



Overseas Chinese Town (Asia) Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 03366

ANNUAL REPORT 2025

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Ms. Liu Yu (*Chairwoman*)
Mr. Wang Jianwen (*Chief Executive Officer*)
Ms. Qi Jianrong

Non-Executive Director

Mr. Yang Guobin

Independent Non-Executive Directors

Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon
Mr. Chu Wing Yiu

AUDIT COMMITTEE

Ms. Wong Wai Ling (*Chairwoman*)
Professor Lam Sing Kwong Simon
Mr. Yang Guobin

REMUNERATION COMMITTEE

Ms. Wong Wai Ling (*Chairwoman*)
Professor Lam Sing Kwong Simon
Mr. Yang Guobin

NOMINATION COMMITTEE

Ms. Liu Yu (*Chairwoman*)
Ms. Wong Wai Ling
Professor Lam Sing Kwong Simon

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) COMMITTEE

Ms. Liu Yu (*Chairwoman*)
Mr. Wang Jianwen
Ms. Qi Jianrong
Mr. Chu Wing Yiu

JOINT COMPANY SECRETARIES

Ms. Cheng Mei
Ms. Ho Sze Man

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 2103, 21/F, Prudential Tower
The Gateway, Harbour City
Kowloon, Hong Kong

REGISTERED OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman
KY1-1108, Cayman Islands

AUDITOR

BDO Limited
Certified Public Accountants
Registered Public Interest Entity Auditor
25/F, Wing On Centre, 111 Connaught Road
Central, Hong Kong

HONG KONG LEGAL ADVISER

HW Lawyers

PRINCIPAL BANKS

Industrial and Commercial Bank of China Limited
Shanghai Pudong Development Bank Co., Ltd.
Nanyang Commercial Bank (China) Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Ocorian Trust (Cayman) Limited
Windward 3, Regatta Office Park
PO Box 1350, Grand Cayman
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-16, 17/F, Hopewell Centre
183 Queen's Road East, Hong Kong

STOCK INFORMATION

Listing date: 2 November 2005
Stock code: 03366
Stock short name: OCT (ASIA)

COMPANY'S WEBSITE

<http://www.oct-asia.com>

AUTHORISED REPRESENTATIVES

Mr. Wang Jianwen
Ms. Ho Sze Man

Financial Highlights

SUMMARY OF CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
Revenue	402,797	966,530
Loss attributable to equity holders of the Company	(1,651,392)	(173,139)
Basic loss per share (RMB)	(2.21)	(0.23)

SUMMARY OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	2025 RMB'000	2024 RMB'000
Current liabilities	3,970,688	5,804,239
Total assets	9,473,173	11,597,151
Total assets less current liabilities	5,502,485	5,792,912
Total deficits attributable to equity holders of the Company	(1,964,005)	(527,290)
Total (capital deficits)/equity	(1,289,329)	1,196,930



Chairman's Statement

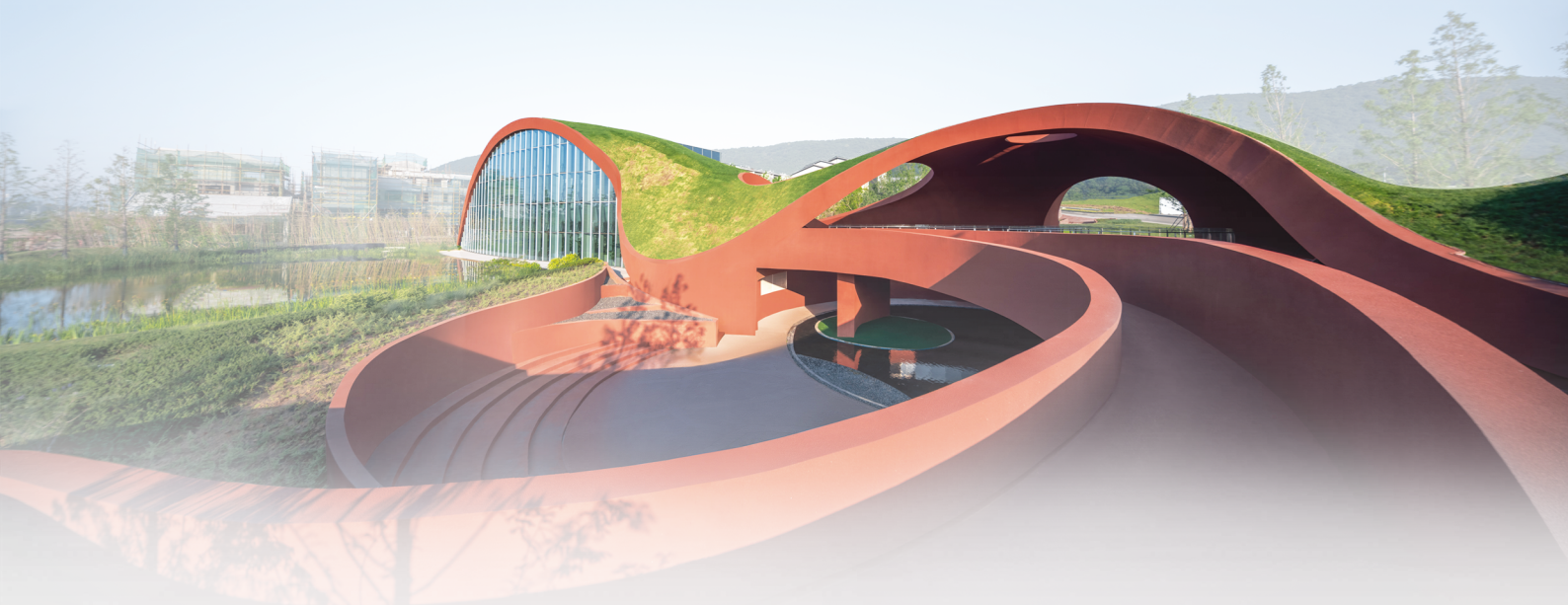
Dear shareholders:

On behalf of Overseas Chinese Town (Asia) Holdings Limited (the "Company"), I present to you the annual report of the Company as of 31 December 2025 (the "Current Period").





Chairman's Statement



Looking back at 2025, the global economy stepped onto a track of moderate recovery against the backdrop of easing inflationary pressures and the interest rate hike cycles of major central banks of various countries drawing to a close. However, geopolitical conflicts, trade barriers, and fluctuations in energy prices continued to pose ongoing challenges to growth momentum. The Chinese economy demonstrated strong resilience by implementing a more proactive fiscal policy and a moderately accommodative monetary policy. Infrastructure investment and consumer demand steadily recovered, real estate policies continued to provide support, and the downward adjustment of financing costs facilitated the improvement of the environment in the real estate industry.

Over the past year, in the face of industry transformations and market opportunities, we proactively sought changes and forged ahead. Taking “inventory clearance, asset revitalization, and risk prevention” as our principal work focus, we integrated prudent operations throughout the entire development process. Multiple measures and precise efforts were taken in areas such as sales clearance, asset revitalization,

liquidity management, and risk prevention and control. In terms of business operations, closely adhering to national policy guidance and changes in market demand, we prioritized sales clearance and cash flow recovery as our top tasks. By integrating online and offline marketing resources, conducting precise customer acquisition and digital marketing, flexibly adjusting the launch pace of properties, and unswervingly upholding product quality, we fully promoted inventory clearance and accelerated cash collection. In terms of liquidity management, taking lean management as the key driver, we continuously deepened cost reduction and efficiency enhancement, and strengthened the refined management of capital budgets and revenues and expenditures. We consolidated our cash flow foundation and safeguarded liquidity security by revitalizing existing assets and disposing of inefficient assets. In terms of risk prevention and control, we established a comprehensive, multi-dimensional risk management system covering operations, finance, and legal compliance. We improved institutional processes, strengthened post-investment management, enhanced risk assessment and process control, and strictly guarded the bottom line of safety. Through our arduous efforts, we have achieved notable

Chairman's Statement



results in upgrading the quality of asset operations, maintaining robust financial positions, and fortifying the risk management system. We successfully enhanced our operational resilience in a complex market environment, laying a solid foundation for sustainable and high-quality development.

Looking ahead to 2026, the fundamentals of China's high-quality economic development will remain unchanged, while the dual opportunities of the stabilization and recovery of the real estate industry and the innovative development of the technology industry will coexist. The Group will continue to adhere to longtermism, stay confident, maintain strategic focus, deepen business transformation, and continuously improve asset operation efficiency. We will further optimize our risk management and control system to solidify the defense line for cash flow security. Additionally, we will strengthen the capacity building of our professional teams, elevate their professional literacy, and stimulate the endogenous vitality of the organization.

Dear shareholders, the transformation path of the real estate business presents both a challenge and an opportunity. The Group has always placed the interests

of shareholders at its core. Upholding our commitment as a central state-owned enterprise, we proactively seek breakthroughs amid industry transformations and pursue development through prudent operations. We are deeply aware that every step forward taken by the Company relies on the long-standing trust and staunch support of our shareholders. In the future, the Group will continue to unite our minds and take pragmatic actions. With greater enthusiasm and a more pragmatic work style, we will deepen business transformation, enhance operational quality and efficiency, and fully construct a new ecosystem for robust development, striving to create greater value for our shareholders.

We look forward to uniting our efforts with you, walking hand in hand, and embarking on a new journey of development together!

Liu Yu

Chairman of the Board

Overseas Chinese Town (Asia) Holdings Limited

27 March 2026

Management Discussion and Analysis

OPERATING RESULTS AND BUSINESS REVIEW

In 2025, the global economy continued its weak recovery amid declining inflation and divergent monetary policies, with geopolitical risks and financial market volatility still constraining economic growth. China's economy has maintained its overarching approach of "seeking progress while ensuring stability", continuously addressing challenges such as adjustments in the real estate market and uncertainties in external demand. Through the coordinated implementation of macroeconomic policies and the resilience of the domestic market, the economy has achieved steady performance. Facing a complex business environment, the Group has remained firmly committed to its operational strategy of "inventory reduction, asset revitalization, and risk prevention". The Group has continuously intensified sales efforts, accelerated the disposal of existing projects and capital recovery, and strengthened cash flow management. In addition, the Group deepened lean management, enhanced asset operational efficiency, made solid progress in cost reduction and efficiency improvement, strengthened post-investment oversight, mitigated major risks, and resolutely upheld operational safety standards, consolidating the foundation for sustainable development amid complex market conditions.

In 2025, the Group achieved operating revenue of approximately RMB0.403 billion, representing a decrease of approximately 58.32% compared to the same period last year, primarily attributable to a decrease in revenue recognized from the Hefei OCT International Town Project as compared to the same period of last year, as well as the inclusion of revenue from the disposed Overseas Chinese Town (Shanghai) Land Company Limited ("Shanghai Land") project in the corresponding period of last year. The loss attributable to equity holders of the Company amounted to approximately RMB1.651 billion, reflecting an increase in loss of approximately RMB1.478 billion compared to the same period last year. The main reasons were as follows: to enhance liquidity and optimize resource allocation, the Company dynamically adjusted its operating and sales strategies based on market conditions and actively revitalized existing assets; meanwhile, the Company recognized impairment provisions based on third-party appraisal institutions' valuation of assets showing signs of impairment; in addition, the Company recorded a year-on-year increase in the share of losses from associates and joint ventures during the Current Period.



Management Discussion and Analysis

Comprehensive Development Business

In 2025, China's real estate industry entered a new cycle of market stabilization, and the development logic shifted from scale expansion to quality and efficiency improvement. According to the National Bureau of Statistics, in 2025, the newly started housing area was approximately 590 million square meters, while the sales area of newly built commercial housing in the same period was approximately 880 million square meters. The newly started scale was lower than the sales scale. The supply-side contraction of the industry formed a benign interaction with the demand-side digestion, and the inventory pressure continued to decline, and the trend of stopping the decline and stabilizing was gradually established.

The Group focuses on core metropolitan areas within the Yangtze River Delta and Guangdong-Hong Kong-Macao Greater Bay Area, holding comprehensive development projects in cities such as Hefei, Chongqing, and Zhongshan. As of 31 December 2025, its total land reserve amounted to approximately 848,500 square meters. During the Current Period, the Group's total sales area reached approximately 57,100 square meters, representing a year-on-year increase of approximately 20.46%. Total sales revenue amounted to approximately RMB649 million, indicating a year-on-year decrease of approximately 13%. Equity-based sales amount reached approximately RMB308 million, marking a year-on-year increase of approximately 25.71%.

In 2025, the residential property transaction volume in Hefei's real estate market declined by approximately 17% year-on-year, while the average transaction price decreased by approximately 1.9% year-on-year. Despite multiple rounds of regulatory policies introduced throughout the year to support the market, overall recovery momentum remained insufficient. Accordingly, certain comprehensive development projects under the Group have adjusted their development and construction schedules in response to shifting market demands to avoid accumulating excess investment. For the Group's comprehensive development business, based on the core principle of "accelerating inventory clearance and speeding up cash flow recovery", by seizing policy windows, diversifying sales approaches, dynamically optimizing marketing strategies and pricing mechanisms, we have continuously intensified inventory clearance efforts, thus driving forward the Group's development initiatives. The Hefei OCT International Town Project serves as a model for integrated industrial and urban development, spanning approximately 1.304 million square meters. It has established a comprehensive commercial ecosystem integrating residential communities, retail spaces, eco-park, and industrial offices, achieving synergy with key IC companies in the vicinity, including CXMT and Hefei Xinqiao Smart Electric Vehicle Industrial Park. During the Current Period, the Group achieved significant sales results for the Hefei OCT International Town Project by integrating distribution intermediaries and chamber of commerce resources, strengthening online customer acquisition and channel expansion, and attracting market clients through special pricing policies for certain properties. Annual sales amount increased significantly year-on-year.



