**958**	**35**	**993**
Cheng Siu Fai	–	**1,527**	**16**	**1,543**
Jiang Zhan Hong (Note b)	–	**581**	**25**	**606**
Non-executive director				
Mohamed Obaid Ghulam Badakkan Alobeidli	–	**733**	–	**733**
Guo Zi Wen	–	**368**	**16**	**384**
Shi Lili	–	**385**	**16**	**401**
Independent non-executive director:				
Cheung Kwok Keung	**368**	–	–	**368**
Lee Thomas Kang Bor	**368**	–	–	**368**
Wong Wai Keung Frederick	**368**	–	–	**368**
	1,104	**4,552**	**108**	**5,764**

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

	Fees RMB'000	Salaries and allowances RMB'000	Retirement benefit Scheme contributions RMB'000	Total RMB'000
For the year ended 31 December 2024				
Executive director:				
Guo Zi Wen (Note f)	–	1,217	36	1,253
Cheng Siu Fai (Note a)	–	981	16	997
Chen Zhi Bin (Note c)	–	2,164	23	2,187
Tan Yi (Note h)	–	2,008	23	2,031
Non-executive director				
Mohamed Obaid Ghulam Badakkan Alobeidli (Note e)	–	185	–	185
Guo Zi Wen (Note f)	–	139	4	143
Shi Lili (Note d)	–	–	–	–
Ma Jun (Note g)	–	102	–	102
Independent non-executive director:				
Cheung Kwok Keung	387	–	–	387
Lee Thomas Kang Bor	387	–	–	387
Wong Wai Keung Frederick	387	–	–	387
	1,161	6,796	102	8,059

Notes:

(a) Mr. Cheng Siu Fai was appointed on 27 May 2024.

(b) Mr. Jiang Zhan Hong was appointed on 31 July 2025.

(c) Mr. Chen Zhi Bin resigned with effect from 31 July 2025.

(d) Ms. Shi Lili was appointed on 27 December 2024.

(e) Mr. Mohamed Obaid Ghulam Badakkan Alobeidli was appointed on 20 September 2024.

(f) Mr. Guo Zi Wen was re-designated from an executive director to a non-executive director on 20 September 2024.

(g) Mr. Ma Jun resigned as an non-executive director with effect from 1 April 2024.

(h) Mr. Tan Yi was appointed on 27 April 2023 and resigned as an executive director on 27 December 2024.

12. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (Continued)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

The independent non-executive directors' emoluments shown above were mainly for their services as independent non-executive directors of the Company.

No directors waive any emolument during the current year or the prior year and none of the directors have received any inducement pay for joining or upon joining the Company.

Employees' emoluments

Of the five individuals with the highest emoluments in the Group, two (2024: three) were the executive directors of the Company whose emolument is included in the disclosures in this note above. The emoluments of the remaining three (2024: two) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	**4,461**	2,243
Retirement benefit scheme contributions	**182**	46
	4,643	2,289

The emoluments were within the following bands:

	2025 No. of employees	2024 No. of employees
HK$1,000,000 to HK$1,500,000 (equivalent to RMB916,000 to RMB1,373,999)	**–**	2
HK$1,500,001 to HK$2,000,000 (equivalent to RMB1,374,000 to RMB1,832,000)	**3**	–

During the year, no emolument was paid by the Group to any of the directors or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office.

13. DIVIDENDS

At the meeting of the board of directors held on 20 March 2026, the Directors resolve not to declare any dividend for the year ended 31 December 2025 (2024: Nil).

14. (LOSS)/EARNINGS PER SHARE

Basic (loss)/earnings per share

The calculations of the basic (loss)/earnings per share are based on:

	2025	2024
	RMB'000	RMB'000
(Loss)/profit:		
(Loss)/profit for the purpose of basic (loss)/earnings per share	**(17,763,939)**	35,033

	2025	2024
	'000	'000
Number of shares		
Weighted average number of ordinary shares for the purpose of basic (loss)/earnings per share	**5,544,574**	4,912,585

For the purpose of computation of basic earnings per share for the year ended 31 December 2025 and 2024, the weighted average number of ordinary shares in issue has taken into account the ordinary shares issued/issuable upon conversion of the Company's mandatorily convertible bonds.

Diluted (loss)/earnings per share

There are no potential dilutive events for the Company during both years.

For the purpose of computing of diluted earnings per share of the Company for the year ended 31 December 2024, the Company did not assume the exercise of the share options issued by its listed associate as the respective assumed exercise prices of those share options were higher than the respective average market price for shares.

For the year ended 31 December 2025 and 2024, the diluted (loss)/earnings per share is the same as basic (loss)/earnings per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Building under development/ Construction in progress	Office equipment	Transportation vehicles	Leasehold improvements	Plant and machinery	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2024	3,845,868	32,615	334,731	65,591	426,345	992,279	5,697,429
Exchange realignment	(629)	–	(110)	(20)	(162)	–	(921)
Additions	4,307	–	3,231	3	92	34	7,667
Disposals of subsidiaries (note 40)	–	–	(2,558)	(1,693)	–	(197)	(4,448)
Disposals	(43,497)	–	(8,477)	(418)	(2,037)	(2,403)	(56,832)
At 31 December 2024	**3,806,049**	**32,615**	**326,817**	**63,463**	**424,238**	**989,713**	**5,642,895**
Exchange realignment	**–**	**–**	**35**	**–**	**–**	**–**	**35**
Additions	**408**	**–**	**488**	**–**	**111**	**5**	**1,012**
Disposals of subsidiaries (note 40)	**(1,115,698)**	**(32,615)**	**(28,079)**	**(18,373)**	**(24,836)**	**(925,874)**	**(2,145,475)**
Disposals	**(27,916)**	**–**	**(616)**	**(718)**	**–**	**(175)**	**(29,425)**
At 31 December 2025	**2,662,843**	**–**	**298,645**	**44,372**	**399,513**	**63,669**	**3,469,042**
DEPRECIATION AND IMPAIRMENT							
At 1 January 2024	1,714,808	–	242,884	61,644	265,635	171,602	2,456,573
Exchange realignment	(130)	–	(100)	(12)	(143)	–	(385)
Provided for the year	192,225	–	9,292	1,799	42,955	59,138	305,409
Disposals of subsidiaries (note 40)	–	–	(2,389)	(1,620)	–	(187)	(4,196)
Disposals and write-off	(6,366)	–	(7,019)	(288)	(554)	(839)	(15,066)
Impairment	10,049	–	–	–	–	74,996	85,045
At 31 December 2024	**1,910,586**	**–**	**242,668**	**61,523**	**307,893**	**304,710**	**2,827,380**
Exchange realignment	**–**	**–**	**309**	**–**	**–**	**–**	**309**
Provided for the year	**180,655**	**–**	**11,420**	**224**	**2,353**	**50,641**	**245,293**
Disposals of subsidiaries (note 40)	**(804,641)**	**–**	**(23,704)**	**(17,173)**	**(24,070)**	**(314,816)**	**(1,184,404)**
Disposals and write-off	**(9,326)**	**–**	**(600)**	**(718)**	**–**	**(161)**	**(10,805)**
Impairment	**91,151**	**–**	**–**	**–**	**–**	**20,790**	**111,941**
At 31 December 2025	**1,368,425**	**–**	**230,093**	**43,856**	**286,176**	**61,164**	**1,989,714**
CARRYING VALUES							
At 31 December 2025	**1,294,418**	**–**	**68,552**	**516**	**113,337**	**2,505**	**1,479,328**
At 31 December 2024	1,895,463	32,615	84,149	1,940	116,345	685,003	2,815,515

15. PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) As at 31 December 2025, buildings and plant and machinery of approximately RMB1,294,418,000 (2024: buildings, plant and machinery and construction in progress of approximately RMB2,307,662,000) were pledged for certain banking facilities granted to the Group. All the buildings of the Group are situated on leasehold land in the PRC under medium lease term.

(b) Impairment assessment

Due to the oversupply of new high-end and luxury hotels in major cities of China, which outpaced demand growth and forced price cuts to maintain occupancy, together with more restrained spending by government agencies and enterprises during the year ended 31 December 2025, the management of the Group concluded that there were indications of impairment for the property, plant and equipments within Group's certain hotel cash-generating unit ("Hotel CGU") as at 31 December 2025 and performed impairment assessment on Hotel CGU.

The calculation of recoverable amounts of Hotel CGU is determined based on value in use calculation using cash flow projections directly attributable to the hotel based on financial budgets covering a five-year period approved by the management. Based on the assessment results, the management of the Group determined that the recoverable amount of the property, plant and equipment corresponding to Hotels CGU was lower than its carrying amount. Accordingly, an impairment loss of RMB91,151,000 was recognised for the year ended 31 December 2025.

Due to the substantial uncertainty in the economic and business environment in China during the year ended 31 December 2025, the management of Group concluded there was an indication for impairment of the property, plant and equipment within chemical fiber products manufacturing cash-generating unit (the "Chemical Fiber CGU") as at 31 December 2025 and performed impairment assessment on the Chemical Fiber CGU.

Based on the result of the assessment, the management of the Group determined that the recoverable amounts of property, plant and equipment of the Chemical Fiber CGU are lower than the respective carrying amounts. Accordingly, an impairment loss of RMB20,790,000 (2024: RMB85,045,000) was recognised during the year ended 31 December 2025.

16. RIGHT-OF-USE ASSETS

The Group's right-of-use assets are as follows:

	Land RMB'000	Buildings RMB'000	Office equipment RMB'000	Total RMB'000
As at 31 December 2025				
Carrying amount	**281,041**	**76,749**	**–**	**357,790**
As at 31 December 2024				
Carrying amount	512,924	149,752	30	662,706
For the year ended 31 December 2025				
Depreciation charge	**(29,935)**	**(30,895)**	**(30)**	**(60,860)**
For the year ended 31 December 2024				
Depreciation charge	(31,109)	(58,663)	(458)	(90,230)

	2025 RMB'000	2024 RMB'000
Expense relating to short-term leases	**–**	353
Expense relating to leases of low-value assets, excluding short-term leases of low value assets	**2**	10
Total cash outflow for leases	**70,814**	64,095

For both years, the Group leases various properties and office equipment for its operations. Lease contracts are entered into for fixed term of 13 months to 40 years (2024: 13 months to 40 years), and do not have extension and termination options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several leasehold lands where its office buildings and hotels are primarily located. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests.

16. RIGHT-OF-USE ASSETS (Continued)

As at 31 December 2025 and 2024, the lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets except for leasehold land may not be used as security for borrowing purposes.

As at 31 December 2025, right-of-use assets of RMB234,758,000 (2024: RMB396,916,000) were pledged for certain banking facilities granted to the Group.

17. INVESTMENT PROPERTIES

The Group leases out various offices and retail stores under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years (2024: 1 to 20 years). Majority of the lease contracts contain market review clauses in the event the lessee exercises the option to extend. The lease of retail stores contain variable lease payment that are based on 3% to 20% (2024: 3% to 20%) sales and minimum annual lease payment that are fixed over the lease term.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	Completed investment properties RMB'000	**Investment properties under construction** RMB'000	**Total** RMB'000
At 1 January 2024	9,279,146	1,562,264	10,841,410
Disposals	(1,315,378)	–	(1,315,378)
Net change in fair value recognised in profit or loss	(435,032)	(76,432)	(511,464)
At 31 December 2024	**7,528,736**	**1,485,832**	**9,014,568**
Disposals	**(294,206)**	**–**	**(294,206)**
Disposals of subsidiaries (note 40)	**(1,190,980)**	**–**	**(1,190,980)**
Net change in fair value recognised in profit or loss	**(367,431)**	**(71,727)**	**(439,158)**
At 31 December 2025	**5,676,119**	**1,414,105**	**7,090,224**

17. INVESTMENT PROPERTIES (Continued)

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

At 31 December 2025, investment properties of approximately RMB6,290,192,000 (2024: RMB8,315,421,000) were pledged to secure certain banking facilities granted to the Group.

The fair values of investment properties under construction and completed investment properties were determined by reference to valuations carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, a qualified external valuer which is not connected with the Group. The fair values of the investment properties were determined by the qualified external valuer on the following basis:

Completed investment properties

By reference to capitalised income to be derived from the properties tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions.

Investment properties under construction

By reference to the market transactions of similar lands and adjusted to reflect the conditions of the subject properties and assume capitalised income upon the completion of development of the properties to be derived from the properties tenancies and the reversionary income potential of the properties or, where appropriate, by reference to market evidence of transaction prices for similar properties in the same locations and conditions and estimated costs to completion based on construction budget, committed contracts, allowances for contingencies as well as developer's profit margin, which reflect the risks associated with the completion of the development of the properties and in achieving the anticipated income or capital appreciation on the date of valuation.

In estimating the fair value of the investment properties, the highest and best use of the investment properties is their current use. The following tables give information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable. There were no transfers from Level 1 or Level 2 into or out of Level 3 during the year.