Management Discussion and Analysis

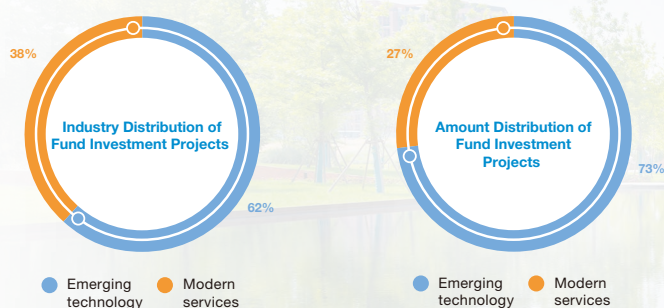
Basic information of the projects under the Group as at the end of the Current Period is as follows:

No.	Project name	Location	Land use	Shareholding ratio	Gross floor area (ten thousand m ² , full calibre)	Total saleable	Accumulated sales area (ten thousand m ² , full calibre)
						area being launched (ten thousand m ² , full calibre)	
1	Hefei OCT International Town Project	Hefei Xinqiao Science and Technology Innovation Demonstration Zone	Residential + Commercial + Hotel	51%	159.3	65.9	52.58
2	Hefei OCT Bantang Hot Spring Town Project	Chaohu Economic Development Zone	Residential + Commercial + Hotel	51%	34.5	–	–
3	Chongqing OCT Land Project	Chongqing Liangjiang New Area	Residential	49%	44	61.6	49.72
4	Zhongshan Yuhong project	Zhongshan Torch Industrial Development Zone	Residential	21%	27.2	31.2	31.17

The Group holds three industrial park projects in Huizhou, Guangdong, and Suzhou, Jiangsu, with a total leasable area of approximately 154,400 square meters. During the Current Period, the overall occupancy rate across all industrial parks remained stable at approximately 94.64%, indicating sound operational performance. During the Current Period, the industrial parks generated rental income of approximately RMB34.8874 million, representing a decrease of about 1.84% compared to the same period last year.

Equity Investment and Fund Business

In 2025, China's private equity fund industry demonstrated structural optimization and a cautious recovery. Driven by policy guidance, investments focused on hard technology sectors such as semiconductors and artificial intelligence, with state-owned capital and long-term funds emerging as the primary sources of investment. Market investment activity remained cautious, but the pace of decline has clearly slowed. Diversified channels were achieved for exit through comprehensive registration-based systems and M&A restructuring, with liquidity continuing to improve. Meanwhile, stricter industry compliance regulations have made post-investment management and ESG capabilities core competitive advantages, intensifying the concentration effect among leading players. The industry is shifting from scale expansion to a new phase of high-quality development.



Management Discussion and Analysis

As the sole overseas listed company under OCT Group, the Group’s fund business is anchored in advantageous regions such as the Guangdong-Hong Kong-Macao Greater Bay Area and the Yangtze River Delta economic zone. With an investment focus on the cultural tourism and technology industry ecosystem, the Group fully leverage its strengths in industrial capital investment and mergers and acquisitions. By enhancing investment management capabilities and boosting post-investment empowerment effects, the Group has accelerated the growth of investees, fostering a mutually beneficial ecosystem for all stakeholders.

As of 31 December 2025, the total assets under management and co-investment funds of the Group amounted to approximately RMB3.41 billion, with actively managed funds totaling approximately RMB1.3 billion. All funds under the Group have entered the exit phase. Regarding fund exits, the Yibao project invested in by the OCT Tourism and Culture Technology Fund managed by the Group achieved full exit in 2025, realizing an approximately 26% investment return rate compared to the initial investment. In addition, the investment entities under the Group generated cash inflows of approximately RMB74 million through management and participation funds.

As previously disclosed, the Group has obtained a favourable ruling in its claim on behalf of its joint venture Qiaohong No. 1 Investment Enterprise (Limited Partnership) (“Qiaohong No. 1”), against its other shareholder demanding fulfillment of funding obligations and repayment of loans. Enforcement of the ruling is subject to external factors and uncertainty, and is not expected to have material adverse impact on the Group’s financial condition.

FINANCIAL REVIEW

As at 31 December 2025, the Group’s total assets amounted to approximately RMB9.473 billion, representing a decrease of approximately 18.32% as compared to approximately RMB11.597 billion as at 31 December 2024. The Group’s capital deficits amounted to approximately RMB1.289 billion, as compared to the Group’s total equity approximately RMB1.197 billion as at 31 December 2024. The primary reason for the decrease in total assets and capital deficits was the Company’s efforts to enhance liquidity and optimize resource allocation. The Company dynamically adjusted its operating and sales strategies based on market conditions and actively revitalized existing assets ; meanwhile, the Company recognized impairment provisions based on third-party appraisal institutions’ valuation of assets showing signs of impairment; in addition, the Group recorded a year-on-year increase in the share of losses from associates and joint ventures during the Current Period.

For the year ended 31 December 2025, the Group realized revenue of approximately RMB403 million, representing a decrease of approximately 58.32% as compared to the revenue of approximately RMB967 million for the same period of 2024, of which, the revenue of the comprehensive development business was approximately RMB400 million, representing a decrease of approximately 58.38% as compared to the revenue of approximately RMB961 million for the same period of 2024, primarily due to a decrease in revenue recognized from the Hefei OCT Industry Development Co., Ltd. as compared to the same period of last year, as well as the inclusion of revenue from Shanghai Land project in the corresponding period of 2024.



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1 Evergreen Awards 2025 Award for Excellence in Sustainability Reporting



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2 GBA Outstanding ESG Disclosure List

Management Discussion and Analysis

The Group's gross loss margin for the Current Period was approximately 427.82% (2024: gross profit margin approximately 13.97%), representing a decrease of 441.79 percentage points compared to the same period of 2024, of which, the gross profit margin of the comprehensive development business was approximately -430.92%, representing a decrease of approximately 444.61 percentage points compared to approximately 13.69% for the same period of 2024, mainly due to the recognition of a loss on impairment of inventories during the Current Period.

For the Current Period, loss attributable to equity holders of the Company was approximately RMB1,651 million as compared to the loss of approximately RMB173 million in 2024.

The loss attributable to the comprehensive development business was approximately RMB2,018 million (2024: loss of approximately RMB136 million), representing an increase in loss of approximately RMB1,882 million compared to the same period of 2024. The main reasons were as follows: to enhance liquidity and optimize resource allocation, the Company dynamically adjusted its operating and sales strategies based on market conditions and actively revitalized existing assets; meanwhile, the Company recognized impairment provisions based on third-party appraisal institutions' valuation of assets showing signs of impairment.

Loss attributable to the equity investment and fund business was approximately RMB328 million for the Current Period (2024: loss of approximately RMB100 million), representing an increase in loss of approximately RMB228 million compared to the same period of 2024. The main reason was that the Company recorded a year-on-year increase in the share of losses from associates and joint ventures during the Current Period. Meanwhile the Company recognized impairment provisions based on third-party appraisal institutions' valuation of assets showing signs of impairment.

The basic loss per share attributable to the shareholders of the Company for the Current Period was approximately RMB2.21 (2024: basic loss per share of approximately RMB0.23), representing an increase in loss per share of approximately RMB1.98 compared to the same period in 2024. The losses for the Current Period were approximately RMB2,701 million (2024: losses of approximately RMB213 million), representing an increase in losses of approximately RMB2,488 million compared to the same period in 2024. The primary reason is that to enhance liquidity and optimize resource allocation, the Company dynamically adjusted its operating and sales strategies based on market conditions and actively revitalized existing assets; meanwhile, the Company recognized impairment provisions based on third-party appraisal institutions' valuation of assets showing signs of impairment; in addition, the Company's share of losses from associates and joint ventures recorded a year-on-year increase during the Current Period.

Management Discussion and Analysis

Distribution Costs and Administrative Expenses

For the Current Period, the Group's distribution costs were approximately RMB45.90 million (2024: approximately RMB40.35 million), representing an increase of approximately 13.75% compared to the same period in 2024.

For the Current Period, the Group's administrative expenses were approximately RMB45 million (2024: approximately RMB114 million), representing a decrease of approximately 60.53% compared to the same period of 2024, of which, administrative expenses of the comprehensive development business were approximately RMB30 million (2024: approximately RMB82 million), representing a decrease of approximately 63.41% compared to the same period of 2024, mainly due to effective lean management and cost reduction and efficiency improvement measures, and the decrease in administrative expenses associated with the disposal of Overseas Chinese Town (Shanghai) Land Company Limited; administrative expenses of the equity investment and fund business were approximately RMB2.31 million (2024: approximately RMB2.04 million), representing an increase of approximately 13.34% compared to the same period of 2024, mainly due to the adjustment of labor costs from operating costs to administrative expenses according to the changes of functions.

Interest Expenses

For the Current Period, the Group's interest expenses were approximately RMB334.82 million (2024: approximately RMB511.59 million), representing a decrease of approximately 34.55% compared to the same period of 2024, of which, interest expenses of the comprehensive development business were approximately RMB131.93 million (2024: approximately RMB171.51 million), representing a decrease of approximately 23.08% compared to the same period of 2024, mainly due to the decrease in the balance of interest-bearing liabilities of the projects compared with

the same period of 2024; and interest expenses of the equity investment and fund business were approximately RMB26.86 million (2024: approximately RMB55.19 million), representing a decrease of approximately 51.33% compared to the same period of 2024, due to the decrease in average loan amount and average loan interest rate, and the expenses allocated to segments on a year-on-year basis also decreased accordingly.

Dividends

The Board did not recommend the payment of a final dividend for the Current Period (2024: Nil) after considering the Group's long-term development and in order to prepare for active participation in potential investment opportunities.

Liquidity, Financial Resources and Capital Structure

The total equity of the Group as at 31 December 2025 was approximately RMB1.289 billion (31 December 2024: approximately RMB1.197 billion); current assets were approximately RMB6.485 billion (31 December 2024: approximately RMB8.060 billion); and current liabilities were approximately RMB3.971 billion (31 December 2024: approximately RMB5.804 billion). The current ratio was approximately 1.63 as at 31 December 2025, representing an increase of approximately 0.24 as compared to that as at 31 December 2024 (31 December 2024: approximately 1.39), as the Group applied working capital for repayment of borrowings of bank and other loans in the Current Period. The Group generally finances its operations with internally generated cash flow, credit facilities provided by banks and shareholder's loans.

Management Discussion and Analysis

As at 31 December 2025, the Group had outstanding bank and other loans of approximately RMB397 million, without fixed-rate loans (31 December 2024: outstanding bank and other loans of approximately RMB1.851 billion, without fixed-rate loans). As at 31 December 2025, the interest rates of bank and other loans of the Group ranged from 2.75% to 4.75% per annum (31 December 2024: 2.85% to 6.64% per annum). Some of those bank loans were secured by certain assets of the Group and corporate guarantees provided by certain related companies of the Company. The Group's gearing ratio (being total borrowings including bills payables and loans divided by total assets) was approximately 80.27% as at 31 December 2025, representing an increase of approximately 9.64 percentage points as compared to approximately 70.63% as at 31 December 2024, which was mainly resulted from the reduced total assets, attributable principally to the increase in impairment loss of assets during the year.

As at 31 December 2025, the total amount of outstanding bank and other loans of the Group denominated in Hong Kong dollars was nil (31 December 2024: approximately 64.55%); and approximately 100% amounting to approximately RMB397 million was denominated in Renminbi (31 December 2024: approximately 35.45%). As at 31 December 2025, approximately 0.16% of the cash and cash equivalents of the Group was denominated in United States dollars (31 December 2024: approximately 0.23%); approximately 94.65% was denominated in Renminbi (31 December 2024: approximately 94.71%); and approximately 5.20% was denominated in Hong Kong dollars (31 December 2024: approximately 5.06%).

The Group's transactions and monetary assets are principally denominated in RMB, Hong Kong Dollars and United States Dollars. As of 31 December 2025, the Group had not experienced any material difficulties or effects on its operations or liquidity as a result of fluctuations in currency exchange rates. The Group did not enter into any foreign exchange forward contracts and other material financial instruments for hedging foreign exchange risk purposes during the Current Period.

Contingent liabilities

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. Pursuant to the mortgage agreements signed between the Group and the banks, the guarantee will be released upon the issuance of individual property ownership certificate. Should the mortgagors fail to pay the mortgage monthly instalment before the issuance of the individual property ownership certificate, the banks could draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Group to repay the outstanding balance if the deposit balance is insufficient.

The amount of guarantee deposits required varies among different banks, but is usually within a range of 0% to 5% of the mortgage loans granted to buyers, with a prescribed capped amount.

The management does not consider it probable that the Group will sustain a substantive loss under these guarantees over the term of the guarantee as the bank has the right to sell the properties and recover the overdue payments from the sale proceeds if the property buyers default on payment. The management also considers that the market value of the relevant properties can cover the outstanding mortgage loans guaranteed by the Group. Accordingly, no liabilities are recognized in respect of these guarantees.

Management Discussion and Analysis

As at 31 December 2025, guarantees given by financial institutions for mortgage facilities granted to buyers of the Group's properties amounted to approximately RMB201 million in total (31 December 2024: approximately RMB486 million).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2025, the Group employed 104 full-time staff in total. Total staff costs for the Current Period was approximately RMB34,896 million (2024: approximately RMB61,583 million). The basic remunerations of the employees of the Group are mainly determined with reference to the industry's remuneration benchmark, the employees' experience and their performance. Equal opportunities are offered to all staff members. Staff salaries are maintained at a competitive level and are reviewed periodically (and not less frequent than annually), with reference to the relevant labour market and the economic situation. The Company currently does not maintain any share scheme under Chapter 17 of the Rules (the "Listing Rules") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Apart from the basic remuneration and statutory benefits, the Group also provides bonuses to the staff based upon the Group's results and their individual performance.

The Group provides comprehensive training to its employees, covering areas such as operation and business-oriented training, legal and risk management, and integrity education. The Group has not experienced any significant problems with its employees or disruption of its operations due to labour disputes, nor has it experienced any difficulties in the recruitment and retention of experienced staff, during the Current Period.

The Group maintains a good relationship with its employees in general. Most members of the senior management have been working for the Group for many years.

IMPORTANT EVENTS

Change of auditors

At the conclusion of the annual general meeting of the Company held on 27 June 2025, BDO Limited was elected as the new auditor of the Company, replacing KPMG, whose term expired and accordingly retired at the conclusion of that meeting. The Board and the Company's Audit Committee believe that such rotation is appropriate to maintain good corporate governance and to ensure the independence and objectivity of the audit work. See also the Company's circular dated 5 June 2025 for more information.

Continuing connected transactions

Hefei OCT Industry Development Co., Ltd. ("Hefei OCT Industry"), an indirect non-wholly-owned subsidiary of the Company, entered into a long-term property services framework agreement with Hefei branch, OCT Property (Group) Co., Ltd. ("OCT Property (Hefei)") on 30 December 2025, pursuant to which OCT Property (Hefei) agreed to provide property services for properties in the Hefei OCT International Town Project (including the office building) for a term from 1 January 2026 to 31 December 2028. The annual caps are RMB5.11 million, RMB5.94 million and RMB5.78 million for the years ending 31 December 2026, 2027 and 2028, respectively. For further details, please refer to the Company's announcement dated 30 December 2025.

Management Discussion and Analysis

SUBSEQUENT EVENT

Proposed disposals of land parcels through land resumption

Hefei OCT Huanchao Cultural Tourism Real Estate Development Co., Ltd. (an indirect non-wholly-owned subsidiary of the Company, “Hefei Huanchao”) proposes to surrender a land parcel located in Chaohu Economic Development Zone to the Chaohu Land Reserve Center. Hefei OCT Industry proposes to surrender of land parcels located in the Economic Development Zone in Hefei to the Hefei Land Reserve Center. The compensation price payable to Hefei Huanchao, and to Hefei OCT Industry regarding the aforesaid land resumptions will be RMB596 million and RMB1,725 million, respectively. Each of the above proposed disposals, if materialised, will constitute a very substantial disposal, and will be subject to (among other things) the reporting, announcement and shareholders’ approval requirements under Chapter 14 of the Listing Rules. See also the Company’s announcement dated 26 March 2026.

Outlook for 2026

Although the global economy has shown some resilience against the backdrop of easing high inflation and loosening monetary environment, global growth remains sluggish, macroeconomic uncertainties and structural constraints remain, and global economic growth is expected to slow down slightly in 2026. Under the guidance of the policy of “seeking progress while maintaining stability and high-quality development”, China’s economy is expected to continue to play the synergistic role of fiscal and monetary, continue to expand domestic demand, optimize supply, optimize increment, revitalize stock, develop new productivity according to local conditions, deeply promote the construction of a unified national market, continue to prevent and resolve risks in key areas, and promote the economy to achieve effective improvement in quality and reasonable growth in quantity.

The Group will adhere to its core strategies of “inventory reduction, asset revitalization, and risk prevention”, and will endeavour to optimizing cash flow and improving its financial structure by strengthening refined operation

and accelerating strategic assets disposal to lay a foundation for medium-to-long-term transformation and development. In terms of comprehensive development business, the Group prioritizes sales destocking, using flexible sales strategies to promptly respond to evolving market conditions, actively cooperates with local governments for favorable policies, and leverages on policy opportunities such as land reserve acquisitions and land use reclassification to accelerate the destocking of existing real estate projects, expediting capital recovery. The Hefei OCT International Town project and the Hefei OCT Bantang Hot Spring Town project will move forward with works associated with its proposed participation in the governmental resumption via stock land. In terms of equity investment and fund business, the Group will further enhance post-investment management, seizing opportunities from the evolving registration-based system to improve exit efficiency through diversified channels including IPOs, M&A, and reorganization, while steadily building its refined operational capabilities across the entire chain of “fundraising, investment, management, and exit”.

In 2026, the Group remains dedicated to specialized development by focusing on core sectors and continuously enhancing its asset management capabilities and operational efficiency. Upholding a prudent approach, the Group will make efforts to accelerate capital turnover, improve its asset-liability position, and strictly manage debt risks. Through lean management, the Group will comprehensively strengthen its operations and team expertise, actively pursue business transformation amidst deep industry adjustments to lay a solid foundation for sustainable, high-quality growth.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this annual report, the Group had no other significant investments held, nor material acquisitions and disposals of subsidiaries, associates or joint ventures during the Current Period; and there are no plans for material investments or capital assets which have been approved by the Board as of the date of this annual report.

Directors and Senior Management

DIRECTORS

Executive Directors

Ms. Liu Yu (劉宇), aged 46, is the deputy general accountant of Shenzhen Overseas Chinese Town Company Limited (“OCT Ltd.”, currently listed on the Shenzhen Stock Exchange, stock code: 000069.SZ) and the chairman of the board of directors of Overseas Chinese Town (HK) Company Limited (“OCT (HK)”). Ms. Liu joined the OCT Group in December 2003, and she was a senior manager of the finance department of OCT Ltd., the financial controller of Shenzhen Splendid China Development Co., Ltd., and a standing deputy general manager of the financial operations department of OCT Group. Ms. Liu graduated from Dongbei University of Finance and Economics, the People’s Republic of China (the “PRC”), majoring in finance, with a bachelor’s degree in economics in July 2003. She is qualified as a senior accountant and an economist in the PRC. Ms. Liu is the Chairman of the Company’s ESG Committee and the Nomination Committee.

Mr. Wang Jianwen (王建文), aged 48, is a director and the general manager of Shenzhen OCT Capital Investment Management Co., Ltd. and a director and the general manager of OCT (HK). He also holds various positions including director, or general manager in various subsidiaries of the Company. Mr. Wang joined the OCT Group in 2002. He was previously a senior manager of the finance department of OCT Ltd., a director of the finance department of the Company, the finance director of Chengdu Tianfu OCT Industry Development Co., Ltd., the finance director of Overseas Chinese Town (Xi’an) Industry Company Limited (西安華僑城實業有限公司), a deputy general manager of OCT Western Investment Company Limited (華僑城西部投資有限公司), a deputy general manager of the western region business division of OCT Ltd., a deputy general manager of Shenzhen OCT Capital Investment Management Co., Ltd., and a deputy general manager of OCT (HK). Mr. Wang graduated from the Jiangxi University of Finance and Economics in 1999, with a bachelor’s degree in economics, specialising in audit. He was conferred a master of business administration degree by the Northwestern Polytechnical University in 2006. He was conferred the qualification of an accountant in China. Mr. Wang is a member of the Company’s ESG Committee.

Ms. Qi Jianrong (祁建榮), aged 55, is a deputy general manager of the Company. She also holds directorships positions in various subsidiaries of the Company. Ms. Qi joined OCT Group in July 1994, and had served in various positions including manager of financial securities department and finance department, accounting manager of the finance department and the financial assistant of Shenzhen Bay Hotel, manager of financial and business support department and chief accountant of the Venice Raytour Hotel Shenzhen, the vice financial officer of Shenzhen Seaview Austin Hotel, the supervisor of the finance department of OCT (HK) and deputy general manager, financial officer and secretary of board of directors of Shenzhen City Rough Diamond Trading Centre Company Limited. Ms. Qi graduated from the Department of International Finance of Jinan University in China in June 1994, where she obtained her bachelor’s degree in economics. She holds the qualifications of accountant and economist in China and Senior International Finance Manager, and she is a member of the Association of International Accountants. Ms. Qi is a member of the Company’s ESG Committee.

Directors and Senior Management

Non-Executive Director

Mr. Yang Guobin (楊國彬), aged 57, is a director of Shenzhen OCT Capital Investment Management Co., Ltd., and a director of OCT (HK). Mr. Yang joined the OCT Group in July 1991, and he was a deputy general manager of the finance department, and an officer of the settlement centre of OCT Group, a deputy general manager of the finance department (audit department) of OCT Group, a deputy president of the corporate management department of OCT Group, and the financial controller and vice president of Konka Group Co., Ltd. (a company whose shares are listed on the Shenzhen Stock Exchange, stock code: SZ000016)). Mr. Yang graduated from Jinan University, the PRC, majoring in accounting, in June 1991, with a bachelor's degree in economics. He is qualified as a senior accountant in the PRC. Mr. Yang is a member of the Company's Audit Committee and the Remuneration Committee.

Independent Non-Executive Directors

Ms. Wong Wai Ling (黃慧玲), aged 64, joined the Group in 2007. Ms. Wong holds a Bachelor of Arts degree from the University of Hong Kong and a Postgraduate Diploma in Accounting and Finance from the London School of Economics and Political Science, University of London, United Kingdom. Ms. Wong is a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, with over 30 years of extensive experience in accounting, taxation, auditing and business. She worked in an international accounting firm and a local accounting firm for more than seven years until she began to be in private practice as a Certified Public Accountant in 1993. Ms. Wong previously served as non-executive director of Hin Sang Group (International) Holdings Co., Ltd (stock code: 6893.HK), an independent non-executive director and Chairman of the audit committee and remuneration committee of Yongsheng Advanced Materials Company Limited (a company previously listed on the Main Board of the Stock Exchange and delisted voluntarily on 7 February 2024), an independent non-executive director and Chairman of the audit committee of AVIC International Holdings Limited (a company previously listed on the Main Board of the Stock Exchange and delisted voluntarily on 17 April 2020), an independent non-executive director and Chairman of the audit committee of China Ruifeng Renewable Energy Holdings Limited (stock code: 0527.HK), an independent non-executive director of Glory Flame Holdings Limited (stock code: 8059.HK) and an executive director of Tonking New Energy Group Holdings Limited (formerly known as JC Group Holdings Limited) (stock code: 8326.HK). Ms. Wong is the Chairman of the Company's Audit Committee and Remuneration Committee and a member of the Nomination Committee.

Directors and Senior Management

Professor Lam Sing Kwong Simon (林誠光), aged 66, joined the Group in 2009. He is currently serving as a professor in management and business strategy at the Faculty of Business and Economics of the University of Hong Kong. Professor Lam is well known for his studies and research in corporate strategy, organization development and operations management, and has published a number of academic papers and case analyses on the said topics. Before joining the University of Hong Kong, Professor Lam had worked as a management consultant and as a regional manager for a bank. He has gained extensive experience in the area of corporate governance, strategy development and corporate finance. Professor Lam has been serving as an independent non-executive director of the following companies listed on the Main Board of the Stock Exchange: Qingci Games Inc. (stock code: 6633.HK), Kwan On Holdings Limited (stock code: 1559.HK) and China Wacan Group Company Limited (stock code: 1920.HK). He was an independent non-executive director of Jacobson Pharma Corporation Limited (stock code: 2633.HK) and Sinomax Group Limited (stock code: 1418.HK). Professor Lam is a member of the Company's Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Chu Wing Yiu (朱永耀), aged 68, joined the Group in 2019. Mr. Chu is a fellow of the Life Office Management Association. Mr. Chu is currently an independent non-executive director and chairman of the risk committee of Zurich Life Insurance (Hong Kong) Limited, an independent non-executive director and chairman of the risk committee of SCOR Reinsurance Co. (Asia) Limited, an independent non-executive director of Dah Sing Insurance Company Limited, and an independent non-executive director, a member of the audit committee, and a member of the group insurance risk management committee of Dah Sing Financial Group Limited (stock code: 0440.HK). Mr. Chu entered the insurance industry in Hong Kong in 1981, and is equipped with rich management experience. In the past, he acted as a director, chief executive officer of BOCI — Prudential Trustee Limited and a director of BOC Group Trustee Company Limited, director and head of employee benefits of HSBC Insurance (Asia) Limited, and a director of BOC Insurance Company Limited. In the insurance industry, Mr. Chu is also currently the vice chairman of the Insurance Industry Training Advisory Committee, a Trustee of the Hospital Authority Provident Fund Scheme and a non-official member of the Industry Advisory Committee of the Insurance Authority on Long Term Business of Hong Kong. He is a member of the Company's ESG Committee.

Senior Management

Mr. Wang Jianwen is an executive Director and the Chief Executive Officer of the Company. His biography is set out above.

Mr. Zhang Xiaojun (張曉軍), aged 56, is a deputy general manager of the Company and also holds various positions including director, or general manager in various subsidiaries of the Company. Mr. Zhang joined OCT Group in 1993. He served as the general manager of Shenzhen OCT Gangya Holdings Development Co., Ltd. and has been the deputy general manager of the Company since 2007. Mr. Zhang graduated from Zhuzhou Institute of Technology (now known as the Hunan University of Technology) and obtained his bachelor's degree in engineering.

Ms. Qi Jianrong is an executive Director and a deputy general manager of the Company. Her biography is set out above.

Directors and Senior Management

Ms. Cheng Mei (成玫), aged 53, is a deputy general manager and a joint company secretary of the Company. She also serves as a director, or general manager and other positions of various subsidiaries of the Company. Ms. Cheng joined the Company in 2005, and was a vice supervisor and subsequently a supervisor of the Company's office of the board secretary. Prior to joining the Group, Ms. Cheng had successively worked for a tourism group and OCT (HK). Ms. Cheng graduated from Beijing International Studies University and obtained her bachelor's degree in Arts in 1995.

Joint Company Secretaries

Ms. Cheng Mei was appointed as one of the joint company secretaries of the Company on 26 June 2023. Her biography is set out above.

Ms. Ho Sze Man (何斯敏) was appointed as one of the joint company secretaries of the Company on 26 June 2023. Ms. Ho is a practicing solicitor of Hong Kong. Ms. Ho specializes in corporate finance and has extensive experience in handling compliance matters of listed companies in Hong Kong. She is currently a partner of HW Lawyers. She was awarded the Bachelor of Laws by the University of Hong Kong in 2006, and the Postgraduate Certificate in Laws by the University of Hong Kong in 2007.

Corporate Governance Report

CORPORATE AND GOVERNANCE CULTURE

The Company believes that high standard corporate governance and a highly efficient management team are very important in enhancing the investors' confidence and safeguarding the interests of the shareholders as a whole, and can also increase long-term share value. Therefore, the Company is committed to implementing and maintaining a high standard of corporate governance, emphasizing good communication with shareholders and investors, and promoting the corporate culture of absolute integrity, continuously improving management transparency, making timely, truthful and accurate disclosure of information. The Company fully understands and supports the principles of the Corporate Governance Code (the "CG Code") under Appendix C1 of the Listing Rules, and regards these standards as the cornerstone of the Group's corporate governance practices, typically applying these standards as amended and affirming the Group's identity. The Company has also established appropriate policies and procedures to promote and enhance the aforementioned culture, allowing employees and stakeholders to express concerns regarding any suspected misconduct. The Board is convinced that the strategic direction and business model of the Group align with its culture.