17. INVESTMENT PROPERTIES (Continued)

Investment properties held by the Group	Fair value 2025 RMB'000	Fair value 2024 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Completed investment properties, including retail shops and commercial buildings	5,653,819	7,505,236	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	3.0% – 6.0% (2024: 3.0% – 6.0%)	An increase in term yield would result in a decrease in fair value, and vice versa.
					2. Reversionary yield	3.5% – 6.5% (2024: 3.5% – 6.5%)	An increase in reversionary yield would result in a decrease in fair value, and vice versa.
					3. Unit rent (RMB/sqm/month)	2.7 – 199 (2024: 3.0 – 200)	A significant increase in unit rent would result in a significant increase in fair value, and vice versa.
Completed investment properties, including retail shops and office	22,300	23,500	Level 3	Direct comparison method – based on market transactions of similar properties and adjusted to reflect the conditions of the subject property.	Unit selling price (RMB/sqm)	9,331 (2024: 9,833)	A significant increase in unit selling price of market floor area leads to a significant increase in fair value, and vice versa

17. INVESTMENT PROPERTIES (Continued)

Investment properties held by the Group	Fair value 2025 RMB'000	Fair value 2024 RMB'000	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs	Range (weighted average)	Relationship of unobservable inputs to fair value
Investment properties under construction, including retail shops and commercial buildings	1,386,771	1,458,145	Level 3	Residual method – based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs	1. Gross development value (RMB'000) on completion basis	236,700 - 656,900 (2024: 246,600 – 667,100)	A significant increase in gross development value would result in a significant increase in fair value, and vice versa.
					2. Developer's profit	5% - 7.5% (2024: 5% – 10%)	A significant increase in developer's profit would result in a significant decrease in fair value, and vice versa.
					3. Marketing costs	4% (2024: 4%)	A slight increase in marketing costs would result in a significant decrease in fair value, and vice versa.
					4. Construction costs to completion	14,300,000 - 230,000,000 (2024: 14,300,000 - 230,000,000)	A significant increase in construction costs to completion would result in a significant decrease in fair value and vice versa.
Investment properties under construction, including retail shops and commercial buildings	27,334	27,687	Level 3	Direct comparison method-based on market transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Comparable land price (RMB/sqm)	391 - 823 (2024: 394 - 834)	A significant increase in comparable land price would result in a significant increase in fair value.
Total	7,090,224	9,014,568					

18. GOODWILL

	2025 RMB'000	2024 RMB'000
COST		
At 1 January	**1,186,646**	1,186,646
Disposal of subsidiaries (note 40)	**(1,186,646)**	–
At 31 December	**–**	1,186,646
IMPAIRMENT		
At 1 January	**(676,668)**	(562,967)
Impairment	**–**	(113,701)
Disposal of subsidiaries (note 40)	**676,668**	–
At 31 December	**–**	(676,668)
Carrying amounts	**–**	509,978

Impairment testing of goodwill for the year ended 31 December 2024

For the purposes of impairment testing, goodwill above have been allocated to the CGUs from which goodwill arose. The gross carrying amounts of goodwill as 2024 allocated to these CGUs are as follow:

	2024 RMB'000
Chemical fiber products manufacturing:	
(a) Aoyuan Beauty Valley Technology Co., Ltd. ("Aoyuan Beauty Valley")	462,026
Medical aesthetic services:	
(b) Guangdong MS Arora Health Management Consulting Co., Ltd. ("Guangdong MS Arora CGU")	7,284
(c) Zhejiang Liantianmei Enterprise Management Co., Ltd. ("Liantianmei CGU")	717,336
	1,186,646

Management of the Company allocated goodwill to individual cash generating unit of above businesses for the purpose of impairment testing. The recoverable amount of cash-generating unit of these businesses is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the management.

The goodwill attributed to Aoyuan Beauty Valley CGU and Guangdong MS Arora CGU had been fully impaired in prior to 2024.

18. GOODWILL (Continued)

Impairment testing of goodwill for the year ended 31 December 2024 (Continued)

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill related to Liantianmei CGU:

Revenue	The basis used to determine the value assigned is based on past performance and management expectation for the market development. The revenue is based on the historical revenue and planed enlarging service capacity of the Group.
Gross profit margin	The gross profit margin was assumed to be 47.2%.
Discount rates	The discount rates used are before tax and reflect specific risk relating to Liantianmei CGU. The discount rate applied to cash flow projections was 13.5%.
Long-term growth rate	The growth rate used to extrapolate the cash flows beyond the five-year period was 0%. The growth rate does not exceed long-term average growth rate for the business in which the CGU operates. The growth rate and discount rate have been assessed taking into consideration higher degree of estimation uncertainties in the current year due to volatility in the financial markets.

The values assigned to the key assumptions on market development of the industries in which the CGU operates, discount rate and long-term growth rate are consistent with external information sources.

18. GOODWILL (Continued)

Impairment testing of goodwill for the year ended 31 December 2024 (Continued)

During the year ended 31 December 2024, with the economic downturn, competition among medical beauty institutions has become increasingly fierce. The financial performance of the Llantianmei CGU is not as what the management expected. The recoverable amount of the Llantianmei CGU is lower than the carrying amount the Liantianmei CGU. Accordingly, the directors of the Company have determined impairment loss of goodwill relating to Liantianmei CGU of RMB113,701,000 during the year ended 31 December 2024.

Based on the result of impairment assessment, the recoverable amounts, carrying amounts of Liantianmei CGU and details of impairment provision of Liantianmei CGU as at 31 December 2024 are as follows:

	Recoverable amount RMB'000	Carrying amount RMB'000	Impairment provision RMB'000
Liantianmei CGU	547,489	661,190	113,701

19. INTERESTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Cost of investments in joint ventures and share of post-acquisition profits or losses	**2,126,431**	2,533,135
Impairment	**(126,695)**	(126,695)
Share of net assets	**1,999,736**	2,406,440

During the year ended 31 December 2025, certain interests in joint ventures with an aggregate carrying amount of RMB60,825,000 was auctioned by court enforcement to a third party for an aggregate consideration of RMB Nil.

During the year ended 31 December 2024, the Group disposed of joint ventures with an aggregate carrying amount of RMB3,831,000 for an aggregate consideration of RMB3,831,000.

19. INTERESTS IN JOINT VENTURES (Continued)

Particulars of the Group's material joint ventures are as follows:

Name of entity	Place of establishment/ principal place of operation	Proportion of registered capital/ voting rights held by the Group		Registered capital		Principal activity
		2025	2024	**2025 RMB'000**	2024 RMB'000	
青島海唐置業有限公司 Qingdao Haitang Real Estate Co., Ltd. (Note a)	Shandong, the PRC	**50%**	50%	**50,000**	50,000	Property development
南京金基華海置業有限公司 Nanjing Jinji Huahai Real Estate Co., Ltd. (Note b)	Jiangsu, the PRC	**50%**	50%	**300,000**	300,000	Property development
貴港市顧榮房地產開發有限公司 Guigang Gurong Real Estate Development Co., Ltd. (Note c)	Guangxi, the PRC	**60%**	60%	**166,667**	166,667	Property development
廣西瀚鑫房地產開發有限公司 Guangxi Hanxin Real Estate Development Co., Ltd. (Note d)	Guangxi, the PRC	**60%**	60%	**30,000**	30,000	Property development
魯康(珠海)置業有限公司 Lukang (Zhuhai) Real Estate Development Co., Ltd. ("Lukang Zhuhai") (Note e)	Guangdong, the PRC	**40%**	40%	**100,000**	100,000	Property development

Notes:

(a) According to the Articles of Association of Qingdao Haitang Real Estate Co., Ltd. ("Qingdao Haitang"), the Group has power to appoint three out of five directors to the board of Qingdao Haitang, and the board of directors is responsible for all operating and financing decisions of Qingdao Haitang. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venturers, and each party cannot individually control Qingdao Haitang. Therefore, Qingdao Haitang is accounted for as a joint venture of the Group.

(b) According to the Articles of Association of Nanjing Jinji Huahai Real Estate Co., Ltd. ("Nanjing Jinji"), the Group has power to appoint three out of five directors to the board of Nanjing Jinji, and the board of directors is responsible for all operating and financing decisions of Nanjing Jinji. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Nanjing Jinji. Therefore, Nanjing Jinji is accounted for as a joint venture of the Group.

19. INTERESTS IN JOINT VENTURES (Continued)

Notes: (Continued)

(c) According to the Articles of Association of Guigang Gurong Real Estate Development Co., Ltd. ("Guigang Gurong"), the Group has power to appoint three out of five directors to the board of Guigang Gurong, and the board of directors is responsible for all operating and financing decisions of Guigang Gurong. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guigang Gurong. Therefore, Guigang Gurong is accounted for as a joint venture of the Group.

(d) According to the Articles of Association of Guangxi Hanxin Real Estate Development Co., Ltd. ("Guangxi Hanxin"), the Group has power to appoint three out of five directors to the board of Guangxi Hanxin, and the board of directors is responsible for all operating and financing decisions of Guangxi Hanxin. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Guangxi Hanxin. Therefore, Guangxi Hanxin is accounted for as a joint venture of the Group.

(e) According to the Articles of Association of Lukang Zhuhai, the Group has power to appoint two out of five directors in the board of Lukang Zhuhai, and the board of directors is responsible for all operating and financing decisions of Lukang Zhuhai. Unanimous consent of the directors is required on making relevant operating decisions. Each of the investors cannot direct the activities without consensus of the other joint venture partner, and each party cannot individually control Lukang Zhuhai. Therefore, Lukang Zhuhai is accounted for as a joint venture of the Group

The summarised financial information in report of the Group's interests in material joint ventures is set out below:

Qingdao Haitang

	2025 **RMB'000**	2024 RMB'000
Current assets	**4,819,195**	4,913,149
Non-current assets	**44,979**	44,980
Current liabilities	**3,186,339**	3,329,073
Non-current liabilities	**8**	–
Profit and total comprehensive income for the year	**48,771**	12,541

19. INTERESTS IN JOINT VENTURES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Qingdao Haitang recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of Qingdao Haitang	**1,677,827**	1,629,056
Proportion of the Group's ownership interest	**50%**	50%
Carrying amount of the Group's interest	**838,914**	814,528

Guigang Gurong

	2025 RMB'000	2024 RMB'000
Current assets	**403,791**	848,869
Non-current assets	**7,818**	7,818
Current liabilities	**229,337**	235,025
Loss and total comprehensive expense for the year	**(439,390)**	(925)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guigang Gurong recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of Guigang Gurong	**182,272**	621,662
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**109,363**	372,997

19. INTERESTS IN JOINT VENTURES (Continued)

Guangxi Hanxin

	2025 RMB'000	2024 RMB'000
Current assets	**607,468**	608,266
Non-current assets	**2,737**	2,737
Current liabilities	**320,630**	325,333
Profit/(loss) and total comprehensive income/(expense) for the year	**3,905**	(154)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Guangxi Hanxin recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of Guangxi Hanxin	**289,575**	285,670
Proportion of the Group's ownership interest	**60%**	60%
Carrying amount of the Group's interest	**173,745**	171,402

Lukang Zhuhai

	2025 RMB'000	2024 RMB'000
Current assets	**4,249,429**	3,880,814
Non-current assets	**1,149,573**	1,149,788
Current liabilities	**4,442,919**	4,103,285
Profit and total comprehensive income for the year	**28,766**	21,612

19. INTERESTS IN JOINT VENTURES (Continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Lukang Zhuhai recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of Lukang Zhuhai	**956,083**	927,317
Proportion of the Group's ownership interest	**40%**	40%
Carrying amount of the Group's interest	**382,433**	370,927

Aggregate information of joint ventures that are not individually material

	2025 RMB'000	2024 RMB'000
The Group's share of (loss)/profit and total comprehensive (expense)/income	**(120,480)**	161,671

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures (before impairment)	**621,976**	803,281

20. INTERESTS IN ASSOCIATES

	2025 **RMB'000**	2024 RMB'000
Cost of investments in associates and share of post acquisition losses	**951,984**	1,119,589
Impairment	**(256,360)**	(256,360)
Share of net assets	**695,624**	863,229

During the year ended 31 December 2025, certain associates with an aggregate carrying amount of RMB7,734,000 were disposed through disposal of subsidiaries. During the year ended 31 December 2024, the Group disposed of certain associates with an aggregate carrying amount of RMB245,061,000 for an aggregate consideration of RMB82,948,000.