For the Current Period, the Company has complied with the applicable code provisions as set out in Part 2 of the CG Code.

BOARD OF DIRECTORS

Board Responsibilities and Delegation

The Board is responsible for the leadership and governance of the Company and ultimately assumes responsibility for the Company's business, financial performance and preparation of financial statements. The Board formulates strategies, policies and business plans of the Group, controls corporate risks and monitors the operation and financial performance of the Company. The Board endeavors to make decisions in the interests of the shareholders and the Company as a whole, and delegates powers and responsibilities to the management led by the Chief Executive Officer of the Company to carry out the daily management and operation of the Group. The Board reserves for its decisions all major matters relating to strategies, overall objectives and policies, financial results and budgets, material transactions, appointment of directors, share capital and other significant operational matters of the Company. All Board members have separate and independent access to the senior management, and are provided with full and timely information about the operation and business development of the Company, including monthly reports. In order to assist the Directors to perform their duties, the Board has established procedures to enable the Directors to seek independent professional advice upon reasonable request under appropriate circumstances at the Company's expense.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision A.2 of Part 2 of the CG Code. The Board is responsible for, and has reviewed and monitored during the Current Period: (a) the Company's corporate governance policies and practices, (b) the training and continuous professional development of Directors and senior management, (c) the Company's policies and practices in compliance with laws and regulations, (d) the Company's code of conduct and compliance manual applicable to employees and Directors and (e) the Company's compliance with the CG Code and the disclosure in this Corporate Governance Report.

Corporate Governance Report

Composition of the Board

The Board currently comprises seven members, including three executive Directors, one non-executive Director and three independent non-executive Directors. Independent non-executive Directors represent more than one-third of the Board and all are experienced professionals with profound expertise and experience in various fields including accounting, financial, economic and risk management aspects. The Board considers that all the independent non-executive Directors are independent in their judgment. They ensure that the Board attains strict standards in financial and other statutory reporting areas and provide adequate checks and balances to safeguard the interests of the shareholders and the Company as a whole.

As at the date of this report, the Directors are as follows:

Executive Directors

Ms. Liu Yu (*Chairwoman*)

Mr. Wang Jianwen (*Chief Executive Officer*)

Ms. Qi Jianrong

Ms. Liu Yu and Ms. Qi Jianrong were both re-elected as executive Directors at the annual general meeting of the Company held on 17 June 2024, and have entered into service contracts with the Company for a term commencing from 17 June 2024 until the conclusion of the 2026 annual general meeting of the Company to be held in 2027.

Mr. Wang Jianwen was re-elected as an executive Director at the annual general meeting of the Company held on 27 June 2025, and has entered into a service contract with the Company for a term commencing from 27 June 2025 until the conclusion of the 2027 annual general meeting of the Company to be held in 2028.

Non-Executive Director

Mr. Yang Guobin

Mr. Yang Guobin was re-elected as a non-executive Director at the annual general meeting of the Company held on 27 June 2025, and has entered into a service contract with the Company for a term commencing from 27 June 2025 until the conclusion of the 2027 annual general meeting of the Company to be held in 2028.

Independent Non-Executive Directors

Ms. Wong Wai Ling

Professor Lam Sing Kwong Simon

Mr. Chu Wing Yiu

Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon were both re-elected as independent non-executive Directors at the annual general meeting of the Company held on 17 June 2024, and have entered into service contracts with the Company for a term commencing from 17 June 2024 until the conclusion of the 2026 annual general meeting of the Company to be held in 2027.

Mr. Chu Wing Yiu was re-elected as an executive Director at the annual general meeting of the Company held on 27 June 2025, and has entered into a service contract with the Company for a term commencing from 27 June 2025 until the conclusion of the 2027 annual general meeting of the Company to be held in 2028.

Corporate Governance Report

Each of the independent non-executive Directors has entered into a service contract with the Company for a term of three years. The Company has received the confirmation from them of his/her independence with reference to the criteria set out in Rule 3.13 of the Listing Rules. Ms. Wong Wai Ling has served as an independent non-executive Director of the Company for nineteen years. Professor Lam Sing Kwong Simon has served as an independent non-executive Director of the Company for seventeen years. Mr. Chu Wing Yiu has served as an independent non-executive Director of the Company for seven years. Although each of Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon has served as independent non-executive Directors for more than nine years, the Board considers that Ms. Wong and Professor Lam are persons of integrity and independence in judgment and character. They are independent of the management and free from any business or other relationships or circumstances which could materially interfere with the exercise of their independent judgment. The Company is not aware of any cross-directorship nor significant links of them with other Directors, or in any relationship which would interfere with their exercise of independent judgment. Having regard to the above and the confirmation on meeting the factors of assessing independence under Rule 3.13, the Company considers the independent non-executive Directors to be independent, and that the independence of Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon is not affected by their length of tenure with the Company.

The biographies of the Director are set out on pages 17 to 19 of this report. Information about the re-election of the Directors is set out in the circular of the Company issued on the same date with this annual report.

The independent non-executive Directors represented at least one-third of the Board throughout the Current Period, in compliance with Rules 3.10(1) and 3.10(A) of the Listing Rules; and at least one of them possesses appropriate professional qualifications or accounting or related financial management expertise throughout the Current Period, in compliance with Rule 3.10(2) of the Listing Rules.

The Company has established a Nomination Committee. The Nomination Committee evaluates the independence of all independent non-executive Directors each year and makes sure that they comply with the independence requirement under Rule 3.13 of the Listing Rules. The Chairman, the Chief Executive Officer and other Directors do not have any financial, business, family or other material/relevant relationships with each other that are not disclosed in this annual report.

Chairman and Chief Executive Officer

To facilitate the independence, accountability of management and a clear delineation of authorities. The positions of the Chairman and the Chief Executive Officer of the Company are assumed by different persons. The Chairman oversees the operation of the Board and the formulation of the Company's strategies and policies. The Chief Executive Officer is responsible for the management of the Group's business, the implementation of significant policies, the daily operational decisions as well as the coordination of the overall operation.

Corporate Governance Report

Appointment and Re-election of Directors

The Nomination Committee identifies appropriate individuals qualified to become Board members and provides advice to the Board in respect of nominating such persons to the Board. The Nomination Committee also makes recommendations to the Board on the appointment, re-appointment of and succession planning for Directors, in particular the Chairman and the Chief Executive Officer. The Board is responsible for formulating the procedures for appointing Directors, and nominating suitable candidates for approval at the annual general meetings so as to fill vacancies due to the resignation of Directors. When selecting candidates for appointment as Directors, factors including (without limitation) the candidates' integrity, achievements, experience, expertise and background in the relevant industry and whether they have sufficient time to assume the duties and responsibilities as a Director will be considered.

Pursuant to the memorandum and articles of association of the Company (the "Articles"), at every annual general meeting, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the nearest number to but not less than one-third) shall retire by rotation, and every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. A retiring Director shall be eligible for re-election.

Board Meetings and Procedures

The Board held 9 meetings during the Current Period.

The Board has established meeting procedures. The Board shall meet at least four times each year and can convene additional meetings as and when needed. The agenda and other reference documents shall be distributed prior to the Board meeting to allow sufficient time for the Directors to review. Directors can express different opinions at Board meetings. Important decisions will be made only after detailed discussions by the Board. Directors who have conflicts of interest or material interests in the relevant transactions will not be counted in the quorum of the meeting and shall abstain from voting on the relevant resolutions. Minutes of Board meetings and other committee meetings will be prepared by the Company Secretary and will be sent to all Board members for their comments or record. Directors are entitled to inspect the minutes.

Corporate Governance Report

DIRECTORS' ATTENDANCE OF MEETINGS

The Directors' attendances of the meetings of the Board, the meetings of the Board committees and general meetings of the Company during the Current Period are as follows:

Name of Directors	Board	Audit Committee	Remuneration Committee	Nomination Committee	ESG Committee	General meetings
Executive Directors						
Liu Yu	9/9	N/A	N/A	2/2	1/1	1/1
Wang Jianwen	9/9	N/A	N/A	N/A	1/1	1/1
Qi Jianrong	9/9	N/A	N/A	N/A	1/1	1/1
Non-Executive Director						
Yang Guobin	9/9	2/2	1/1	N/A	N/A	1/1
Independent Non-Executive Directors						
Wong Wai Ling	9/9	2/2	1/1	2/2	N/A	1/1
Lam Sing Kwong Simon	9/9	2/2	1/1	2/2	N/A	1/1
Chu Wing Yiu	9/9	N/A	N/A	N/A	1/1	1/1

Note:

- In the above chart, attendance is presented with reference to the number of meeting(s) held during the tenure of the Director in the Current Period.

DIRECTORS' PROFESSIONAL DEVELOPMENT

Directors' training is an ongoing process. During the Current Period, Directors were provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuing professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance with and enhance their awareness of good corporate governance practices. New Directors are provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant laws, rules and regulations.

The Company also organises training sessions for Directors and management members from time to time, covering topics such as new regulations on corporate governance.

Corporate Governance Report

During the Current Period, all Directors of the Company continually participated in professional training. The training completed by the Directors during the Current Period comprehensively covered five themes: duties of the Board and Directors, the Listing Rules and Hong Kong legal compliance, corporate governance and ESG, risk management and internal control, and the latest developments in the industry and business. The training records of all Directors have been entered into the register of Directors' training maintained by the Company and updated in a timely manner. During the Current Period, the Directors participated in an aggregate of 142.5 hours of continual professional development, the details of which are set out as follows:

Unit: Hour

	Attending training provided by the Group ²	Attending external training ³	Self-study ⁴	Total
Executive Directors				
Liu Yu	16.5 Hours Topic A, B, C, D	/	5.5 Hours Topic E	22
Wang Jianwen	16.5 Hours Topic A, B, C, D	/	5.5 Hours Topic E	22
Qi Jianrong	16.5 Hours Topic A, B, C, D	/	5.5 Hours Topic E	22
Non-Executive Director				
Yang Guobin	16.5 Hours Topic A, B, C, D	/	5.5 Hours Topic E	22
Independent Non-Executive Directors				
Wong Wai Ling	1 Hours Topic A, C	1.5 Hour Topic C	16 Hours Topic B, C, D, E	18.5
Lam Sing Kwong Simon	1 Hours Topic A, C	/	16 Hours Topic B, C, D, E	17
Chu Wing Yiu	1 Hours Topic A, C	2 Hour Topic A, C	16 Hours Topic B, C, D, E	19

Notes:

- Topics of continuous professional development:
 - roles, functions and responsibilities of the board, its committees and its directors, and board effectiveness;
 - issuers' obligations and directors' duties under Hong Kong law and the Listing Rules, and key legal and regulatory developments (including Listing Rules updates) relevant to the discharge of such obligations and duties;
 - corporate governance and ESG matters (including developments on sustainability or climate-related risks and opportunities relevant to the Group and its business)
 - audit, risk management and internal controls; and
 - industry-specific developments, business trends and strategies.
- Attending training provided by the Group includes attending as participant at events organised or co-organised by the Group, and attending internal training organised by the Group, provided by external consultant(s) or legal advisor(s) of the Group;
- Attending external training includes attending as participant at briefings, workshops, seminars and conferences organised by professional, industry, business or other external bodies or entities;
- Self-study includes undertaking self-study, research (e.g., reading research reports, periodicals and other self-learning materials).

Each Director had confirmed and provided their records of participation in continuous professional development as required under Listing Rules 3.09F, 3.09G and (for first-time directors) 3.09H during 2025.

Corporate Governance Report

BOARD COMMITTEES

The Board has set up the following committees:

Audit Committee

As of 31 December 2025, the Audit Committee consisted of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling (Chairwoman) and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Yang Guobin.

The principal roles and functions of the Audit Committee include:

- (a) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment or removal of the external auditors, and the approval of remuneration and terms of engagement of the external auditors;
- (b) reviewing risk management and internal control systems and monitoring the work of the internal audit department;
- (c) reviewing the financial statements of the Company, the Company's annual reports and accounts, interim reports and quarterly reports (if any);
- (d) examining financial statements and reporting to the Board for any significant financial reporting judgment;
- (e) discussing with external auditors on any question or doubt arising from the audit process, as well as other issues the external auditors wish to discuss; and
- (f) examining external auditor's management letter, and ensuring timely responses from the Board.

The Audit Committee held two meetings during the Current Period, principal tasks performed by the Audit Committee included:

1. reviewed the annual audited financial results and report for the year ended 31 December 2024 and the unaudited interim financial results and report for the six months ended 30 June 2025;
2. reviewed the internal control and risk management of the Company (including the report by the internal audit department), reviewed the effectiveness of the Company's internal audit function; and
3. other duties as stipulated under the Listing Rules (including the CG Code) and terms of reference.

The Audit Committee has reviewed the Company's annual results for the Current Period and this annual report, and confirmed that it is complete and accurate and complies with the Listing Rules.

Corporate Governance Report

Remuneration Committee

As of 31 December 2025, the Remuneration Committee consisted of three members, including two independent non-executive Directors, namely Ms. Wong Wai Ling (Chairwoman) and Professor Lam Sing Kwong Simon, and one non-executive Director, namely Mr. Yang Guobin.

The principal roles and functions of the Remuneration Committee include:

- (a) consulting the chairman of the Board and/or chief executive on remuneration proposals for other executive Directors and senior management;
- (b) making recommendations to the Board on matters relating to the overall remuneration policy and structure for the Directors and senior management, as well as establishing a formal and transparent procedure for developing the remuneration policy of the Company;
- (c) with authority delegated by the Board, determining remuneration packages for all executive Directors and senior management; making recommendations to the Board on remuneration for non-executive Directors;
- (d) reviewing and approving compensations payable to executive Directors and senior management, for loss or termination of their office or appointment to ensure that it is consistent with contractual terms or is otherwise fair and reasonable; and
- (e) reviewing and/or approving matters relating to share schemes as set out in Chapter 17 of the Listing Rules.

The Remuneration Committee held one meeting during the Current Period, and the principal tasks performed by the Remuneration Committee included:

1. determined/made recommendations to the remuneration package of the Directors and senior management;
2. reviewed and assessed executive Directors and senior management's performance and service contracts, reviewed and discussed the Company's remuneration policy and structure, and valuation and performance assessment system;
3. listened to and assessed the report on the optimization direction of the remuneration and assessment system; and
4. other duties as stipulated under the Listing Rules (including the CG Code) and terms of reference.

Corporate Governance Report

Nomination Committee

As of 31 December 2025, the Nomination Committee consisted of three members, including one executive Director, namely Ms. Liu Yu (Chairwoman), and two independent non-executive Directors, namely Ms. Wong Wai Ling and Professor Lam Sing Kwong Simon.

The Board has a diversity policy (the “Board Diversity Policy”). All Board appointments are based on individual merits, and candidates will be considered against selection criteria based on a range of diverse perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge, experience, other information required by laws and the stock exchange (where applicable), and/or other factors as the Board may consider relevant from time to time.

The Company embraces the benefits of having a diverse Board to enhance the overall effectiveness of the Board and thereby the shareholders’ value. Currently, the Board comprises four male Directors and three female Directors, and half of the Company’s senior management (including executive Directors) are female. The Company believes that the current Board composition reflects a balance of skills, experience and expertise appropriate for the requirements of the Company’s business development and for effective leadership. All the executive Directors (including male and female) possess extensive experience in the Company’s industry while the non-executive Directors (including independent non-executive Directors) possess professional knowledge and broad experience in diversified areas including business management, finance and accounting, covering different gender and age groups. With the contribution of the other senior management members, the present structure provides an effective channel for opinions from different diversity aspects to be considered, ensuring the independence and objectivity of the Board. The balanced composition of the Board and committees, combined with the fixed-fee remuneration structure of non-executive Directors, the conflict management mechanism, transparent and timely information distribution to all Directors, and availability of access to professional advice provided to all Directors, ensure that independent views and input are available to the Board. These mechanisms remained effective during the Current Period.

The Group has a workforce diversity policy. Such policy aims to outline the Group’s approach to diversity of its workforce (including senior management). The Group is committed to promoting workforce diversity; respecting the diversity of its workforce (including (without limitation) gender, age, family status, ethnicity, race, religion, sexual orientation, gender identity) and to value the different perspectives of employees and other stakeholders; complying with applicable equal opportunity laws and good management practices in making employment decisions; promoting a sense of diversity and inclusion among employees through training; and providing mechanisms (including grievance procedures or reporting channels) for employees to raise matters relating to the working environment. The Company monitors and reviews, from time to time, the implementation of the policy (including the measurable and/or specific diversity objectives set) to ensure its suitability and relevance. The Group has a fairly balanced workforce in terms of gender. As of 31 December 2025, out of 104 full-time employees (including senior management), around 46% were female. Further information about the Group’s staff by gender and other employment and labour practices is set out in the ESG Report.

Corporate Governance Report

The Board believes that the Board and the Group's overall workforce is diverse in terms of gender, and intends to continue the current balance of gender diversity on the Board and senior management level, and on the level of its overall workforce. The Company will also review its Board Diversity Policy and staff diversity policy (including gender diversity) and re-visit its above gender diversity objectives from time to time to promote the implementation of its Board Diversity Policy and staff diversity policy and the improvement of the overall effectiveness of the Board. To support diversity at different levels, the Group is enhancing diversity awareness through employee networks, hiring and recruitment practices, and awareness raising promotions and training for all employees.

The Board has also adopted a director nomination policy (the "Nomination Policy") with reference to the principles in the CG Code, which establishes criteria and procedures for the Nomination Committee to identify and consider individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for the selection and appointment of new Directors.

The Board, through the delegation of its authority to the Nomination Committee, has used its best efforts to ensure that Directors appointed to the Board possess the relevant skills, experience and diversity of perspectives critical to the Group's business to enable the Board to make sound and well-considered decisions.

Nomination Process

When receiving the proposal to appoint a new Director, the Nomination Committee shall (i) assess the candidate with reference to the selection criteria as set out in the Nomination Policy to determine the eligibility of the candidate to serve as a Director; (ii) if there is more than one desirable candidate, rank them in accordance with the needs of the Company and the merits of each candidate; and (iii) make recommendations to the Board on the appointment of a suitable candidate to serve as a Director (if applicable).

When a retiring Director, being eligible, offers himself/herself for re-election, the Nomination Committee shall (i) review the overall contribution and services of the retiring Director and his/her performance and level of participation; (ii) assess whether the retiring Director satisfies the selection criteria as set out in the Nomination Policy; and (iii) if considered appropriate, make recommendations to the Board, who in turn recommends the Shareholders on the voting direction.

Corporate Governance Report

Selection Criteria

Candidates would be assessed with reference to the Company's Nomination Policy and the Board Diversity Policy, with object criteria including his/her (i) character (in terms of his/her honesty, integrity, motivation or reputation), (ii) merits (in terms of his/her qualifications (including professional qualifications), skills, knowledge, accomplishments and experience related to the business and strategy of the Company and the diversity), (iii) expertise, (iv) commitment and resources (including time) for proper discharge of its duties; and (v) (for a candidate for independent non-executive Director) his/her independence.

The Board shall review and reassess the Nomination Policy and its effectiveness on a regular basis or as required.

The roles and functions of the Nomination Committee include:

- (a) reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board annually and making recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (b) reviewing the Board Diversity Policy of the Company and the implementation progress of targets set by such policy;
- (c) assisting in the preparation of the Board skills matrix;
- (d) reviewing the time commitment of the Directors in discharging their duties;
- (e) identifying individuals suitably qualified to become Board members and selecting or making recommendations to the Board on the selection of individuals nominated for directorships;
- (f) assessing the independence of independent non-executive Directors; and
- (g) making recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the Chief Executive Officer.

Corporate Governance Report

The Nomination Committee held two meetings during the Current Period, and the principal tasks performed by the Nomination Committee included:

1. examined the structure, size and composition of the Board, to ensure the Directors have the expertise, skills and experience required to meet the Company's business;
2. reviewed and revised the Board Diversity Policy of the Company and the implementation progress of targets set by such policy;
3. reviewed and revised the terms of reference of the Nomination Committee;
4. formulated the staff diversity policy;
5. assessed the independence of all independent non-executive Directors;
6. reviewed the re-election of members of the Board, and made recommendations to the Board; and
7. other duties as stipulated under the Listing Rules (including the CG Code) and terms of reference.

Time Commitment of Directors

The Nomination Committee reviewed and assessed the time and effort devoted by each Director to the Board, as well as their ability to discharge their duties in 2025. The Nomination Committee is of the view that each Director had devoted sufficient time and effort during 2025, actively participated in meetings and contributed professional insights, and their experience and capabilities are well-aligned with the corporate governance needs of the Company. All Directors have demonstrated good performance in discharging their duties, professional judgment, and a diligent and responsible professional attitude, providing a solid safeguard for the effective operation of the corporate governance system.

In doing so, the Nomination Committee has considered the following aspects:

- the biographies of the Directors set out in “Directors and Senior Management”;
- the attendance of each Director at the meetings of the Board and the committees of the Company during the Reporting Period, as set out in the section headed “DIRECTORS’ ATTENDANCE OF MEETINGS” in the “Corporate Governance Report”;
- the training records of each Director during the Reporting Period, as set out in the section headed “DIRECTORS’ PROFESSIONAL DEVELOPMENT” in the “Corporate Governance Report”;
- the skills and experience of the Board outlined in the Board skills matrix, as set out in the section headed “Skills and Experience of the Board” in the “Directors’ Report”; and
- the roles and positions held by each Director within the Company, as well as directorships or positions and/or other significant commitments in other external companies or organizations.

Corporate Governance Report

Skills and Experience of the Board

The Board ensures that the Board as a whole and its members possess the skills, knowledge, expertise, and experience necessary to govern the Group effectively and to provide effective oversight of and challenge to the management. Currently, the members of the Board possess extensive industry backgrounds and have accumulated profound professional experience in key areas such as strategic development, corporate governance, risk management, and sustainable development. The Board's core skills matrix, detailing the mix of skills and expertise of the Board that are most relevant to the Company's strategy, governance and business which enables the Board to effectively discharge its duties and responsibilities in attaining the Company's strategic objectives and achieving sustainable and balanced development for the Group, is set out in the table below.

Skill area	Description	Importance (Note)	Adequacy	Plans for improvement/ Skills enhancement
Core Governance Competencies				
1.1 Strategy	Ability to identify strategic opportunities and threats, while formulating and implementing plans to achieve corporate goals	E	Adequate	
1.2 Leadership	Ability to lead corporate teams and implement plans and policies	E	Adequate	
1.3 Corporate Governance	Overseeing the effectiveness of corporate governance, and ensuring the fulfillment of key functions such as Board operations, internal control reviews, and protection of shareholders' interests	E	Adequate	
Knowledge and Skills				
2.1 Industry Knowledge and Experience	Familiarity with the Company's daily business operations, market developments, competitors, technology, and innovation	E	Adequate	
2.2 Financial Knowledge/Business Acumen	Ability to read and understand the Company's accounts, financial information, and financial reporting requirements	E	Adequate	

Corporate Governance Report

Skill area	Description	Importance (Note)	Adequacy	Plans for improvement/ Skills enhancement
2.3 Capital Market Knowledge	Understanding the capital market environment and overseeing the Company's relevant operations to ensure compliance with the Listing Rules and regulatory requirements	E	Partial	The Board will continuously enhance relevant capabilities in discharging duties. Plans: 1. Maintain continuous learning on capital market dynamics and regulatory requirements; 2. Based on this, continually optimize the oversight and guidance mechanisms for relevant major decisions.
2.4 Risk Management and Compliance	Ability to implement, manage, or oversee risk management and internal control systems involving legal and regulatory compliance	E	Adequate	
2.5 Emerging Issues (e.g., AI)	Understanding and awareness of emerging issues to ensure the Company possesses forward-looking thinking	F	Partial	The Board is currently accumulating knowledge on this skill. Plan: 1. Invite external experts to conduct training on emerging issues; 2. Encourage Directors to pay attention to and study the potential impact of relevant issues on the Company's business.
2.6 Qualifications	Formal qualifications in relevant fields such as accounting/finance, economics/business, and law	E	Adequate	
Diversity				
3.1 Diversity (e.g., age, gender, etc.)	Contribution to Board diversity in terms of age, gender, cultural background, etc.	E	Adequate	

Corporate Governance Report

Skill area	Description	Importance (Note)	Adequacy	Plans for improvement/ Skills enhancement
Sustainable Development				
4.1 ESG and Climate Risk Management	Ability to formulate and oversee ESG strategies and goals, and to identify, assess, and manage climate-related risks and opportunities	E	Partial	The Board will continuously monitor practices in this field. Plans: 1. Explore paths to more effectively integrate ESG and climate risks into existing management processes; 2. Continuously optimize ESG-related data management and disclosure practices.

Note:

“E” = Skills currently essential for the Board

“F” = New skills to be added for the future/in response to anticipated circumstances

A/D = Non-essential skills, but considered desirable or ideal

Environmental, Social and Governance (ESG) Committee

As at 31 December 2025, the ESG Committee consisted of four members, including three executive Directors, namely Ms. Liu Yu (Chairwoman), Mr. Wang Jianwen, and Ms. Qi Jianrong, and one independent non-executive Director, Mr. Chu Wing Yiu.

The major roles and functions of the ESG Committee include:

- (a) formulating and reviewing the ESG strategy, vision, tactics, principles and policies of the Group, and implementing ESG policies and measures of the Group;
- (b) reviewing and determining the ESG management structure and mechanism optimisation operation plan of the Group, reviewing the ESG management structure and policies of the Group, and providing suggestions to the Board on the related ESG management structure of the Group;
- (c) reviewing material ESG issues involved in the business operations of the Group, identifying risks and opportunities related to ESG (including but not limited to climate-related risks and opportunities, comprising physical risks and transition risks), reviewing and approving the material ESG issues on a regular basis, and reviewing whether the ESG risks of the Group are effectively managed and controlled;
- (d) closely monitoring climate-related developments, and continuously assessing, identifying, and disclosing climate-related risks and opportunities;
- (e) monitoring communication with the stakeholders and ensuring that there are policies established to effectively promote the relationship between the Group and the stakeholders, and identifying the communication results with the stakeholders;

Corporate Governance Report

- (f) monitoring incorporation of ESG principles into the business decision-making procedures;
- (g) monitoring the ESG performance of the Group in compliance with regulators' and investors' requirements and recommending to the Board;
- (h) formulating and confirming the ESG strategies and goals of the Group (including but not limited to strategies and goals for addressing climate change), the corresponding implementation rules and effectiveness, regularly reviewing such strategies, the implementation, the progress of goal achievement, and the relevance to the Group's business, reporting to the Board, and identifying corresponding initiatives and measures on actions required to improve performance;
- (i) ensuring that the Company's ESG disclosures comply with the relevant disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and other regulations applicable to the Company, confirming the Company's ESG report and ESG data analysis results, reviewing any material matters arising from the reporting process, and reporting to the Board;
- (j) reporting to the Board the ESG-related governance matters and confirming the issuance of the "Board ESG Statement".

The ESG Committee held one meeting during the Current Period, and the principal tasks performed by the ESG Committee included:

1. reviewed the 2024 ESG report;
2. reviewed the sustainable development goals set and assessed the level of achievements;
3. reviewed and confirmed the content of the Company's ESG Statements of the Board; and
4. other duties as stipulated under the Listing Rules (including the CG Code) and terms of reference.

Corporate Governance Report

Risk Management and Internal Control

The Company's management pays high attention to comprehensive risk management. The Company believes that the challenge facing the Company lies in identifying and managing risks in order to manage, contain, transfer, avoid, or understand and accommodate the relevant risks, and that sound and effective risk management and internal control systems play an important role in safeguarding shareholders' investments, protecting company assets, and achieving the Company's strategic goals.