Details of the Group's material associates as at the end of the reporting period are as follows:

Name of entity	**Place of incorporation/ principal place of operation**	**Attributable interest indirectly held by the Group**		**Registered capital**		**Principal activity**
		2025	2024	**2025** **RMB'000**	2024 RMB'000	
嘉善裕軒房地產開發有限公司 Jiashan Yuxuan Property Development Limited ("Jiashan Yuxuan")	Zhejiang, the PRC	**49%**	49%	**234,000**	234,000	Property development
阜陽百俊房地產開發有限公司 Fuyang Baijun Property Development Limited ("Fuyang Baijun")	Anhui, the PRC	**49%**	49%	**682,260**	682,260	Property development

20. INTERESTS IN ASSOCIATES (Continued)

The summarised financial information in respect of the Group's interests in material associates are set out below:

Jiashan Yuxuan

	2025 RMB'000	2024 RMB'000
Current assets	**1,869,760**	2,049,850
Non-current assets	**19,139**	19,139
Current liabilities	**1,413,445**	1,298,986
Non-current liabilities	**10,385**	10,385
Loss and total comprehensive expense for the year	**(294,549)**	(3,450)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Jiashan Yuxuan recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of Jiashan Yuxuan	**465,069**	759,618
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**227,884**	372,213

20. INTERESTS IN ASSOCIATES (Continued)

Fuyang Baijun

	2025 RMB'000	2024 RMB'000
Current assets	**1,113,042**	1,143,042
Current liabilities	**799,333**	808,610
Loss and total comprehensive expense for the year	**(20,723)**	(33,685)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Fuyang Baijun recognised in the consolidated financial statements:

	2025 RMB'000	2024 RMB'000
Net assets of Fuyang Baijun	**313,709**	334,432
Proportion of the Group's ownership interest	**49%**	49%
Carrying amount of the Group's interest	**153,717**	163,872

Aggregate information of associates that are not individually material

	2025 RMB'000	2024 RMB'000
The Group's share of loss and total comprehensive expense	**(5,388)**	(64,587)

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of the Group's interests in these associates (before impairment)	**570,383**	583,504

21. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

Equity instruments designated at FVTOCI:

	2025 RMB'000	2024 RMB'000
Listed equity investments:		
– Equity securities listed on the Shenzhen Stock Exchange	**–**	40,920
Unlisted equity investments	**151,886**	326,948
	151,886	367,868

The above equity investments represent the Group's equity interest in entities established in the PRC. The management of the Company have elected to designate these investments in equity instruments as at FVTOCI as they believe that recognising short-term fluctuations in these investments fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long run. For the details of fair value measurement of the above equity instruments, please refer to note 39.

22. DEFERRED TAXATION

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

	2025 RMB'000	2024 RMB'000
Deferred tax assets	**36,037**	136,683
Deferred tax liabilities	**(671,610)**	(1,051,472)
	(635,573)	(914,789)

22. DEFERRED TAXATION (Continued)

The deferred tax (assets)/liabilities recognised by the Group and movements thereon during the year are as follows:

	Change in fair value of investment properties RMB'000	Revaluation of properties RMB'000	Tax losses RMB'000	Undistributed earnings of PRC subsidiaries RMB'000	Temporary differences of LAT payables RMB'000	Other temporary differences RMB'000	Total RMB'000
At 1 January 2024	1,408,969	334,892	(2,023,459)	244,586	(134,217)	(567,173)	(736,402)
Disposal of subsidiaries (note 40)	–	–	187,500	–	–	80,857	268,357
(Credit)/charge to profit or loss for the year	(231,009)	(33,671)	1,520,259	(244,586)	–	371,841	1,382,834
At 31 December 2024	**1,177,960**	**301,221**	**(315,700)**	**–**	**(134,217)**	**(114,475)**	**914,789**
Disposal of subsidiaries (note 40)	**(144,567)**	**(39,237)**	**28,344**	**–**	**–**	**38,769**	**(116,691)**
Credit to profit or loss for the year	**(134,447)**	**–**	**–**	**–**	**–**	**(28,078)**	**(162,525)**
At 31 December 2025	**898,946**	**261,984**	**(287,356)**	**–**	**(134,217)**	**(103,784)**	**635,573**

22. DEFERRED TAXATION (Continued)

As at 31 December 2025, the Group had unused tax losses of approximately RMB49,611,869,000 (2024: RMB51,549,854,000) available to offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB1,149,424,000 (2024: RMB1,262,800,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of approximately RMB48,462,445,000 (2024: RMB50,287,054,000) due to the unpredictability of future profits streams. The unrecognised tax losses will expire in the follow years:

	2025 **RMB'000**	2024 RMB'000
2025	**–**	5,697,312
2026	**24,260,235**	25,422,234
2027	**9,969,754**	10,964,084
2028	**2,502,498**	2,725,924
2029	**4,937,082**	5,477,500
2030	**6,792,876**	–
	48,462,445	50,287,054

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. For the years ended 31 December 2025, no deferred taxation has been provided in the consolidated financial statements in respect of temporary differences attributable to accumulated profits of the PRC subsidiaries.

23. AMOUNTS DUE FROM/(TO) NCI

	2025 **RMB'000**	2024 RMB'000
Amounts due from non-controlling interests	**2,136,600**	2,189,999
Impairment	**(1,294,792)**	(1,165,525)
	841,808	1,024,474

Included in the balances of amounts due from NCI as at 31 December 2025, approximately RMB377,800,000 (2024: RMB377,800,000) are unsecured, interest-bearing, ranged from 10% per annum to 15% per annum (2024: 10% per annum to 15% per annum) and repayable on demand or within one year.

The remaining balances of amounts due from/to NCI at 31 December 2025 and 2024 are unsecured, interest-free and repayable on demand.

24. AMOUNTS DUE FROM/(TO) JOINT VENTURES

Amounts due from joint ventures

Included in the balances of amounts due from joint ventures as at 31 December 2025 is the amount due from Qingdao Haitang of RMB105,620,000 (2024: RMB105,620,000) with an interest rate of 12% per annum and repayable on demand.

The remaining balances as at 31 December 2025 and 2024 are unsecured, interest-free and repayable on demand.

Amounts due to joint ventures

Included in the balance of amounts due to joint ventures as at 31 December 2025, the amount of RMB115,000,000 (2024: RMB115,000,000) is due to Nanjing Jinji, a joint venture of the Group. The amount is unsecured and carrying interest with an average interest rate at 15% (2024: 15%) per annum and repayable on demand.

The remaining balances as at 31 December 2025 and 2024 are unsecured, interest-free and repayable on demand.

25. PROPERTIES FOR SALE

	2025 RMB'000	2024 RMB'000
Properties for sale comprise of:		
Completed properties	**18,198,341**	25,409,799
Properties under development	**57,034,567**	70,282,924
	75,232,908	95,692,723

Properties for sale which are expected to be recovered in more than twelve months after the end of the reporting period are classified under current assets as it is expected to be realised in the Group's normal operating cycle.

As at 31 December 2025, the impairment loss on properties under development and completed properties held for sale to net realisable value amounted to RMB16,328,344,000 (2024: RMB10,089,067,000).

At 31 December 2025, certain of the Group's properties for sale with carrying value of RMB43,298,422,000 (2024: RMB54,308,880,000) were pledged for certain banking facilities granted to the Group by banks and other financial institutes.

26. TRADE AND OTHER RECEIVABLES

	Notes	2025 RMB'000	2024 RMB'000
Trade and bills receivables	(a)	**1,051,530**	1,066,928
Less: Allowance for expected credit losses		**(653,226)**	(609,442)
		398,304	457,486
Rental receivables	(b)	**122,791**	161,493
Other receivables	(c)	**22,487,265**	23,877,707
Security deposits		**663,605**	657,141
Less: Allowance for expected credit losses	(d)	**(7,894,725)**	(6,600,793)
		15,256,145	17,934,055
Contract assets		**–**	44,061
Contract costs	(e)	**256,035**	416,517
Advances to constructors and suppliers		**901,559**	1,341,002
Prepayment paid for potential purchases of land use rights and property projects		**4,233,700**	4,234,750
Less: Impairment		**(987,936)**	(987,936)
		3,245,764	3,246,814
Other tax prepayments		**2,137,357**	2,143,920
		22,317,955	25,745,348

26. TRADE AND OTHER RECEIVABLES (Continued)

Notes:

(a) Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sale and purchase agreements.

Payments terms with wholesale customers for purchases of goods are mainly on credit. The wholesale customers are allowed with a credit period of 0 to 60 days from date of issuance of the invoices. There is no credit period granted for retail customers.

The following is the aging analysis of gross trade receivables, determined based on the date of the properties were delivered and sales were recognised and services were provided:

	2025	2024
	RMB'000	RMB'000
0 to 60 days	**17,821**	64,136
61 to 180 days	**136,472**	7,479
181 to 365 days	**23,425**	35,866
1 to 2 years	**27,530**	316,365
2 to 3 years	**295,859**	91,159
Over 3 years	**550,423**	551,923
	1,051,530	1,066,928

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. 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). 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.

(b) Rental receivables from tenants are payable on presentation of demand notes.

(c) Other receivables mainly included the receivables from disposal of equity interests, payments on behalf of customers, loan security deposit and other temporary payments.

(d) As at 31 December 2025, an impairment loss of RMB7,894,725,000 (2024: RMB6,600,793,000) for financial assets including other receivables, security deposits was recognised.

Where applicable, an impairment analysis is performed at each reporting date by considering ECLs, which are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The loss rate applied as at 31 December 2025 ranged from 0% to 100% (2024: 0% to 100%).

(e) Contract costs represent the incremental agency commissions to intermediaries in connection with obtaining sale of properties contracts with customers. These costs are charged to profit or loss upon revenue from sales of properties are recognised.

Details of impairment assessment of trade and other receivables are set out in note 39.

27. AMOUNTS DUE FROM/(TO) ASSOCIATES

Included in the balances of amounts due from associates as at 31 December 2025 are an amount due from Fuyang Baijun of RMB164,771,000 (2024: RMB164,771,000). The amount is unsecured, interest-bearing at 8% per annum and is repayable on demand.

The remaining balances of amounts due from/to associates as at 31 December 2025 and 2024 are unsecured, interest-free and repayable on demand.

28. FINANCIAL ASSETS AT FVTPL

	2025	2024
	RMB'000	RMB'000
Unlisted equity instruments	**155,465**	266,999
Listed investments (note)	**600,275**	–
Wealth management plans	**–**	30,611
	755,740	297,610
Less: Non-current	**(155,465)**	(266,999)
	600,275	30,611

Note: Listed investments represents the 9.62% equity interest in the Group's former subsidiary, Aoyuan Beauty Valley Technology Co., Ltd.

Details of fair value measurements of these financial assets are set out in note 39.

29. RESTRICTED BANK DEPOSITS/BANK BALANCES AND CASH

Restricted bank deposits

As at 31 December 2025, the balances include deposits amounting to RMB330,000 (2024: RMB40,738,000) for securing short term loan facilities granted by banks and carrying interest at variable interest rates ranging from 0.2% to 2.25% (2024: 0.2% to 2.25%) per annum. The remaining deposits amounted to RMB1,409,474,000 (2024: RMB2,213,539,000) are subject to construction securities, mortgage guarantees and judicial freeze.

Bank balances and cash

As at 31 December 2025, the balances represented the deposits have an original maturity of three months or less. Included in bank balances and cash are balances which, in accordance with the applicable government regulations, are placed in restricted bank accounts, amounting to RMB12,172,000 (2024: RMB325,083,000), which can only be applied in the designated property development projects.

The bank balances carry interest at variable interest rates ranging from 0.3% to 1.45% (2024: 0.1% to 1.73%) per annum.

30. TRADE AND OTHER PAYABLES

	Note	2025 RMB'000	2024 RMB'000
Trade payables	(a)	**16,126,542**	18,803,519
Other payables		**36,900,703**	33,839,716
Consideration payables for acquisition of subsidiaries		**1,420,493**	1,420,493
Other taxes payables		**4,331,093**	4,596,095
		58,778,831	58,659,823

Note:

(a) The following is an aging analysis of trade payables determined based on the invoice date:

	2025 RMB'000	2024 RMB'000
0 to 60 days	**22,271**	450,108
61 to 180 days	**50,296**	579,925
181 to 365 days	**123,339**	301,798
1 to 2 years	**128,201**	7,765,204
2 to 3 years	**6,193,014**	8,810,898
Over 3 years	**9,609,421**	895,586
	16,126,542	18,803,519

Trade payables principally comprise amounts outstanding for payments to sub-contractors of property development projects and purchases of construction materials. The average credit period for trade purchases is from 6 months to 1 year.

At 31 December 2025, the balance of trade payables with age over 1 year include retention money payable of RMB536,684,000 (2024: RMB621,332,000) to the sub-contractors of property development projects, which represents approximately 5% to 10% of the contract prices.

According to the construction contracts, the retention money is interest-free and would be paid to the sub-contractors in 1 to 3 years upon completion of development of the properties.

31. CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Property development	**18,290,071**	27,389,795
Others	**81,644**	369,638
	18,371,715	27,759,433

As at 31 December 2025, contract liabilities of RMB6,325,100,000 (2024: RMB8,397,340,000) is expected to be released to profit or loss after twelve months from the end of the reporting period.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2025 RMB'000	2024 RMB'000
The bank and other borrowings comprise:		
RMB bank borrowings	**19,947,026**	21,872,850
Hong Kong dollar ("HKD") bank borrowings	**819,545**	827,085
RMB other borrowings (note)	**26,586,293**	28,480,287
	47,352,864	51,180,222
Secured loan	**47,194,479**	51,009,281
Unsecured loan	**158,385**	170,941
	47,352,864	51,180,222
Analysed into:		
Bank and other borrowings repayable:		
On demand	**43,775,049**	45,119,145
Within one year	**2,644,899**	3,813,112
More than one year, but not exceeding two years	**714,559**	1,193,698
More than two years, but not exceeding five years	**218,357**	1,054,267
	47,352,864	51,180,222
Amount classified as current liabilities	**(46,419,948)**	(48,932,257)
Non-current portion	**932,916**	2,247,965

Note: As at 31 December 2025, the balances of other borrowings amounting to RMB26,586,293,000 (2024: RMB28,480,287,000) represent loans provided by other financial institutions, which are secured by properties for sale and/or guaranteed by the Company.

32. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

The bank and other borrowings bear interests at:

	2025 RMB'000	2024 RMB'000
Contracted interest rates		
110% to 140% of lending rate of the People's Bank of China ("PBC rate") (2024: 110% to 140% of PBC rate)	**2,437,298**	3,190,927
Fixed rate ranging from 2.8% to 18.25% (2024: 2.8% to 16%)	**44,177,853**	47,244,042
Hong Kong Interbank Offered Rate ("HIBOR") plus 2.00% to 5.00% (2024: 2.00% to 5.00%)	**737,713**	745,253
	47,352,864	51,180,222

Other than the assets pledged as disclosed elsewhere in the consolidated financial statements, equity interests of certain subsidiaries of the Company were pledged for the bank and other borrowing facilities granted to the Group.

Pursuant to some of the Group's borrowings' agreements, any default under the Group's borrowings will trigger the cross default resulting in the relevant borrowings becoming repayable on demand. As at 31 December 2025, the Group had defaulted the repayment of certain bank and other borrowings of approximately RMB40,213,204,000 (2024: RMB38,491,605,000). Such events triggered default and cross-default clauses in several other bank borrowings of the Group. As at 31 December 2025, the negotiations with lender had not been concluded. Since the lender has not agreed to waive its right to demand immediate payment as at the end of the reporting period, accordingly, these bank and other borrowings became repayable on demand as at 31 December 2025. All cross-default borrowings are presented under current liabilities in the Group's consolidated statement of financial position as at 31 December 2025.

33. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
Lease liabilities payable:		
Within one year	**598,633**	427,331
More than one year but not more than two years	**128,766**	63,509
More than two years but not more than five years	**224,197**	242,898
More than five years	**623,901**	837,931
	1,575,497	1,571,669
Less: Amount due for settlement with 12 months shown under current liabilities	**(598,633)**	(427,331)
Amount due for settlement after 12 months shown under non-current liabilities	**976,864**	1,144,338

The weighted average incremental borrowing rates applied to lease liabilities range from 6.80% to 9.55% (2024: 6.80% to 9.55%).

34. SENIOR NOTES AND BONDS

	Issue date	Maturity date	Listed on	Principal amount '000	Interest rate	Guaranteed by	2025 RMB'000	2024 RMB'000
2019 Listed Corporate Bonds	September 2019	April 2026	SSE	RMB1,500,000	6.6% p.a.	N/A	**1,778,335**	1,684,760
2020 Listed Corporate Bonds 1	March 2020	June 2026	SSE	RMB2,540,000	5.5% p.a.	N/A	**3,028,214**	2,889,480
2020 Listed Corporate Bonds 2	August 2020	May 2026	SSE	RMB1,180,000	5.65% p.a.	N/A	**1,448,070**	1,379,162
2021 Listed Corporate Bonds	July 2021	December 2026	SSE	RMB1,820,000	6.8% p.a.	N/A	**2,336,367**	2,208,171
Aoyuan New Notes	March 2024	September 2031	SGX	USD500,000	5.5% p.a.	N/A	**2,900,958**	2,657,828
Add Hero Notes-Tranche A	March 2024	September 2029	SGX	USD650,000	7.5% p.a.	Subsidiaries of the Company	**4,417,435**	4,217,882
Add Hero Notes-Tranche B	March 2024	September 2030	SGX	USD500,000	8.0% p.a.	Subsidiaries of the Company	**3,540,873**	3,249,161
Add Hero Notes-Tranche C	March 2024	September 2031	SGX	USD650,000	8.8% p.a.	Subsidiaries of the Company	**4,724,352**	4,338,148
							24,174,604	22,624,592

34. SENIOR NOTES AND BONDS (Continued)

(a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate ranging from 5.91% to 11.8% (2024: 5.91% to 11.8%) per annum to the liability component respectively since the corresponding notes and bonds were issued.

Movements of the liability component in above senior notes and corporate bonds during the year are set out below:

	2025 **RMB'000**	2024 RMB'000
Carrying amount as at 1 January	**22,624,592**	35,691,405
Issued during the year	**–**	13,117,544
Exchange (gain)/loss	**(230,693)**	174,181
Interest expenses	**2,026,639**	1,667,045
Repayment	**(245,934)**	(40,350)
Derecognition pursuant to debt restructuring	**–**	(27,985,233)
Carrying amount as at 31 December	**24,174,604**	22,624,592
Less: current portion	**9,645,304**	4,729,437
Non-current portion	**14,529,300**	17,895,155
Analysed into:		
Senior notes and bonds payable:		
Within 1 year	**9,645,304**	4,729,437
More than one year, but not exceeding two years	**–**	3,432,136
More than two years, but not exceeding five years	**6,903,990**	4,217,882
Over Five years	**7,625,310**	10,245,137
	24,174,604	22,624,592

(b) Early redemption options of the Company are regarded as embedded derivatives not closely related to the host contract. The management of the Company consider that the fair value of the early redemption options is insignificant on initial recognition date, 31 December 2024 and 31 December 2025.

35. CONVERTIBLE BONDS

In March 2024, as part of the restructuring, the Company issued zero coupon mandatory convertible bonds ("MCB") with a nominal value of USD143 million (equivalent to approximately RMB1,015 million) due 30 September 2028. The MCBs were issued in the denomination of USD1,000 for each MCB. The MCBs are convertible into ordinary shares of the Company after 12 months from the date of issuance up to and including 10 business days before the maturity. On maturity, any MCBs which remained outstanding will be mandatorily and automatically be converted into ordinary shares of the Company at a conversion price of HK$0.66. The MCBs would be convertible into 1,691,449,122 ordinary shares of the Company at the initial conversion price.

Movements and reconciliation of level 3 measurement of the MCBs during the year are set out below:

	2025	2024
	RMB'000	RMB'000
Carrying amount as at 1 January	**710,685**	–
Issued during the year	**–**	669,406
Conversion of convertible bonds into shares	**(306,831)**	–
Fair value change	**–**	41,279
Exchange realignment	**(2,190)**	–
Carrying amount as at 31 December	**401,664**	710,685

36. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2024, 31 December 2024 and 31 December 2025	100,000,000,000	1,000,000
Issued and fully paid:		
At 1 January 2024	2,965,571,354	29,655
Issued in exchange for debt (note 1)	887,553,907	8,876
At 31 December 2024	3,853,125,261	38,531
Conversion of convertible bonds into shares (note 2)	731,498,748	7,315
At 31 December 2025	4,584,624,009	45,846

	2025 RMB'000	2024 RMB'000
Shown in the consolidated financial statements as	**42,529**	35,777

All the new ordinary shares issued rank pari passu with the then existing shares in all respects.

Note 1:

Pursuant to the terms of the schemes, 887,553,907 new shares of the Company of HK$0.01 each was issued to certain eligible scheme creditors during the year ended 31 December 2024.

The aggregate fair value of the 887,553,907 ordinary shares, determined by reference to the closing quoted market price of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited at the issue date, amounted to RMB128,815,000, of which RMB8,051,000 and RMB120,764,000 were credited to the share capital and share premium account of the Company, respectively.

Note 2:

During the year ended 31 December 2025, convertible bonds with a nominal value of USD62,073,000 have been converted to 731,498,748 shares of the Company by the bond holders, as a result, the convertible bonds of RMB306,831,000 have been transferred to equity upon the conversion, of which RMB6,752,000 and RMB300,079,000 were credited to the share capital and share premium account of the Company, respectively.

37. PERPETUAL CAPITAL SECURITIES

In March 2024, as part of the restructuring, the Company issued perpetual capital securities with an aggregate principal amount of USD1,600 million to the eligible scheme creditors. These perpetual capital securities shall bear no interest within the first 8 years from issuance and become interest-bearing since then. The Company may elect to defer interest payment, which is not subject to any limit as to the number of times of interest payment can be deferred. The perpetual capital securities are without fixed maturity and may only be redeemed at the option of the Company.

As these perpetual capital securities only imposes contractual obligations on the Company to repay principal or to pay any distribution under certain circumstances, which are at the Company's discretion, they have in substance offered the Company an unconditional right to avoid delivering cash or other financial assets. Therefore, these perpetual capital securities are classified as equity instruments.

38. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes amounts due to NCI disclosed in note 23, amounts due to joint ventures disclosed in note 24, amounts due to associates disclosed in note 27, bank and other borrowings disclosed in note 32, senior notes and bonds disclosed in note 34, convertible bonds disclosed in note 35, net of cash and cash equivalents and restricted bank deposits, and equity attributable to owners of the Company, comprising share capital and reserves.

The management of the Company reviews the capital structure periodically. As part of this review, the management of the Company assesses budgets of major property projects taking into account of the provision of funding. Based on the operating budgets, the management of the Company consider the cost of capital and the risks associated with each class of capital and balance its overall capital structure through the payment of dividends, new share issues and share buy-back as well as the issue of new debts or the redemption of existing debts.

39. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	2025 RMB'000	2024 RMB'000
Financial assets		
Financial assets at amortised cost	**29,822,940**	34,657,811
Equity instruments designated at FVTOCI	**151,886**	367,868
Financial assets at FVTPL	**755,740**	297,610
Financial liabilities		
At amortised cost	**136,448,646**	138,279,884
Financial liabilities at FVTPL – convertible bonds	**401,664**	710,685

(b) Financial risk management objectives and policies

The Group's major financial instruments include equity instruments designated at FVTOCI, financial assets at FVTPL, trade and other receivables, amounts due from NCI, joint ventures and associates, restricted bank deposits, bank balances and cash, trade and other payables, amounts due to NCI, joint ventures and associates, bank and other borrowings, senior notes and bonds, and convertible bonds. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk

(i) Interest rate risk

The Group is exposed to cash flow interest rate risk related primarily to its variable-rate bank borrowings, restricted bank deposits and bank balances.

The Group is also exposed to fair value interest rate risk related primarily to fixed-rate bank and other borrowings, interest bearing portion of amounts due from joint ventures, associates and NCI and amounts due to joint ventures and senior notes and bonds. The Group currently does not enter any interest rate swaps to hedge its exposure to fair value interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to cash flow interest rate risk for its variable-rate bank and other borrowings at the end of the reporting period. The restricted bank deposits and bank balances are not included in the sensitivity analysis as the management of the Group considers that the interest rate fluctuation is minimal. The analysis is prepared assuming the variable-rate bank and other borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 (2024: 50) basis points increase or decrease is used when reporting cash flow interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rate.

If interest rates had been 50 (2024: 50) basis points higher/lower with all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2025 would increase/decrease by RMB12,828,000 (2024: post-tax loss for the year would increase/decrease by RMB15,692,000).

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk

The Group's transactions were mainly conducted in RMB, the functional currency of the Company and its subsidiaries, and its major receivables and payables are denominated in RMB. The Group is subject to foreign exchange rate risk arising from the assets and liabilities which are denominated in currency other than the functional currency of the relevant group entity. The majority of the Group's foreign currency transactions and balances are denominated in HKD, CAD and USD. The management closely monitors foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

The Group's foreign currency denominated monetary assets and monetary liabilities include bank and other borrowings, senior notes and bonds and bank balances at the end of respective reporting period and the carrying amounts are as follows:

	2025	2024
	RMB'000	RMB'000
Assets		
HKD	**97,488**	92,688
USD	**6,004**	1,594
Intra-group assets		
CAD	**1,627,882**	1,899,764
Liabilities		
HKD	**819,545**	827,085
USD	**15,583,618**	14,463,019

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Foreign currency risk (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2024: 5%) increase and decrease in RMB against the relevant foreign currencies including intra-group balances. The sensitivity rates used represents management's assessment of the reasonably possible change in foreign exchange rates. A positive number (negative number) below indicates a decrease in post-tax loss (an increase in post-tax loss) where RMB strengthens 5% (2024: 5%) against the relevant currency. For a 5% (2024: 5%) weakening of RMB against the relevant currency, there would be an equal and opposite impact on the post-tax loss.

	2025	2024
	RMB'000	RMB'000
Loss for the year		
HKD	**88,253**	88,871
USD	**945,803**	904,001
CAD	**(82,223)**	(110,800)

(iii) Other price risk

The Group is exposed to equity price risk through its investments in equity instruments measured at FVTOCI and FVTPL and financial assets at FVTPL. The Group invested in certain unquoted equity instruments for investees operating in relevant industry sector for long term strategic purposes which had been designated as FVTOCI, and financial assets at FVTPL. The Group currently does not have a hedging policy in relation to the price risk. The Group has appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment

In order to minimise the credit risk of trade receivables and contract assets, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of these balances individually and/or collectively at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In addition, the Group performs impairment assessment under ECL model in accordance with IFRS 9 on trade balances individually or based on provision matrix. For trade receivables and contract assets, the Group has applied the simplified approach under IFRS 9 to measure the loss allowance at lifetime ECL. The lifetime ECL provided for trade receivables and contract assets is RMB72,762,000 (2024: RMB132,902,000) (life-time not credit-impaired) for the year ended 31 December 2025 based on historical credit loss experience adjusted by forward-looking estimates without undue cost or effort, the loss rate ranging from 0% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The credit risk of other receivables and amounts due from NCI, joint ventures and associates are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. The Group performs impairment assessment under ECL model in accordance with IFRS 9 on these outstanding balances.