The Board acknowledges its ultimate responsibility to establish and maintain appropriate risk management and internal control systems for the business of the Company, and is responsible for the ongoing supervision of the system's operation. To this end, the Board ensures that the Company has a framework of continuous risk management processes in place to identify, assess and manage the material risks facing the Company. This framework covers key areas such as financial, operational, and compliance monitoring, thereby facilitating the Company's sustainable long-term development. The Board acknowledges that good risk management and internal control systems are designed to manage rather than eliminate the risks, and the systems and procedures that have been put in place do not provide an absolute shield against factors including unpredictable risks and uncontrollable events such as natural disasters or errors of judgment.

The Board has completed its review of the effectiveness of the risk management and internal control systems for the year and considers that these systems are adequate and effective. The Company has not encountered any material risk incident in the capital market since its listing. There has been no significant error or weakness in respect of internal control during the reporting period which may have a material impact on the truthfulness, accuracy and fairness of the financial matters of the Company.

The Company's internal control and risk management functions are undertaken by relevant functional departments which operate independently. In alignment with adjustments to the functions of various departments, the Company has set up an audit post within the Corporate Management Department, which is responsible for internal audits and is independent of other posts of the Company. The post conducts a special audit of subsidiaries based on the annual audit plan, and reports directly to the Audit Committee while keeping management informed. Meanwhile, its opinions and recommendations in respect of the existing problems of the subsidiaries are included in the audit results, which will be issued to the relevant subsidiaries. The relevant subsidiaries will then be required to make rectifications within a specific period. The legal and compliance department is responsible for coordinating risk management and compliance management. It continuously monitors the effectiveness of internal control operations by reviewing risk management systems, processes, and their implementation.

In addition, the legal and compliance department submits the annual comprehensive risk management report and interim reports to the Audit Committee each year. The comprehensive risk management report comprehensively describes the integrity and effectiveness of the risk management system of the various departments of the Company and its subsidiaries, the results of internal and external risk assessment on the strategy, finance, regulation and compliance, market and operation, identifies the significant risks which could have material impacts on the Company, and activates the supervision and improvement mechanisms for principal risk management strategies and solutions with respect to the aforementioned risks. The interim report presents the standardised operation procedures of the Company's business as well as the legal and compliance department's management of internal controls. In response to new businesses and emerging situations, it supervises the formulation of new systems and processes to continuously enhance the level of risk control. The existing internal control and risk management measures not only identify and address all principal risks but also continuously optimize resource allocation and control mechanisms, thus providing a sufficient basis for the Board and the Audit Committee to evaluate the effectiveness of internal control and risk management.

Corporate Governance Report

Three Lines of Defence

With respect to its existing businesses and under the risk management framework of the Stock Exchange regarding regulatory requirements for listed companies in Hong Kong, the Company has established and improved the three lines of defence for its risk management organisational system which cover decision-making and monitoring of comprehensive risk management, implementation of comprehensive risk management measures and assessment of comprehensive risk management.

The framework of the Group's risk management and internal control systems is strictly guided overall by the core framework of the "Three Lines of Defence" model:

First Line of Defence: Defence line for implementation of comprehensive risk management measures

All functional departments, subsidiaries, special teamwork groups and the "risk manager" system of the Company constitute the first line of defence for the implementation of comprehensive risk management measures, mainly responsible for conducting and implementing comprehensive risk management and internal control systems and relevant affairs, and strictly implementing day-to-day risk management measures; organising all departments and subsidiaries of the Company to identify and evaluate the actual risk management of their respective businesses; and promptly reporting risks in relation to the implementation of management strategies and solutions for significant risks.

Second Line of Defence: Defence line for assessment of comprehensive risk management

As the second line of defence for comprehensive risk management, the Company's legal and compliance department and the Enterprise Management Department are mainly responsible for supervising and assessing the implementation and quality of comprehensive risk management measures, and the ongoing effectiveness of risk countermeasures through risk management, legal management, internal audit and internal control, and issuing reports on supervision, assessment and audit, etc.

Third Line of Defence: Defence line for decision-making and monitoring of comprehensive risk management

The defence line for decision-making and monitoring of comprehensive risk management is the third defence line of the Company's comprehensive risk management organizational system, consisting of the Board and the management. The Company's Board and management, as comprehensive risk management decision-making and monitoring organizations, are mainly responsible for approving the Company's risk management organizational structure and responsibility plan, approving the Company's risk management policies, risk management measures and major risk solutions as well as monitoring and supervising the construction and implementation of the comprehensive risk management system and the internal control evaluation system.

Management Procedures for Significant Risks

In order to improve the monitoring and management of significant risks and fully leverage the effect of the three lines of defence for the Company's risk management organisational system, the Company on an annual basis leads and coordinates with all functional departments and subsidiaries to conduct a comprehensive annual risk assessment under the lead of the legal and compliance department.

Corporate Governance Report

Based on risk management regulations and actual corporate status, the Company conducts risk assessment mainly focusing on four aspects: strategic risk, financial risk, operational risk, as well as legal and compliance risk. Focusing on various core risk areas, the Company comprehensively identifies and prudently evaluates risk factors, employing a combination of qualitative and quantitative criteria to precisely define significant potential risk events. The Company implements full-process and closed-loop management for annual risk assessment results and identified major risks. A mechanism for supervision, review, and optimization of response strategies is established to ensure that specific measures are formulated for each risk and their implementation is continuously tracked. This approach addresses risk hazards at the source and firmly prevents the occurrence of major risk incidents.

Measures and Means of Defence Lines:

Key personnel from various functional departments are coordinated to regularly conduct internal control self-assessments and specialized training sessions on comprehensive risk management. All relevant departments and personnel are required to carry out risk assessment in accordance with the “Risk Management and Internal Control Manual of Overseas Chinese Town Group Company Limited” and the “OCT Risk Dictionary”, and in close conjunction with their own business reality, so as to solidly implement the full workflow of risk assessment, ensuring that risk identification, rating analysis, and response measures are scientifically sound, compliant, and effectively executed.

In order to continuously strengthen risk control and compliance awareness of all employees, the Company actively explores the innovative mode of internal control system construction. First, leveraging the training method of “sharing of experience”, the Company has established a systematic training framework for risk personnel, backed by comprehensive curriculum planning and training budgets. Second, the “risk manager” mechanism has been implemented. Under this system, experienced employees with at least three years of tenure and solid expertise are selected from functional departments and subsidiaries, with a focus on key areas like finance, internal audit, and information disclosure, to shoulder frontline monitoring responsibilities. These personnel are centrally managed, trained, and regularly supervised by the risk management department.

Inside Information Policy

The Company has an inside information policy, regulating the maintenance of confidentiality and the timely and appropriate dissemination of inside information. Among other things, the policy:

- designated reporting channels for different operations to report any potential inside information to designated departments;
- designated persons and departments to determine the manner of reporting and disclosure as required; and
- designated persons authorised to act as spokespersons and respond to external enquiries.

During the Current Period, the Board examined the effectiveness of the risk management and internal control systems of the Group through the Audit Committee, and considered that the risk management and internal control systems are adequate and effective and the Group has complied with the code provisions on risk management and internal control of the CG Code.

Corporate Governance Report

Principal Risks

A number of factors may affect the results and business operations of the Group. The Group focuses on addressing the following principal risks:

Principal Risks and Control Measures in 2026			
Type of Risk	Description	Key Control Measures	Caused by
Operational risk of comprehensive development business	As market demand remains in a phase of steady adjustment, higher standards are being placed on sales sell-through rates and the quality and efficiency of leasing operations within the comprehensive development business. As market competition becomes increasingly refined in 2026, the Company's comprehensive development business must align closely with the orientation of high-quality development and precisely adapt to market demands, striving to break through the critical threshold for improving quality and efficiency.	<p>(1) Strengthen operational control over comprehensive development projects and strictly fulfill shareholder management responsibilities, conducting routine tracking of fund reserves, expenditure progress, development milestones, and sales and leasing performance; flexibly optimize pricing mechanisms and marketing strategies in response to market conditions, adopting multiple measures to enhance project sell-through rates and operational efficiency.</p> <p>(2) Systematically identify potential risks such as resource misallocation and strategic deviations in business development, and establish a scientific and comprehensive risk assessment system; implement dynamic monitoring to accurately pinpoint potential risk nodes, improve rapid risk response and disposal mechanisms, and ensure the stable and orderly progress of comprehensive development business.</p>	Accelerate quality improvement and upgrading of comprehensive development business to further consolidate operational foundations, as market expectations enter a steady recovery phase with property purchase and leasing demand release pacing moderately, and market supply-demand structure undergoes optimization and adjustment.
Debt risk	In 2026, the Company is required to repay maturing bank borrowings. Currently, a time mismatch exists between debt repayment obligations and cash inflows from asset revitalization, resulting in short-term liquidity pressure. Consequently, interim financial support from the substantial shareholder is required.	<p>(1) Strengthen capital coordination and repayment assurance, advance capital planning, formulate special repayment plans, raise funds through multiple channels, ensure on-schedule and full repayment of maturing debts, and uphold the bottom line of not defaulting.</p> <p>(2) Accelerate the revitalization of existing assets and the collection of project receivables, actively secure shareholder loans and other support, raise repayment funds through multiple channels, optimize the debt structure, mitigate repayment pressure from the source, and effectively prevent and resolve debt risks.</p>	Impacted by the phased adjustment in the market environment, financial institutions have adopted a more prudent pace in credit extension. Consequently, the Company needs to re-coordinate the renewal arrangements for its maturing borrowings. With operating performance in a phase of recovery and improvement, the Company will sustain efforts to expand new credit lines and precisely align asset revitalization proceeds with debt repayment schedules.

Corporate Governance Report

Principal Risks and Control Measures in 2026

Type of Risk	Description	Key Control Measures	Caused by
HR management risks	As the Company deepens its strategic transformation and organizational restructuring in 2026, lean management initiatives impose stricter requirements on workforce structure, utilization rates, and labor costs. Concurrently, the expansion of core businesses has led to an expanding shortage of professional asset management talents and insufficient talent matching. These factors pose risks of increased labor disputes, high costs and difficulties in recruiting for key positions, ineffective training outcomes, and the loss of core talent, which could jeopardize business continuity.	<p>(1) Strengthen the foundation of compliant employment and talent development, refine full-process personnel management standards; establish a labor risk pre-warning mechanism, enhance the professional capabilities of the HR team; deepen talent introduction and channel expansion, build a robust core talent reserve, construct a strategy-aligned training system, and reinforce effectiveness evaluation.</p> <p>(2) Perfect incentive and retention mechanisms to stabilize the core workforce, optimize market-oriented compensation and performance incentive systems, smooth career development paths for key positions, strengthen corporate culture and team building, conduct regular heart-to-heart talks, and comprehensively stabilize the key talent pool.</p>	Inadequate compliance control in sensitive personnel optimization processes may trigger labor disputes, while the supply-demand imbalance of professional asset management talent and intense industry competition drive up recruitment costs. Additionally, the training system fails to keep pace with the Company's new strategy, featuring weak course relevance and a lack of effectiveness evaluation and conversion mechanisms. Furthermore, incentive mechanisms and talent development channels are not optimized in sync during the strategic transformation period, resulting in significant pressure to retain core talent.
Risk of handling dispute cases	In recent years, the Company has encountered various disputes resolved through judicial or quasi-judicial channels such as litigation and arbitration. Certain cases present significant difficulties regarding fact-finding, liability determination, and enforcement. These challenges impose higher control requirements on the Company's compliance management, operational stability, and strategic execution.	<p>(1) Perfect the risk early warning mechanism. Strengthen the credit rating and dynamic tracking system for partners and investees, promptly identify default and dispute risks, engage in proactive communication and negotiation, and so as to achieve early risk detection and resolution.</p> <p>(2) Standardize professional dispute resolution. Establish professional resolution teams or engage external legal counsel to optimize standardized workflows. By prioritizing non-litigation settlements and resorting to legal action only when necessary, the Company can effectively enhance overall resolution efficiency.</p> <p>(3) Consolidate the foundation of source control. Improve key clauses in cooperation agreements by detailing responsibility allocation and dispute resolution terms, conduct regular compliance training to strengthen risk awareness, and minimize disputes at the source.</p>	Amidst a stable market adjustment, partners, investees, and affiliates are in a stage of operational optimization and recovery. Consequently, the inability to exit certain projects on schedule has resulted in a rise in litigation cases, alongside growing dispute risks stemming from partner disagreements over contract performance.

Corporate Governance Report

Principal Risks and Control Measures in 2026			
Type of Risk	Description	Key Control Measures	Caused by
Public opinion risks in asset revitalization projects	During the advancement of asset revitalization projects, the Company may face the risk that media outlets or the public may negatively interpret or inappropriately speculate on the Company's situation. Meanwhile, former asset users and partner merchants may voice their grievances via social media and complaint platforms, potentially triggering the spread of collective rights-defense rhetoric and precipitating negative public opinion.	<p>(1) Improve public communication mechanisms and proactively resolve conflicts and disagreements. Proactively disclose core project information via official channels to promptly address public concerns, establish consultation mechanisms to engage stakeholders and properly resolve demands with full documentation, and prevent conflict accumulation.</p> <p>(2) Reinforcement of compliance risk control and optimization of the public opinion response system. Conduct comprehensive compliance reviews prior to project initiation to perfect procedures, identify risks, and mitigate potential public opinion hazards at the source; establish a normalized monitoring and early warning mechanism, develop response plans with standardized talking points, and rapidly address negative sentiment to prevent its spread.</p>	Inadequate anticipation of legitimate demands from stakeholders such as former asset users, coupled with imperfect communication mechanisms and ineffective negotiation handling, may lead to the accumulation of conflicts and their concentrated eruption through public opinion channels. Compounded by the rapid, exponential spread of information in the self-media era, negative remarks are prone to swift dissemination; concurrently, inadequate content moderation on certain platforms fosters the proliferation and escalation of misinformation.