For other receivables, the Group measures the loss allowance at 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in likelihood or risk of a default occurring since initial recognition. Certain other receivables had a significant increase in credit risk since initial recognition. The Group monitors these balances on an ongoing basis, and has recognised full expected credit losses for these high-risk receivables. Apart from the above individually assessed high-risk receivables, the Group's net exposure to credit risk is not significant, as the Group only trades with creditworthy third parties for the majority of its operations and no collateral is required.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Where applicable, an impairment analysis on other receivables is performed at each reporting date by considering the probability of default of comparable companies with published credit ratings, if any. In the situation where no comparable companies with credit ratings can be identified, expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group. The loss rate ranging from 0% to 100% is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Group has provided ECL amounting to RMB1,289,284,000 (2024: RMB1,542,406,000) for other receivables for the year ended 31 December 2025.

For amounts due from NCI, joint ventures and associates, the Group considers the probability of default upon initial recognition and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group has made periodic assessments as well as individual assessment on recoverability based on historical settlement records and adjusts for forward-looking information. The impairment assessment has taken into account the property assets held by NCI, joint ventures and associates, if applicable, the financial capability of these debtors and considering the future prospects of the industry in which these debtors operate at, (i.e. the Group will consider the pre-sale plan of the property projects held by joint ventures or associates, where applicable). An impairment of RMB129,267,000 and RMB208,888,000 was recognised in respect of the amounts due from NCI and joint ventures, respectively during the year ended 31 December 2025. Reversal of impairment of RMB10,506,000 was recognised in respect of the amounts due from NCI during the year ended 31 December 2024.

The credit risk on liquid funds is low because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC. The management of the Company consider the probability of default is negligible on the basis of high credit-rating issuers during both years.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

There has been no significant changes to estimation techniques or assumptions made during the current year.

The concentration of credit risk in respect of trade receivables is minimal, no customer represent more than 5% of the total trade receivables as at 31 December 2025 and 2024. The management of the Company continue to monitor and assess the financial status of the counterparties, and they believe the exposure to credit risk on these balances is not significant as the counterparties are of good financial position.

As at 31 December 2025 and 2024, other than those financial assets whose carrying amounts best represent the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group.

For financial guarantee contracts, the maximum amount that the Group has guaranteed under the respective contracts was RMB62,458,863,000 (2024: RMB66,444,842,000) as at 31 December 2025. At the end of the reporting period, the management of the Company has performed impairment assessment, and concluded that there has been no significant increase in credit risk since initial recognition of the financial guarantee contracts. Details of the financial guarantee contracts are set out in note 42.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and the flexibility through the use of borrowings. The management of the Company closely monitor the liquidity position and its compliance with lending covenants and expect to have adequate sources of funding to finance the Group's property projects and operations.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities and lease liabilities. For non-derivative financial liabilities and lease liabilities, the tables have been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2025 RMB'000
2025							
Trade and other payables	-	54,447,738	-	-	-	54,447,738	54,447,738
Amounts due to NCI	-	1,852,676	-	-	-	1,852,676	1,852,676
Amounts due to joint ventures	-	7,347,549	-	-	-	7,347,549	7,347,549
Amount due to joint venture	15%	115,000	-	-	-	115,000	115,000
Amounts due to associates	-	1,158,215	-	-	-	1,158,215	1,158,215
Bank and other borrowings	8.84%	50,547,917	755,780	235,722	-	51,539,419	47,352,864
Senior notes and bonds	9.85%	10,078,876	-	10,569,558	12,644,811	33,293,245	24,174,604
Financial guarantees contracts	-	62,458,863	-	-	-	62,458,863	-
		188,006,834	755,780	10,805,280	12,644,811	212,212,705	136,448,646
Lease liabilities	9.47%	600,696	140,543	524,174	751,075	2,016,488	1,575,497

39. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

	Weighted average interest rate	On demand or within 1 year RMB'000	1-2 years RMB'000	2-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flow RMB'000	Total carrying amount at 31 December 2024 RMB'000
2024							
Trade and other payables	–	54,063,728	–	–	–	54,063,728	54,063,728
Amounts due to NCI	–	1,848,801	–	–	–	1,848,801	1,848,801
Amounts due to joint ventures	–	7,278,811	–	–	–	7,278,811	7,278,811
Amount due to joint venture	15.00%	160,600	–	–	–	160,600	115,000
Amounts due to associates	–	1,168,730	–	–	–	1,168,730	1,168,730
Bank and other borrowings	8.64%	53,356,625	1,333,852	1,105,096	–	55,795,573	51,180,222
Senior notes and bonds	9.85%	4,876,749	4,410,573	5,990,725	18,395,116	33,673,163	22,624,592
Financial guarantees contracts	–	66,444,842	–	–	–	66,444,842	–
		189,198,886	5,744,425	7,095,821	18,395,116	220,434,248	138,279,884
Lease liabilities	9.35%	559,815	152,071	488,585	899,542	2,100,013	1,571,669

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial instruments	Fair value as at 31 December 2025 RMB'000	2024 RMB'000	Fair value hierarchy	Valuation techniques and key inputs
Equity instruments designated at FVTOCI – unlisted investments	**151,886**	326,948	Level 3	Market approach considers comparable company enterprise value and discount for lack of marketability.
Equity instruments designated at FVTOCI – listed investments	**–**	40,920	Level 1	Quoted price based on Shenzhen Stock Exchanges at the end of the reporting period (or the nearest day of trading).
Financial assets at FVTPL – unlisted equity instruments	**155,465**	266,999	Level 3	Discounted cash flow. Future cash flows are estimated based on expected return of the underlying investments, discounted at a rate that reflects the internal rate of return of the underlying investments.
Financial assets at FVTPL – Wealth management plans	**–**	30,611	Level 3	The fair value was determined with reference to the fair value of underlying investments of the plans which are provided by the counterparty financial institutions.
Financial assets at FVTPL – Listed investments	**600,275**	–	Level 1	Quoted price of listed investments based on Shenzhen Stock Exchange at the end of the reporting period (or the nearest day of trading).
Financial liabilities at FVTPL – MCBs	**401,664**	710,685	Level 3	Binomial Model method. The future payoff of the CB are estimated based on conversion features, redemption options etc, discounted at risk-free rate and risk-adjusted rate respectively.

39. FINANCIAL INSTRUMENTS (Continued)

(c) Fair value measurement of financial instruments (Continued)

The following table presents the reconciliation of Level 3 measurements of financial assets throughout the year:

	Equity instruments designated at FVTOCI RMB'000	Financial assets at FVTPL RMB'000
At 1 January 2024	321,068	289,814
Change in fair value	5,880	7,796
At 31 December 2024 and 1 January 2025	326,948	297,610
Disposal of subsidiaries (note 40)	(15,840)	(140,495)
Disposal	(155,304)	(417)
Change in fair value	(3,918)	(1,233)
At 31 December 2025	151,886	155,465

Except for senior notes and bonds, equity instruments designated at FVTOCI and financial assets at FVTPL, the management of the Group considers that the carrying amounts of the other financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values at the end of the reporting period.

40. DISPOSAL OF SUBSIDIARIES

FOR THE YEAR ENDED 31 DECEMBER 2025

Details of disposal of subsidiaries are as below:

Name of subsidiaries disposed	Place of establishment/ Incorporation	The date of disposal	Equity interest before disposal	Equity interest after disposal
廣州弘凱置業有限公司 (Guangzhou Hongkai Property Co., Ltd.)	Guangdong, the PRC	January	100%	–
大余奧園置業有限公司 (Dayu Aoyuan Property Co., Ltd.)	Jiangxi, the PRC	January	61.8%	–
大余泰盛電子商務有限公司 (Dayu Taisheng E-commerce Co., Ltd.)	Jiangxi, the PRC	January	61.8%	–
南通華東建設有限公司 (Nantong Huadong Construction Co., Ltd.)	Jiangsu, the PRC	June	51%	–
北京中南建設工程有限公司 (Beijing Zhongnan Construction Engineering Co., Ltd.)	Beijing, the PRC	June	51%	–
海安序祐貿易有限公司 (Hai'an Xuyou Trading Co., Ltd.)	Jiangsu, the PRC	June	51%	–
南通緣宸建材商貿有限公司 (Nantong Yuanchen Building Materials Trading Co., Ltd.)	Jiangsu, the PRC	June	51%	–
寧波奧冠置業有限公司* (Ningbo Aoguan Property Co., Ltd.)	Zhejiang, the PRC	January	100%	–
寧波海拓置業有限公司* (Ningbo Haituo Property Co., Ltd.)	Zhejiang, the PRC	January	100%	–
寧波天派置業有限公司* (Ningbo Tianpai Property Co., Ltd.)	Zhejiang, the PRC	January	100%	–
寧波逸榮達置業有限公司* (Ningbo Yirongda Property Co., Ltd.)	Zhejiang, the PRC	January	100%	–

40. DISPOSAL OF SUBSIDIARIES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2025 (Continued)

Details of disposal of subsidiaries are as below: (Continued)

Name of subsidiaries disposed	Place of establishment/ Incorporation	The date of disposal	Equity interest before disposal	Equity interest after disposal
湖州奧宇企業管理咨詢有限公司* (Huzhou Aoyu Enterprise Management Consulting Co., Ltd.)	Zhejiang, the PRC	January	100%	–
寧波奧譽置業有限公司* (Ningbo Aoyu Property Co., Ltd.)	Zhejiang, the PRC	January	100%	–
寧波奧宇企業管理咨詢有限公司* (Ningbo Aoyu Enterprise Management Consulting Co., Ltd.)	Zhejiang, the PRC	January	100%	–
昆山奧盛置業有限公司* (Kunshan Aosheng Property Co., Ltd.)	Jiangsu, the PRC	April	100%	–
嘉善譽鴻房地產開發有限責任公司* (Jiashan Yuhong Real Estate Development Co., Ltd.)	Guangdong, the PRC	February	100%	–
滁州萬興置業有限公司* (Chuzhou Wanxing Real Estate Co., Ltd.)	Anhui, the PRC	May	100%	–
藤縣中顧置業投資有限公司 (Tengxian Zhonggu Real Estate Investment Co., Ltd.)	Guangxi, the PRC	September	60%	–
常熟奧宸置業有限公司* (Changshu Aochen Real Estate Co., Ltd.)	Jiangsu, the PRC	August	100%	–
廣東奧園智慧谷科技園有限公司 (Guangdong Aoyuan Wisdom Valley Technology Park Co., Ltd.)	Guangdong, the PRC	November	100%	–
奧園美谷科技股份有限公司 (Aoyuan Beauty Valley Technology Co., Ltd.) ("Aoyuan Beauty Valley")	Hubei, the PRC	December	22.54%	9.62%

* These companies have commenced bankruptcy liquidation or bankruptcy reorganization proceedings during the year ended 31 December 2025.

40. DISPOSAL OF SUBSIDIARIES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024

Details of disposal of subsidiaries are as below:

Name of subsidiaries disposed	Place of establishment/ Incorporation	The date of disposal	Equity interest before disposal	Equity interest after disposal
惠州大亞灣房利美投資有限公司 (Huizhou Dayawan Fanglimei Investment Co., Ltd.)	Guangdong, the PRC	June	100%	–
湖州奧冠置業有限公司* (Huzhou Aoguan Property Co., Ltd.)	Zhejiang, the PRC	March	100%	–
泉州奧發置業有限公司 (Quanzhou Aofa Property Co., Ltd.)	Fujian, the PRC	February	100%	–
泉州奧嘉置業有限公司 (Quanzhou Aojia Property Co., Ltd.)	Fujian, the PRC	February	60%	–
廣州鴻珺房地產有限公司* (Guangzhou Hongjun Real Estate Co., Ltd)	Guangdong, the PRC	May	100%	–
惠州市嘉翔房地產開發有限公司 (Huizhou Jiaxiang Real Estate Development Co., Ltd)	Guangdong, the PRC	May	100%	–
東莞清溪中奧泰置業有限責任公司 (Dongguan Qingxi Zhongaotai Real Estate Co., LTD)	Guangdong, the PRC	January	80%	–
佑林泛太(昆山)置業有限公司* (Youlin Fantai (Kunshan) Real Estate Co., Ltd.)	Jiangsu, the PRC	September	100%	–
珠海奧園信正科技有限公司 (Zhuhai Aoyuan Xinzheng Technology Co., Ltd.)	Guangdong, the PRC	July	51%	–
天津市五一陽光投資發展有限公司 (Tianjin Wuyi Yangguang Investment and Development Co., Ltd.)	Tianjin, the PRC	December	100%	–

40. DISPOSAL OF SUBSIDIARIES (Continued)

FOR THE YEAR ENDED 31 DECEMBER 2024 (Continued)

Details of disposal of subsidiaries are as below: (Continued)

Name of subsidiaries disposed	Place of establishment/ Incorporation	The date of disposal	Equity interest before disposal	Equity interest after disposal
漳州奧地置業有限公司 (Zhangzhou Aodi Real Estate Co., Ltd.)	Fujian, the PRC	September	100%	–
平潭奧新置業有限公司 (Pingtan Aoxin Real Estate Co., Ltd.)	Fujian, the PRC	September	60%	–
河源市山湖海房地產開發經營有限責任公司 (Heyuan Shanhuhai Real Estate Development and Operation Co., Ltd.)	Guangdong, the PRC	July	100%	–
湖南聯盛置業有限公司 (Hunan Liansheng Real Estate Co., Ltd.)	Hunan, the PRC	November	51%	–

* These companies have commenced bankruptcy liquidation or bankruptcy reorganization proceedings during the year ended 31 December 2024.

40. DISPOSAL OF SUBSIDIARIES (Continued)

Details of the net assets disposed of in respect of the transactions for the years ended 31 December 2025 and 2024 are summarised below:

	2025	2024
	RMB'000	RMB'000
Property, plant and equipment	**961,071**	252
Investment properties	**1,190,980**	–
Right-of-use assets	**244,056**	–
Interests in associates	**7,734**	–
Goodwill	**509,978**	–
Equity instruments at FVTPL	**110,295**	–
Deferred tax assets	**97,375**	268,357
Properties for sale	**4,695,800**	7,086,310
Inventories	**132,141**	221
Trade and other receivables	**1,384,288**	1,563,886
Amounts due from the Group	**749,628**	546,379
Amounts due from joint ventures	**8,016**	18,810
Amounts due from associates	**822**	8
Financial assets at FVTPL	**30,200**	–
Equity instruments at FVTOCI	**65,640**	–
Amounts due from NCI	**89,186**	18,272
Tax recoverable	**229,768**	74,390
Bank balances and cash	**102,494**	55,371
Restricted bank deposits	**137,187**	292,576
Trade and other payables	**(3,176,354)**	(2,038,279)
Contract liabilities	**(1,364,039)**	(3,474,087)
Amount due to a joint venture	**(299)**	(4,748)
Amounts due to NCI	**–**	(236,370)
Tax liabilities	**(23,153)**	–
Amounts due to associates	**(90)**	(232)
Bank and other borrowings	**(3,277,473)**	(2,358,088)
Deferred tax liabilities	**(214,066)**	–
Deferred income	**(78,716)**	–
Lease liabilities	**(34,676)**	–
Net assets disposed of	**2,577,793**	1,813,028

40. DISPOSAL OF SUBSIDIARIES (Continued)

Loss on disposal of subsidiaries

	2025 RMB'000	2024 RMB'000
Cash consideration	**44,310**	994,288
Fair value of retained equity interests (note)	**600,275**	–
Net assets disposed of	**(2,577,793)**	(1,813,028)
Non-controlling interests	**971,078**	49,341
Loss on disposal	**(962,130)**	(769,399)

Note： The bankruptcy reorganization of Aoyuan Beauty Valley was fully completed by the end of December 2025. Upon the completion of bankruptcy reorganization, the Group's equity interest in Aoyuan Beauty Valley was diluted to 9.62%, the Group ceased to have control over Aoyuan Beauty Valley. As such Aoyuan Beauty Valley and its subsidiaries are not included in the scope of consolidated financial statements since then.

Net cash outflow arising from disposal of subsidiaries:

	2025 RMB'000	2024 RMB'000
Cash consideration	**44,310**	994,288
Less: bank balances and cash of the subsidiaries disposed of	**(102,494)**	(55,371)
Less: cash consideration utilised to settle bank and other borrowings	**–**	(902,510)
Less: consideration receivables included in other receivables	**–**	(82,757)
Net cash outflow arising on disposals	**(58,184)**	(46,350)

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flow will be, classified in the Group's consolidated financial statements of cash flows from financing activities.

	At 1 January 2025 RMB'000	Financing cash flow RMB'000	Finance cost of the year RMB'000	Non-cash transaction RMB'000	Disposal of subsidiaries RMB'000	Dividend declared RMB'000	Foreign exchange loss/(gain) RMB'000	At 31 December 2025 RMB'000
Amounts due to NCI	1,848,801	3,875	–	–	–	–	–	1,852,676
Amounts due to joint ventures	7,393,811	(41,721)	45,600	65,158	(299)	–	–	7,462,549
Amounts due to associates	1,168,730	(10,425)	–	–	(90)	–	–	1,158,215
Bank and other borrowings	51,180,222	(45,483)	–	(496,862)	(3,277,473)	–	(7,540)	47,352,864
Senior notes and bonds	22,624,592	(245,934)	2,026,639	–	–	–	(230,693)	24,174,604
Lease liabilities	1,571,669	(70,812)	109,316	–	(34,676)	–	–	1,575,497
Dividend payable to NCI	–	(8,525)	–	–	–	8,525	–	–
At 31 December 2025	85,787,825	(419,025)	2,181,555	(431,704)	(3,312,538)	8,525	(238,233)	83,576,405

			Non-cash changes							
	At 1 January 2024 RMB'000	Financing cash flow RMB'000	Finance cost of the year RMB'000	Non-cash transaction RMB'000	Acquisition of subsidiaries RMB'000	Disposal of subsidiaries RMB'000	Disposal of assets RMB'000	Dividend declared RMB'000	Foreign exchange loss/(gain) RMB'000	At 31 December 2024 RMB'000
Amounts due to NCI	2,005,845	79,326	–	–	–	(236,370)	–	–	–	1,848,801
Amounts due to joint ventures	7,670,480	(105,667)	45,600	(211,854)	–	(4,748)	–	–	–	7,393,811
Amounts due to associates	1,180,869	(13,579)	–	(110,000)	111,672	(232)	–	–	–	1,168,730
Bank and other borrowings	71,759,791	(1,025,891)	–	(15,882,978)	129,368	(2,358,088)	(1,414,138)	–	(27,842)	51,180,222
Senior notes and bonds	35,691,405	(40,350)	1,667,045	(14,867,689)	–	–	–	–	174,181	22,624,592
Lease liabilities	1,514,216	(63,732)	121,185	–	–	–	–	–	–	1,571,669
Dividend payable to NCI	–	(10,540)	–	–	–	–	–	10,540	–	–
At 31 December 2024	119,822,606	(1,180,433)	1,833,830	(31,072,521)	241,040	(2,599,438)	(1,414,138)	10,540	146,339	85,787,825

42. FINANCIAL GUARANTEE CONTRACTS

At the end of respective reporting period, the Group had financial guarantee contracts as follows:

	2025 RMB'000	2024 RMB'000
Guarantees given to banks in connection with facilities granted to third parties	**55,073,521**	58,825,080
Guarantees given to banks in connection with facilities granted to joint ventures	**7,385,342**	7,619,762

The Group acted as guarantor to the banks in respect of the mortgage bank loans granted to certain purchasers of the Group's properties and agreed to repay the outstanding mortgaged loans upon the purchasers' default on the repayment of the outstanding mortgage loans and the loan interest accrual thereon. The Group's guarantee periods commence from the dates of grants of the relevant mortgage loans and end after the buyers obtain the individual property ownership certificate of the property purchased. In the opinion of the management of the Company, the fair value of the financial guarantee contracts is not significant at the initial recognition and provision has not been made as the Group has not applied for individual building ownership certificates for these buyers and can take over the ownerships of the related properties and sell the properties to recover any amounts paid by the Group to the banks.

The Group had provided guarantees in respect of banking facilities granted by banks to the Group's joint ventures. In the opinion of the management of the Company, the fair value of guarantee contracts are insignificant at initial recognition. In accordance with IFRS 9 and IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the management of the Company has assessed the fair value of the financial guarantee contracts at initial recognition and the expected credit loss as at the end of the reporting period.

Notwithstanding the recent decline in the property market, the Group has reviewed the historical default experience, the credit enhancement mechanisms in place (including the Group's right to repossess and dispose of the properties), and the financial standing of the relevant project entities. Based on such comprehensive review, the management of the Company considers that the risk of outflow of economic benefits in respect of these guarantees is remote. Accordingly, no provision has been recognised for these financial guarantee contracts.

43. OPERATING LEASE ARRANGEMENTS

The Group as lessor

Contingent rental for certain properties was charged to tenants and was determined by a certain percentage of turnover earned by the tenants upon their turnover exceeding the pre-determined monthly rental. The contingent rental income recognised during the year ended 31 December 2025 amounted to RMB4,561,000 (2024: RMB5,562,000). The properties held by the Group for rental purpose have committed tenants for periods ranging from 1 to 20 years (2024: 1 to 20 years).

Minimum lease payments receivable on leases are as follows:

	2025	2024
	RMB'000	RMB'000
Within one year	**61,927**	78,624
In the second year	**47,683**	90,102
In the third year	**39,029**	41,631
In the fourth year	**35,029**	32,576
In the fifth year	**31,149**	28,879
After five years	**185,564**	224,345
	400,381	496,157

Rental from certain tenants of an investment property is determined at the amount of the higher of a specified percentage of their turnover and a fixed monthly rental. The remaining properties are expected to generate rental yields of average 0.55% to 6.55% (2024: 0.50% to 6.05%) per annum on an on-going basis.

44. OTHER COMMITMENTS

At the end of the reporting period, the Group has other commitments as follow:

	2025 RMB'000	2024 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**10,682,139**	12,609,336
Construction cost commitments for investment properties contracted for but not provided in the consolidated financial statements	**334,609**	334,609

The Group's share of commitments made jointly with other investors relating to its joint ventures are as follows:

	2025 RMB'000	2024 RMB'000
Construction cost commitments for properties for sale contracted for but not provided in the consolidated financial statements	**3,026,883**	3,832,829

45. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	2025	2024
	RMB'000	RMB'000
Property, plant and equipment (note 15)	**1,294,418**	2,307,662
Right-of-use assets (note 16)	**234,758**	396,916
Investment properties (note 17)	**6,290,192**	8,315,421
Restricted bank deposits (note 29)	**330**	40,738
Properties for sale (note 25)	**43,298,422**	54,308,880
	51,118,120	65,369,617

The Group's equity interests in certain subsidiaries, which hold certain pledged properties under development for sale included above, have been pledged to secure certain banking facilities granted to the Group.

46. RETIREMENT BENEFITS PLANS

According to the relevant laws and regulations in the PRC, the Company's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees. The principal obligation of the Group with respect to the retirement benefits scheme is to make the required contributions under the scheme.

The Group also operates a Mandatory Provident Fund Scheme for all qualified employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustee. The Group contributes 5% of relevant payroll costs to the scheme and the same amount is matched by employees.

Contribution to the defined contribution plans in Canada are made by the employer based on a certain percentage of the employees' salaries and wages.

The Group recognised the retirement benefit contributions of RMB2,460,000 (2024: RMB5,127,000) for the year ended 31 December 2025.

47. RELATED PARTY TRANSACTIONS

(a) Other than as disclosed elsewhere in these consolidated financial statements, the Group had material transactions during the year with related parties as follows:

Related party	Nature of transaction	**2025 RMB'000**	2024 RMB'000
Joint Ventures	Interest income	**–**	6,337
Joint Ventures	Interest expense	**45,600**	45,600
NCI (note)	Interest income	**–**	22,116
Associate	Interest income	**–**	6,591

Note: These entities have significant influence over several non-wholly owned subsidiaries of the Company.