Corporate Governance Report

Financial Reporting

The Directors are responsible for overseeing the preparation of the financial statements, to ensure that the annual report gives a true and fair view of the financial position, results and cash flow of the Group for the year. In preparing the financial statements for the Current Period, the Directors have:

- selected appropriate accounting policies and applied them consistently; and
- made judgments and estimates that are reasonable. The Company recognises that high-quality corporate reporting is very important in reinforcing mutual trust between the Company and its stakeholders and aims at presenting a balanced, clear and comprehensive assessment of the Company's performance, position and prospects in all corporate communications. In order to achieve effective communications with its shareholders, the Company publishes its annual results in a timely manner.

The auditors' responsibilities are set out in the Independent Auditor's Report on pages 60 to 62. Through the Audit Committee, the Board has reviewed the continued effectiveness of the Group's internal control system, covering material controls, including financial, operational and compliance controls. The assessment considered, among others, the system, its implementation and effectiveness, the management's ongoing monitoring of risks, the nature and extent of significant risks and changes since prior year, incidence/weakness identified during the Current Period, adequacy of resources and background of responsible staff. The Audit Committee considers that the necessary and adequate mechanisms have been put in place, and being implemented. The Board considers that the Group's risk management and internal control system to be effective and adequate throughout the Current Period and up to the date of this annual report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Directors' and senior managements' remuneration is determined based on the Company's remuneration policy, which takes into account a variety of factors such as individual duties and responsibilities within the Group, his/her qualifications and experience, and prevailing market conditions and the Company's performance and their individual performance. Executive Directors and senior management are eligible for discretionary bonuses, other benefits, incentives and allowances (if applicable).

Emoluments paid by the Group to the Directors in the Current Period are set out in note 7 to the Consolidated Financial Statements. No Director has waived or agreed to waive any emoluments during the Current Period. Below sets out the remuneration of the members of the senior management team (including Mr. Wang Jianwen and Ms. Qi Jianrong) by bands for the Current Period:

	Number of senior management
RMB0 to RMB500,000	3
RMB500,001 to RMB1,000,000	1

Corporate Governance Report

SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 to the Listing Rules (the “Model Code”) as its code of conduct regarding Directors’ securities transactions. Upon specific enquiry, all Directors confirmed their compliance with the Model Code and the Company’s code of conduct regarding Directors’ securities transactions during the Current Period.

The senior management and staff who are likely to possess inside information relating to the Company and the Shares due to their offices have been provided with guidelines no less exacting than the Model Code regarding securities dealings in the Company’s securities.

COMPANY SECRETARY

The Company Secretaries of the Company play an important role in supporting the Board. All Directors have access to the advices of the Company Secretaries for ensuring that meeting procedures of the Board/committees and relevant legal requirements are followed, and facilitating Directors in understanding their legal and other duties as Directors of a listed company by arranging professional training, regulatory updates and advice. The Company Secretaries assist the Board in implementing and strengthening the Company’s corporate governance.

Ms. Cheng Mei (the deputy general manager and an employee of the Company) and Ms. Ho Sze Man (a practicing solicitor of Hong Kong who meets the requirements under Rules 3.28 and 8.17 of the Listing Rules) became joint company secretaries with effect from 26 June 2023. More information about them and the waiver from strict compliance of Rules 3.28 and 8.17 of the Listing Rules granted by the Stock Exchange are set out in the Company’s announcement dated 26 June 2023. The primary corporate contact person at the Company of Ms. Ho is Ms. Cheng.

Each of the joint company secretaries has complied with Rule 3.29 of the Listing Rules in respect of professional training requirements for the Current Period.

EXTERNAL AUDITOR

KPMG retired upon expiration of its term of office at the conclusion of the annual general meeting held on 27 June 2025. BDO Limited (“BDO”) was appointed as the auditor of the Company at the annual general meeting held on 27 June 2025, to hold office until the conclusion of the next annual general meeting. Subsequently, the external auditor will retire, and the election/re-election of the auditor will be proposed at the annual general meeting in accordance with the Articles.

For the Current Period, the audit service fees paid to BDO, the Company’s external auditor, were approximately RMB2.51 million.

The auditor’s responsibilities to the shareholders of the Company are set out in the Independent Auditor’s Report on pages 60 to 62 of this annual report.

Corporate Governance Report

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company attaches great importance to the relationship and communication with shareholders and investors. The Company has a variety of communication channels in place, such as general meetings, earnings briefings, holding press conferences, seminars, contacting the media, analysts and fund managers and maintaining dialogue with designated senior managers and analysts, fund managers and investors, and it also arranges them to visit the Company and investment projects from time to time to allow them to understand the business and latest development of the Group. In addition, investors can also keep abreast of the latest information and business development of the Group on the Company's website (www.oct-asia.com).

SHAREHOLDERS ENGAGEMENT

The Board and senior management recognise the Company's responsibility to safeguard the interests of the Shareholders as a whole. The Company places high priority on ensuring that the Shareholders and investors can keep abreast of the Company's status. The Company has a Shareholders' Communication Policy with an aim to provide equal and timely access to balanced and understandable information on the Company, so as to enable Shareholders to exercise their rights in an informed manner, and establishes various investor communication channels, including a hotline, website, email address, and WeChat official account, to actively engage with shareholders and investors. The Company believes that maintaining good and effective communication with Shareholders can facilitate their understanding of the business performance and strategies of the Group. The Company provides regular financial reports and announcements to the shareholders, and also distributes the latest news and press releases on general information about its business through the Company's website (www.oct-asia.com).

The general meetings of the Company provide an appropriate platform for direct communication between the Board and the Shareholders. Shareholders are welcome to raise questions concerning the performance and future direction of the Group at general meetings or via procedures set out on the next page via the Company Secretaries.

In 2025, the Company held one results briefing and one general meeting, and organized investor meetings on an ad-hoc basis to maintain close communication with shareholders, investors, and analysts. Topics of discussion include, but are not limited to, the latest business overview, financial position, and future development direction of the Company.

The Board reviewed the Company's shareholders and investors engagement and communication activities conducted in 2025, and was satisfied with the implementation and effectiveness of the Shareholders' Communication Policy.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

Procedures for convening an extraordinary general meeting and for proposing a person for election as Director by Shareholders

In accordance with the requirements under Article 64 of the Articles, extraordinary general meetings shall be convened on the requisition of one or more shareholders of the Company holding, at the date of deposit of the requisition, Shares in the share capital of the Company that represent not less than one-tenth of the voting rights at general meetings of the Company, on a one vote per Share basis. Such requisition shall be made in writing to the Board or the Company Secretary for the purpose of requiring an extraordinary general meeting to be called by the Board for the transaction of any business or resolution specified in such requisition. Such meeting shall be held within 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 (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Pursuant to Article 113 of the Articles, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Head Office or at the Registration Office of the Company. The minimum length of the period, during which the notices required under the articles of association of the Company, will be at least 7 days. The period for lodgment of the notice required under the articles of association of the Company will commence not earlier than the day after the despatch of the notice of the general meeting appointed for such election and end no later than 7 days prior to the date of such general meeting.

Procedures for directing shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through the Company Secretary whose contact details are as follows:

ATTN: Office of the board secretary
Overseas Chinese Town (Asia) Holdings Limited
Suite 2103, 21/F, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong
Email: ir-asia@chinaoct.com

Shareholders' enquiries and concerns will be processed and passed to the Board and/or relevant Board committees of the Company, where appropriate, to answer the questions of the shareholders.

Directors' Report

The Board presents the annual report together with the audited consolidated financial statements for the year ended 31 December 2025 included in this annual report.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 28 February 2005. The Company's registered office situates at Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, PO Box 1350, Grand Cayman KY1-1108, Cayman Islands and its principal place of business in Hong Kong situates at Suite 2103, 21/F, Prudential Tower, The Gateway, Harbour City, Kowloon, Hong Kong, respectively.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. During the Current Period, the Group is principally engaged in comprehensive development, equity investment and fund management.

Further discussion and analysis of the business review required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an analysis of financial key performance indicators, possible future development plans for the Group's business, employment policy and subsequent event(s), can be found in "Chairman's Statement" and "Management Discussion and Analysis" set out on pages 5 to 16 of this annual report. A summary of the Group's key risks is set out in the "Corporate Governance Report" on pages 21 to 46 of this annual report. The discussion forms part of the "Directors' Report".

RESULTS AND DISTRIBUTIONS

The results of the Group for the Current Period are set out in the consolidated statement of profit or loss on page 63 to this annual report.

The Board has adopted a dividend policy (the "Dividend Policy") to enhance the transparency of dividends distributed by the Company and to facilitate the Shareholders and potential investors to make informed investment decisions. There is no guarantee or assurance that dividends of any amount will be declared or distributed in any given period and the Company does not have a predetermined dividend payout ratio. The declaration, payment and form of dividends are at the absolute discretion of the Board, and the final dividend to be declared shall be subject to the approval of the Shareholders, the Articles, the laws of Cayman Islands, any other applicable laws and regulations, and the provision of this Dividend Policy.

The Board in determining the level of dividends will consider factors including (without limitation): 1. distributable profits; 2. earnings; 3. current financial position; 4. capital requirements and expense planning; 5. past financial performance; 6. past and forecasted cash flows; 7. business status and strategies; 8. future operations and profitability; 9. Shareholder interests; 10. restrictions on dividend payments (including contractual restrictions such as restrictions stipulated in any financing agreement). Subject to the relevant laws and regulations and the Articles, the Company may also declare interim dividends, special dividends and/or any distributions that are considered appropriate by the Board in addition to the annual distributions with reference to the above factors. The Board will review the Dividend Policy from time to time.

The Directors do not propose the distribution of a final dividend to holders of Shares for the year ended 31 December 2025 after considering the Group's long-term development and in order to prepare for active participation in potential investment opportunities. There was no arrangement under which a shareholder has waived or agreed to waive any dividend during the Current Period. All dividend decisions made by the Board during the Current Period were made in accordance with the Dividend Policy.

Directors' Report

In 2026, the Group will continue to adhere to longtermism, stay confident, maintain strategic focus, deepen business transformation, and continuously improve asset operation efficiency. We will further optimize our risk management and control system to solidify the defense line for cash flow security. Additionally, we will strengthen the capacity building of our professional teams, elevate their professional literacy, and stimulate the endogenous vitality of the organization, so as to create more favourable conditions for enhancing shareholder returns.

FINANCIAL STATEMENTS

The financial performance of the Group for the year ended 31 December 2025 and the financial position of the Group as of 31 December 2024 are set out in the consolidated financial statements.

ANNUAL GENERAL MEETING

Please refer to the notice of the annual general meeting ("AGM") and the circular with respect to the AGM for details of the business to be conducted at the AGM and the book closure arrangements for ascertaining the eligibility of shareholders who are entitled to attend, speak and vote at the AGM.

TRANSFER TO RESERVES

The loss attributable to Shareholders of the Company of approximately RMB1,651 million (2024: approximately RMB173 million) has been transferred to reserves. Other movements in the reserves are set out in the consolidated statement of changes in equity.

FIXED ASSETS

During the Current Period, the Group invested approximately RMB2 million for the acquisition of fixed assets. Details of the movements of fixed assets and construction in progress are set out in Note 11 to the consolidated financial statements.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

The ESG report has been published on the "Investor Relations" page on website of the Company (www.oct-asia.com) and the Stock Exchange (www.hkexnews.com) on the same date, in accordance with the ESG Reporting Guide in Appendix C2 to the Listing Rules.

TAX RELIEF

The Company is not aware of any tax relief available to the shareholders of the Company by reason of their holdings in the Company's securities.

SHARE CAPITAL

As of 31 December 2025, the total number of issued ordinary shares was 748,366,000 shares (31 December 2024: Same). Details of the movements in the share capital of the Company during the Current Period are set out in Note 27 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

Pursuant to the relevant rules of the Cayman Islands, the Company's loss attributable to the owners as of 31 December 2025 amounted to approximately RMB1,768 million.

Directors' Report

RIGHT OF FIRST REFUSAL

There was no provision in respect of pre-emptive rights in the Articles or any requirement in the laws of the Cayman Islands requiring the Company to issue new shares to the existing Shareholders proportionately.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listed securities (including treasury shares (as defined in the Listing Rules)) during the Current Period. As of 31 December 2025, the Company did not hold any treasury shares.

CONTRACTS WITH CONTROLLING SHAREHOLDERS AND DIRECTORS

Save as disclosed in this annual report, no contract of significance has been entered into or subsisting during the Current Period between the Company or any of its subsidiaries and the controlling shareholder or its subsidiaries, and no contract of significance for the provision of service to the Group by the controlling shareholder or its subsidiaries was entered into or subsisting during the Current Period.

Save as disclosed in this annual report, during or at the end of the Current Period, there was no equity-link agreement entered into by the Company or subsisting, and there was no transaction, arrangement or contract of significance entered into by the Company, any of its holding companies, its subsidiaries or fellow subsidiaries, or any specified undertaking of the Company in which a person who was a Director had a material interest directly or indirectly.

Save as disclosed in this annual report, no contract of significance to which the Company, any of its holding companies, subsidiaries or fellow subsidiaries was a party, a Director or an entity connected with him/her is materially interested (whether directly or indirectly).

There was no arrangements to which the Company or any of its parent or subsidiaries is a party, and whose object is to (or includes) enable Director to acquire benefits by means of the acquisition of shares in, or debenture of, the Company or any other body corporate, during or at the end of the Current Period and which is not disclosed in this annual report.

No Director has an unexpired service contract which is not determinable by the Company within one year without payment of compensation (other than statutory compensation) during the Current Period and as of the date of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

In implementing green development and operations, the Group has always adhered to the development principles of "Innovation, Coordination, Greenness, Open-up and Sharing", integrating the concept of sustainable development into environmental management, production, daily operation and project investment. In recent years, the Group has been focusing on comprehensive development, investment and fund management. The Group will also continuously update and improve the environmental management system, facilitating green development in line with any adjustment in principal business and structure. More information regarding to Group's environmental policies and performance are set out in the ESG Report 2025 published on the same date.