(b) The remuneration of key management personnel during the year is as follows:

	2025 RMB'000	2024 RMB'000
Short-term benefits	**12,788**	13,268
Retirement benefit scheme contributions	**473**	241
	13,261	13,509

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) General information of principal subsidiaries

Details of the Group's principal subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
Add Hero holding Limited ("Add Hero") (note a)	British Virgin Islands ("BVI")	**100%**	100%	US$10,000	Investment holdings	Limited liability company
Capital Benefit Limited	Hong Kong	**100%**	100%	HKD1	Property development	Limited liability company
奧園集團有限公司 (Aoyuan Group Company Limited) (the "Aoyuan Group")	the PRC	**100%**	100%	RMB6,110,000,000	Investment holding, loan financing and property development	Limited liability company
廣州奧園資產經營管理有限公司 (Guangzhou Aoyuan Assets of Management Company Limited)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Provision of consultancy services	Limited liability company
江門江奧地產開發有限公司 (Jiangmen Jiangao Real Estate Development Company Limited)	Guangdong, the PRC	**51%**	51%	RMB50,000,000	Property development	Limited liability company
瀋陽奧園新城置業有限公司 (Shenyang Aoyuan New City Property Company Limited)	Liaoning, the PRC	**100%**	100%	RMB1,030,000,000	Property development	Limited liability company
廣州奧譽房地產開發有限公司 (Guangzhou Aoyu Real Estate Exploitation Company Limited)	Guangdong, the PRC	**100%**	100%	HKD1,390,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
廣州南沙奧園養生酒店有限公司 (Guangzhou Nansha Aoyuan Health Hotel Company Limited)	Guangdong, the PRC	**100%**	100%	RMB110,000,000	Hotel operation	Limited liability company
雲浮奧園置業有限公司 (Yun Fun Aoyuan Properties Company Limited)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
重慶粵奧置業有限公司 (Chongqing Yueao Property Company Limited)	Chongqing, the PRC	**100%**	100%	RMB450,000,000	Property development	Limited liability company
奧園集團重慶置業有限公司 (Aoyuan Group Chongqing Property Company Limited)	Chongqing, the PRC	**100%**	100%	RMB784,313,725	Property development	Limited liability company
廣州康威集團有限公司 (Guangzhou Kangwei Group Company Limited)	Guangdong, the PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company
佛山市南海奧譽房地產開發有限公司 (Foshan Nanhai Ao Yu Real Estate Development Company Limited)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
奧園集團(梅州)有限公司 (Aoyuan Group (Meizhou) Company Limited)	Guangdong, the PRC	**100%**	100%	RMB380,000,000	Property development	Limited liability company
佛山奧冠置業有限公司 (Foshan Aoguan Property Company Limited)	Guangdong, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
奧園集團(佛山)置業有限公司 (Foshan Aoyuan Property Company Limited)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
奧園集團(英德)有限公司 (Yingde Aoyuan Group Company Limited) ("Yingde Aoyuan")	Guangdong, the PRC	**100%**	100%	RMB1,000,000,000	Property development	Limited liability company
奧園集團(韶關)有限公司 (Shaoguan Aoyuan Group Company Limited)	Guangdong, the PRC	**100%**	100%	RMB180,000,000	Property development	Limited liability company
重慶奧譽置業有限公司 (Chongqing Aoyu Property Company Limited)	Chongqing, the PRC	**100%**	100%	RMB1,600,000,000	Property development	Limited liability company
蕉嶺奧園廣場有限公司 (Jiaoling Aoyuan Square Company Limited)	Guangdong, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
重慶錦奧置業有限公司 (Chongqing Jinao Property Company Limited)	Chongqing, the PRC	**100%**	100%	RMB2,519,702,072	Property development	Limited liability company
五華奧園廣場有限公司 (Wuhua Aoyuan Square Company Limited)	Guangdong, the PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
廣東蕉嶺建築工程集團有限公司 (Guangdong Jiaoling Construction Engineering Group Company Limited.)	Guangdong, the PRC	**100%**	100%	RMB300,000,000	Construction & design	Limited liability company
廣西瀚林地產開發有限公司 (Guangxi Hanlin Property Development Company Limited)	Guangxi, the PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
安徽勤聯房地產開發有限公司 (Anhui Qinlian Property Development Company Limited)	Anhui, the PRC	**100%**	100%	RMB150,000,000	Property development	Limited liability company
廣東奧園投資有限公司 (Guangdong Aoyuan Investment Company Limited)	Guangdong, the PRC	**100%**	100%	RMB100,000,000	Investment holding	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
安徽瀚德房地產開發有限公司 (Anhui Hande Property Development Company Limited)	Anhui, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
安徽瀚華房地產開發有限公司 (Anhui Hanhua Property Development Company Limited)	Anhui, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
珠海市梅溪置業有限公司 (Zhuhai Meixi Property Company Limited)	Guangdong, the PRC	**93%**	93%	RMB10,000,000	Property development	Limited liability company
瀏陽奧園廣場房地產開發有限公司 (Liuyang Aoyuan Plaza Property Development Company Limited)	Hunan, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
玉林奧園置業有限公司 (Yulin Aoyuan Property Company Limited)	Guangxi, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
成都宜華置業有限公司 (Chengdu Yihua Property Company Limited)	Sichuan, the PRC	**100%**	100%	RMB1,500,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
深圳市奧弘置業有限公司 (Shenzhen Aohong Real Estate Limited)	Guangdong, the PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
深圳市瀾灣弘盛投資有限公司 (Shenzhen Lanwan Hongsheng Investments Company Limited)	Guangdong, the PRC	**100%**	100%	RMB71,400,000	Investment holding	Limited liability company
廣州市雄泰房地產開發有限公司 (Guangzhou Xiongtai Property Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB520,000,000	Property development	Limited liability company
惠州市泰華房地產開發有限公司 (Huizhou Taihua Property Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB80,000,000	Property development	Limited liability company
惠州市泰瑞房地產開發有限公司 (Huizhou Tairui Property Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB35,680,000	Property development	Limited liability company
惠州市泰宏房地產開發有限公司 (Huizhou Taihong Property Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB35,680,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2025	2024			
中山市華利高房地產投資有限公司 (Zhongshan Hualigao Property Investment Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB25,000,000	Property development	Limited liability company
佛山市南海恒德勝嘉置業有限公司 (Foshan Nanhai Hengde Shengjia Properties Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB250,000,000	Property development	Limited liability company
中山市三鄉鎮宏泰房地產開發有限公司 (Zhongshan Sanxiang Hongtai Real Estate Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
惠州市元谷實業有限公司 (Huizhou Yuangu Industrial Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
湘潭星舟置業有限責任公司 (Xiangtan Xingzhou Property Development Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB68,000,000	Property development	Limited liability company
福建省華力偉業置地有限公司 (Fujian Hualiweiye Property Co., Ltd.)	Fujian, the PRC	**55%**	55%	RMB200,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
青島星海灣置業有限公司 (Qingdao Xinghai Bay Properties Limited)	Shandong, the PRC	**80%**	80%	RMB50,000,000	Property development	Limited liability company
珠海來利科技有限公司 (Zhuhai Laili Technology Co., Ltd.)	Guangdong, the PRC	**70%**	70%	RMB80,000,000	Property development	Limited liability company
中山市銳大房地產有限公司 (Zhongshan Rui Da Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
惠州市合富地產開發有限公司 (Huizhou Hefu Real Estate Development Co., Ltd.)	Guangdong, the PRC	**80%**	80%	RMB56,650,000	Property development	Limited liability company
成都環美置業有限公司 (Chengdu Huan Mei Co., Ltd.)	Sichuan, the PRC	**100%**	100%	RMB1,863,160,000	Property development	Limited liability company
惠州龍圓房地產開發有限公司 (Huizhou Longyuan Real Estate Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
青島盛季金茂建設發展有限公司 (Qingdao Shengji Jinmao Construction Development Co., Ltd.)	Shandong, the PRC	**64%**	64%	RMB200,000,000	Property development	Sino-foreign joint venture

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2025	2024			
惠州市鴻泰昌實業有限公司 (Huizhou Hongtaichang Industrial Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB71,120,000	Property development	Limited liability company
郴州加利申房地產開發有限公司 (Chenzhou Jialishen Real Estate Development Co., Ltd.)	Hunan, the PRC	**70%**	70%	RMB333,340,000	Property development	Limited liability company
重慶勁揚房地產開發有限公司 (Chongqing Jingyang Real Estate Development Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
重慶新紅陽實業有限公司 (Chongqing Xinhongyang Industrial Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
珠海市祥田房地產開發有限公司 (Zhuhai Xiangtian Real Estate Development Co., Ltd.)	Guangdong, the PRC	**90%**	90%	RMB23,880,000	Property development	Limited liability company
臺山市君華置業投資有限公司 (Taishan Junhua Property Investment Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB87,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
荊州奧園房地產開發有限公司 (Jingzhou Aoyuan Property Co., Ltd.)	Hubei, the PRC	**100%**	100%	RMB352,941,200	Property development	Limited liability company
青島盛世嘉德商業發展有限公司 (Qingdao Shengshi Jiade Business Development Co. Ltd.)	Shandong, the PRC	**64%**	64%	US$102,040,000	Property development	Limited liability company
湖南省晨啟智毅科技發展有限公司 (Hunan Chenqizhigu Technology Development Co. Ltd.)	Hunan, the PRC	**100%**	100%	RMB53,333,300	Property development	Limited liability company
清遠市合創泰富房地產開發有限公司 (Qingyuan Hechuang Taifu Real Estate Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB200,000,000	Property development	Limited liability company
廣漢鼎興置業有限公司 (Guang Han Dingxing Real Estate Co. Ltd.)	Sichuan, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
惠州慶達房地產有限公司 (Huizhou Qingda Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB75,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
昆明亞利泰商貿有限責任公司 (Kunming Alitai Trading Co., Ltd.)	Yunnan, the PRC	**51%**	51%	RMB30,612,244	Property development	Limited liability company
重慶奧驕房地產開發有限公司 (Chongqing Aojiao Real Estate Development Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
碭山縣七彩世界房地產開發有限公司 (Dangshan Qicai World Real Estate Development Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB204,081,600	Property development	Limited liability company
重慶博昂置業有限公司 (Chongqing Boang Real Estate Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
佛山市南海嘉美置業有限公司 (Foshan Nanhai Jiamei Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB260,000,000	Property development	Limited liability company
四川中盛九鼎置業有限公司 (Sichuan Zhongsheng Jiuding Real Estate Co., Ltd.)	Sichuan, the PRC	**100%**	100%	RMB80,000,000	Property development	Limited liability company
恩平進升房地產開發有限公司 (Enping Jinsheng Real Estate Development Co., Ltd.)	Guangdong, the PRC	**70%**	70%	HKD66,666,700	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
恩平華璟房地產開發有限公司 (Enping Huajing Real Estate Development Co., Ltd.)	Guangdong, the PRC	**70%**	70%	HKD66,666,700	Property development	Limited liability company
合肥前海漢華置業有限公司 (Hefei Qianhai Hanhua Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB22,222,200	Property development	Limited liability company
成都新西南房地產有限公司 (Chengdu New Southwest Real Estate Co., Ltd.)	Sichuan, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
衡陽市世安房地產開發有限公司 (Hengyang Shi'an Real Estate Development Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB16,326,500	Property development	Limited liability company
重慶天投實業有限公司 (Chongqing Tiantou Industrial Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB370,467,347	Property development	Limited liability company
珠海韜睿投資發展有限公司 (Zhuhai Taorui Investment Development Co., Ltd.)	Guangdong, the PRC	**73%**	73%	RMB242,537,300	Investment holding	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
珠海民商互聯網金融大廈開發有限公司 (Zhuhai Civil and Commercial Internet Finance Building Development Co., Ltd.)	Guangdong, the PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
陝西萬怡置業有限公司 (Shanxi Wanyi Real Estate Co., Ltd.)	Xi'an, the PRC	**100%**	100%	RMB30,000,000	Property development	Limited liability company
西安市怡景苑房地產開發有限公司 (Xi'an Yijingyuan Real Estate Development Co., Ltd.)	Xi'an, the PRC	**100%**	100%	RMB40,000,000	Property development	Limited liability company
成都宏懋實業有限公司 (Chengdu Hongmao Industrial Co., Ltd.)	Sichuan, the PRC	**100%**	100%	RMB244,898,000	Property development	Limited liability company
廣州奧園錦泰置業有限公司 (Guangzhou Aoyuan Jintai Real Estate Co., Ltd.)	Guangdong, the PRC	**82%**	82%	RMB36,047,000	Investment holding	Limited liability company
江門市蓬江區白石永灝地產開發有限公司 (Jiangmen Pengjiang Baishi Yonghao Real Estate Development Co., Ltd.)	Guangdong, the PRC	**85%**	85%	RMB100,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
常德市金粟置業有限責任公司 (Changde Jinsu Real Estate Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
安吉銀瑞房地產開發有限公司 (Anji Yinrui Real Estate Development Co., Ltd.)	Zhejiang, the PRC	**100%**	100%	RMB68,500,000	Property development	Limited liability company
安吉銀凱置業有限公司 (Anji Yinkai Real Estate Co., Ltd.)	Zhejiang, the PRC	**73%**	73%	RMB50,000,000	Property development	Limited liability company
安吉銀盛置業有限公司 (Anji Yinsheng Real Estate Co., Ltd.)	Zhejiang, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company
上海奧園旅遊發展有限公司 (Shanghai Olympic Garden Tourism Development Co., Ltd.)	Shanghai, the PRC	**100%**	100%	RMB90,909,000	Cultural tourism	Limited liability company
上海江南田園休閒會所有限公司 (Shanghai Jiangnan Pastoral Leisure Club Co., Ltd.)	Shanghai, the PRC	**100%**	100%	RMB18,181,800	Hotel operation	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2025	2024			
廣州新弘房地產有限公司 (Guangzhou Xinhong Real Estate Development Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
西安奧園錦泰置業有限公司 (Xi'an Aoyuan Jintai Property Co., Ltd.)	Xi'an, the PRC	**49% (note b)**	49% (note b)	RMB102,040,800	Property development	Limited liability company
蘇州市隆福房地產開發有限公司 (Suzhou Longfu Real Estate Development Co., Ltd.)	Jiangsu, the PRC	**100%**	100%	RMB122,488,980	Property development	Limited liability company
河北綠科房地產開發有限公司 (Hebei Ivke Real Estate Development Co., Ltd.)	Hebei, the PRC	**98%**	98%	RMB227,275,000	Property development	Limited liability company
武漢工建金奧房地產開發有限公司 (Wuhan Gongjian Jinao Real Estate Development Co., Ltd.)	Wuhan, the PRC	**100%**	100%	RMB116,670,000	Property development	Limited liability company
重慶億尊投資有限公司 (Chongqing Yizun Investment Co., Ltd.)	Chongqing, the PRC	**80%**	80%	RMB50,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2025	2024			
重慶天聯置業有限責任公司 (Chongqing Tianlian Real Estate Co., Ltd.)	Chongqing, the PRC	**80%**	80%	RMB10,000,000	Property development	Limited liability company
上饒市悦盛房地產開發有限公司 (Shangrao Yuesheng Real Estate Development Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
長興奧園置業有限公司 (Changxing Aoyuan Property Co., Ltd.)	Zhejiang, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
河南茂睿置業有限公司 (Henan Maorui Property Co., Ltd.)	Henan, the PRC	**51%**	51%	RMB10,000,000	Property development	Limited liability company
合肥七彩世界置業有限公司 (Hefei Qicai Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
湖南經閣鴻運置業有限公司 (Hunan Jingge Hongyun Real Estate Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB37,500,000	Property development	Limited liability company
重慶奧航房地產開發有限公司 (Chongqing Aohang Real Estate Development Co., Ltd.)	Chongqing, the PRC	**100%**	100%	RMB280,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
徐州鴻濤居房地產開發有限公司 (Xuzhou Hongtaoju Real Estate Development Co., Ltd.)	Jiangsu, the PRC	**60%**	60%	RMB110,185,000	Property development	Limited liability company
梅州市奧創置業有限公司 (Meizhou Aochuang Property Co., Ltd.)	Guangdong, the PRC	**26% (note b)**	26% (note b)	RMB100,000,000	Property development	Limited liability company
宣城世茂卓盈房地產開發有限公司 (Xuancheng Shimaozhuoying Real Estate Development Co., Ltd.)	Anhui, the PRC	**51%**	51%	RMB20,000,000	Property development	Limited liability company
臨澧奧園置業有限公司 (Linli Aoyuan Property Co., Ltd.)	Hunan, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
巢湖金實置業有限公司 (Chaohu Jinshi Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB111,111,200	Property development	Limited liability company
興寧奧園置業有限公司 (Xingning Aoyuan Property Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
西安利申置業有限公司 (Xi'an Lishen Real Estate Co., Ltd.)	Xi'an, the PRC	**83%**	83%	US$50,000,000	Property development	Sino-foreign joint venture
醴陵奧江置業有限公司 (Liling Aojiang Property Co., Ltd.)	Hunan, the PRC	**51%**	51%	RMB10,000,000	Property development	Limited liability company
漳州奧園置業有限公司 (Zhangzhou Aoyuan Property Co., Ltd.)	Fujian, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
五華縣新永宏腳手架材料有限公司 (Wuhua Xinyonghong Scaffolding material Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB100,000,000	Property development	Limited liability company
廣州市合勝實業發展有限公司 (Guangzhou Hesheng Industrial Development Co., Ltd.)	Guangdong, the PRC	**50%**	50%	RMB1,000,000,000	Property development	Limited liability company
張家口奧熙房地產開發有限公司 (Zhangjiakou Aoxi Real Estate Development Co., Ltd.)	Hebei, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
重慶柯爵企業管理有限公司 (Chongqing Kejue Enterprise Management Co., Ltd.)	Chongqing, the PRC	**80%**	80%	RMB1,100,000,000	Investment holding	Limited liability company
合肥奧行置業有限公司 (Hefei Aoxing Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB60,000,000	Property development	Limited liability company
漳州奧昕房地產有限公司 (Zhangzhou Aoxin Real Estate Co., Ltd.)	Fujian, the PRC	**100%**	100%	RMB1,000,000	Property development	Limited liability company
廣州奧名置業有限公司 (Guangzhou Aoming Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB20,000,000	Property development	Limited liability company
南昌航夢置業有限公司 (Nanchang Hangmeng Real Estate Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB12,500,000	Property development	Limited liability company
江陰惠升置業有限公司 (Jiangyin Huisheng Real Estate Co., Ltd.)	Jiangsu, the PRC	**100%**	100%	RMB220,873,280	Property development	Limited liability company
東莞市匯正實業投資有限公司 (Dongguan Huizheng Industrial Investment Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB50,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held		Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
		2025	2024			
合肥奧東置業有限公司 (Hefei Aodong Real Estate Co., Ltd.)	Anhui, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
景德鎮金投置地有限公司 (Jingdezhen Jintou Land Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
廬山市金投置地有限公司 (Lushan Gold Investment Land Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB30,000,000	Property development	Limited liability company
咸寧奧泰置業發展有限公司 (Xianning Aotai Real Estate Co., Ltd.)	Hubei, the PRC	**100%**	100%	RMB10,000,000	Property development	Limited liability company
肇慶市天匯置業有限公司 (Zhaoqing Tianhui Real Estate Co., Ltd.)	Guangdong, the PRC	**100%**	100%	RMB250,050,000	Property development	Limited liability company
江門市華盈投資有限公司 (Jiangmen Huaying Investment Co., Ltd.)	Guangdong, the PRC	**48% (note b)**	48% (note b)	RMB1,000,000,000	Property development	Limited liability company
溫州市瀚暘置業有限公司 (Wenzhou Hanyang Real Estate Co., Ltd.)	Zhejiang, the PRC	**51%**	51%	RMB203,000,000	Property development	Limited liability company

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(a) General information of principal subsidiaries (Continued)

Details of the Group's principal subsidiaries at the end of the reporting period are as follows: (Continued)

Name of subsidiary	Place of incorporation/ establishment	Attributable effective equity interest held 2025	2024	Issued and fully paid share capital/ registered share capital	Principal activities	Legal form
茂名奧園東江置業有限公司 (Maoming Aoyuan Dongjiang Real Estate Co., Ltd.)	Guangdong, the PRC	**60%**	60%	RMB100,000,000	Property development	Limited liability company
高安市瑞興投資發展有限公司 (Gao 'an Ruixing Investment Development Co., Ltd.)	Jiangxi, the PRC	**100%**	100%	RMB348,750,000	Property development	Limited liability company

Notes

(a) Add Hero is directly held by the Company and the remaining subsidiaries comprising the Group are indirectly held by the Company.

(b) These companies are held by the Group through more than one tier of shareholding structure which leads to effective equity interest attributable to the Group in these companies to be less than 50% while penetrating to the bottom shareholding.

(c) BVI and Hong Kong incorporated companies are operating in Hong Kong. Canada incorporated companies are operating in Canada, and other subsidiaries are operating in the PRC.

(d) None of the subsidiaries had issued any debt securities at the end of the year except for the Aoyuan Group Company Limited and Add Hero. As at 31 December 2025, Ayuan Group Company Limited and Add Hero have senior notes and bond with carrying amount of RMB8,590,984,000 (2024: RMB8,161,573,000) and RMB12,682,661,000 (2024: RMB11,805,191,000), respectively.

(e) The above table lists the principal subsidiaries of the Company which, in the opinion of the management of the Company, principally affect the results or assets of the Group. To give full details of subsidiaries would, in the opinion of the management of the Company, result in particulars of excessive length.

48. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

(b) Composition of the Group

At the end of the reporting period, the Company has other subsidiaries that are not material to the Group. A majority of these subsidiaries operate in the PRC. The principal activities of these subsidiaries are summarised as follows:

Principal activities	Principal place of businesses	Number of subsidiaries	
		2025	2024
Investment holding	BVI	**45**	45
	Hong Kong	**74**	74
	the PRC	**74**	78
	Canada	**2**	2
Property development and investment	the PRC	**239**	265
	Canada	**4**	4
Provision of consultancy and management services	the PRC	**67**	72
Others	the PRC	**62**	86
		567	626

49. MAJOR NON-CASH TRANSACTIONS

During the reporting periods, the Group had the following significant non-cash transactions:

i) During the year ended 31 December 2025, consideration for the disposal of investment properties of RMB69,070,000 (2024: RMB1,138,440,000), were utilised to settle the trade and other payables of RMB3,060,000 (2024: RMB394,623,000), the bank and other borrowings in amount of RMB Nil (2024: RMB743,817,000) and contract liabilities of RMB66,010,000 (2024: Nil).

ii) During the year ended 31 December 2025, the Group settled the bank and other borrowings in the amount of RMB119,923,000 (2024: RMB401,817,000) using properties for sale, RMB300,000,000 (2024: Nil) using restricted bank deposits and RMB76,939,000 (2024: Nil) using other receivables.

iii) During the year ended 31 December 2025, certain trade payables in the amount of RMB534,899,000 (2024: RMB803,468,000) were transferred to contract liabilities.

50. LITIGATION

As at 31 December 2025 and up to the date of the consolidated financial statements, the Group has certain litigations with its business partners regarding the settlement of the overdue/outstanding operational payables, banks and other borrowings.

The Group has been proactive in seeking ways to settle the outstanding litigations of the Group. The Group is confident that it will be able to reach an amicable solution to address claims and disputes where the outcome is not certain at this stage.

51. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

	2025 **RMB'000**	2024 RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	**2,665**	3,337
Investments in subsidiaries	**–**	–
	2,665	3,337
CURRENT ASSETS		
Trade and other receivables	**252**	1,426
Bank balances and cash	**9,243**	9,744
	9,495	11,170
CURRENT LIABILITIES		
Trade and other payables	**265,009**	265,585
Convertible bonds	**401,664**	710,685
	666,673	976,270
NET CURRENT LIABILITIES	**(657,178)**	(965,100)
TOTAL ASSETS LESS CURRENT LIABILITIES	**(654,513)**	(961,763)
NON-CURRENT LIABILITY		
Senior notes	**2,900,958**	2,657,828
NET LIABILITIES	**(3,555,471)**	(3,619,591)
CAPITAL AND RESERVES		
Share capital	**42,529**	35,777
Reserves	**(3,598,000)**	(3,655,368)
TOTAL EQUITY	**(3,555,471)**	(3,619,591)

51. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

Movement in the Company's reserves

	Share premium RMB'000	Other reserve RMB'000	Capital redemption reserve RMB'000	Accumulated losses RMB'000	Perpetual capital securities RMB'000	Total RMB'000
At 1 January 2024	5,103,113	–	1,151	(31,864,209)	–	(26,759,945)
Profit and total comprehensive income for the year	–	–	–	18,839,274	–	18,839,274
Issue of new shares	120,764	–	–	–	–	120,764
Contribution from a controlling shareholder	–	58,054	–	–	–	58,054
Issuance of perpetual capital instruments	–	–	–	–	4,086,485	4,086,485
At 31 December 2024	5,223,877	58,054	1,151	(13,024,935)	4,086,485	(3,655,368)
Loss and total comprehensive expense for the year	–	–	–	(242,711)	–	(242,711)
Conversion of convertible bonds	300,079	–	–	–	–	300,079
At 31 December 2025	5,523,956	58,054	1,151	(13,267,646)	4,086,485	(3,598,000)

52. EVENT AFTER THE REPORTING PERIOD

On 23 January 2026, the Company received notices in respect of an appointment of joint and several receivers and managers (the "Receivers") in respect of the assets subject to security created under a mortgage dated 4 July 2018 in favour of Hang Sang Bank Limited ("Hang Sang Bank") in connection with the mortgage loans (the "Mortgage Loans") granted by Hang Seng Bank to an indirect wholly owned subsidiary of the Company (the "Subsidiary"). The Mortgage Loans are guaranteed by the Company, with collateral on properties which are held by the Subsidiary. The outstanding principal and accrued interest of the Mortgage Loans as at 27 February 2026 are approximately HK$539 million and HK$121 million, respectively. For details, please refer to the announcement of the Company dated 27 February 2026.

Five Years Financial Summary

For the year ended 31 December 2025

Consolidated results

	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	**2025 RMB'000**
Revenue	50,021,616	18,711,072	27,533,316	9,674,861	**9,255,645**
(Loss)/Profit before taxation	(36,237,438)	(8,071,916)	(7,814,569)	518,619	**(17,501,818)**
Income tax (expense)/credit	749,892	(424,110)	(1,826,058)	(2,615,256)	**(1,587,800)**
(Loss)/Profit for the year	(35,487,546)	(8,496,026)	(9,640,627)	(2,096,637)	**(19,089,618)**

Consolidated assets, equity and liabilities

	2021 RMB'000	2022 RMB'000	2023 RMB'000	2024 RMB'000	**2025 RMB'000**
Assets					
Non-current assets	29,459,406	25,061,353	21,560,472	17,043,986	**11,966,090**
Current assets	231,963,401	209,364,532	177,811,016	142,461,130	**116,257,036**
Total assets	261,422,807	234,425,885	199,371,488	159,505,116	**128,223,126**
Equity and liabilities					
Non-current liabilities	5,237,786	12,829,111	14,552,192	22,909,977	**17,597,440**
Current liabilities	263,714,810	239,233,670	212,903,149	162,462,776	**156,270,754**
Total liabilities	268,952,596	252,062,781	227,455,341	185,372,753	**173,868,194**
Equity attributable to owners of the Company	(15,504,797)	(22,717,415)	(32,181,479)	(27,811,838)	**(45,283,987)**
Non-controlling interests	7,975,008	5,080,519	4,097,626	1,944,201	**(361,081)**
Total equity and liabilities	261,422,807	234,425,885	199,371,488	159,505,116	**128,223,126**

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