Directors' Report

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Chinese Mainland. The Company was incorporated in the Cayman Islands, and its issued Shares are listed on the Stock Exchange. The Group and/or its operations are subject to relevant laws and regulations in Chinese Mainland, Cayman Islands and Hong Kong as they may be applicable. During the Current Period, the Group did not violate applicable laws and regulations that have a significant impact on the Company.

DIRECTORS AND SENIOR MANAGEMENT

The Directors as of the date of this report are Ms. Liu Yu, Mr. Wang Jianwen and Ms. Qi Jianrong (executive Directors); Mr. Yang Guobin (non-executive Director); Ms. Wong Wai Ling, Mr. Lam Sing Kwong Simon and Mr. Chu Wing Yiu (independent non-executive Directors). There was no change in the composition of the Board during the Current Period and up to the date of this annual report. See also "Corporate Governance Report — Composition of the Board".

Biographies of Directors and senior management are set out on pages 17 to 20 of this annual report.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

None of the Directors is or was interested in any business other than the Group's business that competes or is likely to compete, either directly or indirectly, with the Group's business which needs to be disclosed pursuant to Rule 8.10 of the Listing Rules during the Current Period and up to the date of this annual report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND/OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

Save as disclosed below, as of 31 December 2025, no Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which have been notified to the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code:

Long position in ordinary shares of the Company ("Shares")

Name of Directors Capacity/ Nature Number of Shares	Capacity/Nature	Number of Shares	Approximate percentage of issued Shares
Lam Sing Kwong Simon	Beneficial owner	1,000,000	0.13%

Directors' Report

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS

As at 31 December 2025, so far as the Directors are aware, the following persons (not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which have been notified to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

Long positions and short positions in Shares

Name of substantial shareholders	Capacity/Nature	Number of Shares	Approximate percentage of issued Shares
Pacific Climax Limited ("Pacific Climax")	Beneficial owner (<i>Note 1</i>)	530,894,000	70.94%
OCT (HK)	Interest of a controlled corporation (<i>Note 2</i>)	530,894,000	70.94%
OCT Ltd.	Interest of a controlled corporation (<i>Note 3</i>)	530,894,000	70.94%
Overseas Chinese Town Group Company Limited ("OCT Group")	Interest of a controlled corporation (<i>Note 4</i>)	530,894,000	70.94%

Notes:

- (1) Mr. Wang Jianwen was a director of Pacific Climax as of 31 December 2025.
- (2) OCT (HK) is the beneficial owner of all the issued share capital in Pacific Climax. Therefore, OCT (HK) is deemed, or taken to be interested in all the Shares beneficially held by Pacific Climax for the purpose of the SFO. Ms. Liu Yu was the chairlady of the board of directors of OCT (HK); Mr. Wang Jianwen and Mr. Yang Guobin were directors of OCT (HK) as of 31 December 2025.
- (3) OCT Ltd. is the beneficial owner of all the issued share capital of OCT (HK), which is in turn the beneficial owner of all the issued share capital of Pacific Climax. OCT Ltd. is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT (HK) and Pacific Climax pursuant to the SFO. OCT Ltd. is a company incorporated in the PRC, the shares of which are listed on the Shenzhen Stock Exchange. OCT Ltd. is a subsidiary of OCT Group.
- (4) OCT Group is the holding company of OCT Ltd. and together with its wholly-owned subsidiary, Shenzhen OCT Capital Investment Management Company Limited, hold 50.12% interest in OCT Ltd., which is the beneficial owner of all the issued shares of OCT (HK), which is in turn the beneficial owner of all the issued share capital of Pacific Climax. Therefore, OCT Group is deemed, or taken to be interested in all the Shares which are beneficially owned by OCT Ltd., OCT (HK) and Pacific Climax for the purpose of the SFO.
- (5) The section headed "Directors and Senior Management" sets out information of the Directors' positions in the above entities.

Save as disclosed above, as of 31 December 2025, no other interests required to be recorded in the register kept under section 336 of the SFO have been notified to the Company.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the Current Period, other than the contract of service with Directors and the management staff regarding their full-time employment.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

Percentage of the Group's operating revenue and purchases attributable to the major customers and suppliers respectively during the Current Period is as follows:

	Percentage of the Group's total	
	Operating revenue	Purchases
Largest customer	2.20%	
Total percentage of the top five customers	8.34%	
Largest supplier		21.65%
Total percentage of the top five suppliers		57.46%

The Company recognised the importance of maintaining a good relationship with customers and suppliers. There were no material customers' or suppliers' disputes during the Current Period.

During the Current Period, none of the Directors, their close associates or any Shareholders (who to the knowledge of the Directors own more than 5% of the issued Shares) had any interest in the Group's top five suppliers or top five customers.

CONTINUING CONNECTED TRANSACTIONS

Below set out the Group's continuing connected transactions (the "CCT") which took place in the Current Period and are subject to annual review requirements under Chapter 14A of the Listing Rules:

- On 8 March 2024, Hefei OCT Industry (then a subsidiary of the Group) entered into a supplemental Konka products procurement framework agreement (the "Konka Framework Agreement") with Yilifang (Hainan) Technology Limited ("YLF") and Shenzhen Konka Zhitung Technology Co., Ltd. ("Konka ZT"), pursuant to which Konka ZT replaced YLE in provision of Konka products procurement services to Hefei OCT Industry for a term up to 31 December 2025. The annual caps under the Konka Framework Agreement were RMB9 million and RMB4 million for the year ended 2024 and 2025, respectively.

At the time of entering into of the Konka Framework Agreement, OCT Group (a controlling shareholder of the Company) controlled Konka Group Co., Ltd ("Konka"), which in turns, owned 40% equity interests in YLF and 51% equity interests in Konka ZT. YLF and Konka ZT were therefore associates of OCT Group, and connected persons of the Company, and the Konka Framework Agreement and the transactions contemplated thereunder constituted continuing connected transactions of the Company. In July 2025, OCT Group ceased to hold interests in Konka. Accordingly, the Konka Framework Agreement and the transactions contemplated thereunder no longer constituted continuing connected transactions of the Company.

Directors' Report

- On 23 November 2022, Hefei OCT Huanchao Cultural Tourism Real Estate Development Co., Ltd. ("Hefei OCT Huanchao") (a subsidiary of the Company) entered into a property management framework agreement with Hefei branch, OCT Property (Group) Co., Ltd. ("OCT Property (Hefei)"), pursuant to which OCT Property (Hefei) would provide the property services to Hefei OCT Huanchao for the Hefei Chaohu Bantang Hot Spring Town project and the office areas of Hefei OCT Huanchao for a term from 1 January 2023 and up to 31 December 2025 with a respective annual cap of RMB2.6 million for each year.

OCT Property (Hefei) is a branch of OCT Property (Group) Co., Ltd. ("OCT Property"). OCT Property is an indirect wholly-owned subsidiary of OCT Ltd. OCT Ltd. wholly-owns Overseas Chinese Town (HK) Company Limited, which in turn wholly-owns Pacific Climax Limited (a controlling shareholder of the Company holding approximately 70.94% of the total issued shares of the Company). Therefore, OCT Property (Hefei) is a connected person of the Company, and the above agreement and the transaction contemplated thereunder constitute continuing connected transactions of the Company.

- On 23 November 2022, Hefei OCT Huanchao (a subsidiary of the Company) entered into a property services framework agreement with Chaohu Economic Development Zone branch, OCT Property (Group) Co., Ltd. ("OCT Property (EDZ)"), pursuant to which OCT Property (EDZ) would provide the property services to Hefei OCT Huanchao for the Hefei Chaohu Bantang Hot Spring Town project for a term from 1 January 2023 and up to 31 December 2025, with a respective annual cap of RMB3.88 million, RMB2.65 million and RMB3.77 million.

OCT Property (EDZ) is a branch of OCT Property. Therefore, OCT Property (EDZ) is a connected person of the Company, and the above agreement and the transaction contemplated thereunder constitute continuing connected transactions of the Company.

- On 23 November 2022, Hefei OCT Industry (a subsidiary of the Company) entered into a property services framework agreement with OCT Property (Hefei), pursuant to which OCT Property (Hefei) agreed to provide property services to Hefei OCT Industry for the Hefei OCT International Town Project (previously known as the Hefei Airport International Town Project) and the office areas of Hefei OCT Industry from 1 January 2023 to 31 December 2025, with a respective annual cap of RMB19.1 million, RMB29.86 million and RMB28.46 million.

OCT Property (Hefei) is a connected person of the Company, and the above agreement and the transaction contemplated thereunder constitutes continuing connected transactions of the Company.

Directors' Report

More information is available in the Company's announcements dated 8 March 2024 (regarding item 1), and dated 12 December 2022 (regarding items 2 to 5), respectively. When determining the price and terms of the above transactions conducted during the Current Period, the pricing policies and guidelines set out in the relevant agreement and the announcement/circular have been followed.

Below set out the actual transaction amount and the annual cap of the above CCT in the Current Period:

	Annual cap (RMB'000)	Actual transaction amount (RMB'000)
1. Products Procurement Service between Hefei OCT Industry and Konka (up to July 2025)	4,000	0
2. Property Management Service Agreement between Hefei OCT Huanchao and OCT Property (Hefei)	2,600	0
3. Property Management Service Agreement between Hefei OCT Huanchao and OCT Property (EDZ)	3,770	0
4. Property Management Service Agreement between Hefei OCT Industry and OCT Property (Hefei)	28,460	5,499

The independent non-executive Directors have reviewed the above CCT and confirmed that during the Current Period, the above CCT were:

- entered into in the ordinary and usual course of business of the Group;
- on normal commercial terms or better, or if there are insufficient comparable transactions to judge whether the terms of those transactions are on normal commercial terms, as far as the Group is concerned, the terms of the above transactions are no less favourable than those available to or from independent third parties (as the case may be); and
- entered into according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

In addition, the Company's auditors have confirmed in writing to the Board that nothing had come to their attention which caused them to believe that above CCT:

- have not been approved by the Board;
- were not entered into, in all material aspects, in accordance with the relevant agreement governing such transactions;

Directors' Report

3. were not, in all material aspects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; and
4. exceeded the annual cap as disclosed in the respective announcement.

During the Current Period, OCT Group and its associates provided financial support to the Group, and the interest and related expenses incurred by the Group to OCT Group and its associates amounted to approximately RMB277 million in total. Such support was fully exempt financial assistance received by the Group under Chapter 14A of the Listing Rules for which were conducted on normal commercial terms or better and were not secured by the assets of the Group.

In view of the scheduled expiry of the property services framework agreement with OCT Property (Hefei) with respect to the Hefei OCT International Town Project, Hefei OCT Industry (a subsidiary of the Company) entered into a long-term property services framework agreement with OCT Property (Hefei) on 30 December 2025, pursuant to which OCT Property (Hefei) agreed to provide property services for properties in the Hefei OCT International Town Project (including the office building) for a term from 1 January 2026 to 31 December 2028. The annual caps are RMB5.11 million, RMB5.94 million and RMB5.78 million for the year ending 31 December 2026, 2027 and 2028, respectively. More information is set out in the Company's announcement dated 30 December 2025.

Note 30 to the consolidated financial statements of the Company sets out more information about the Group's material related party transactions with reference to accounting standards adopted by the Company for the preparation of annual financial statement. Except for those disclosed in this annual report, all the other related party transactions set out therein did not fall under the definition of "connected transaction" or "continuing connected transactions" which are not exempted under Chapter 14A of the Listing Rules. The Company has complied with the applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules for the Current Period.

BANK LOANS AND OTHER LOANS

Particulars of bank loans and other loans of the Company and the Group as of 31 December 2025 are set out in Note 22 to the consolidated financial statements.

FIVE-YEAR SUMMARY

A summary of the results and the assets and liabilities of the Group for the preceding five years is set out on pages 154 to 156 of this annual report.

Directors' Report

PENSION SCHEMES

The Group participates in two defined contribution pension schemes which cover the Group's full-time employees. Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in defined contribution pension benefit schemes organised by the relevant local government authorities. The only obligation of the Group with respect to such pension benefit schemes is to make the specified contributions under the schemes. Furthermore, the Group also operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of its employees in Hong Kong. The MPF Scheme is a defined contribution pension plan administered by independent trustees. The only obligation of the Group with respect to the MPF Scheme is to make the required contributions under the scheme. When an employee leaves the MPF Scheme, the mandatory contributions are fully vested with the employee.

Details of these pension schemes are set out in Note 25 to the consolidated financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. Having regard to the criteria under Rule 3.13 of the Listing Rules and the confirmations received, the Company considers the independent non-executive Directors to be independent.

DIRECTORS' LIABILITY INSURANCE AND PERMITTED INDEMNITY

The Company has purchased appropriate and sufficient liability insurance to indemnify its Directors and senior management in respect of legal actions against the Directors and senior management.

AUDITOR

KPMG retired upon expiration of its term of office at the conclusion of the annual general meeting held on 27 June 2025. BDO Limited was appointed as the auditor of the Company at the annual general meeting held on 27 June 2025, to hold office until the conclusion of the next annual general meeting. Subsequently, the external auditor will retire, and the election/re-election of the auditor will be proposed at the annual general meeting in accordance with the Articles.

PUBLIC FLOAT

So far as the Directors are aware of and based on the information that is publicly available to the Company, the Company's public float as of 31 December 2025 was approximately 28.93%; and the Company has maintained the prescribed public float under the Listing Rules during the Current Period and as of the date of this annual report.

DONATIONS

The Group did not make any charitable and other donations during the Current Period.

By Order of the Board

Liu Yu

Chairman

Hong Kong, 27 March 2026

Independent Auditor's Report

**Independent auditor's report to the shareholders of
Overseas Chinese Town (Asia) Holdings Limited**
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Overseas Chinese Town (Asia) Holdings Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 63 to 153, which comprise the consolidated statement of financial position as at 31 December 2025, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report

KEY AUDIT MATTERS *(continued)*

Net realisable value of inventories of comprehensive development business

Refer to note 17 to the consolidated financial statements and the accounting policies in note 1(k).

The key audit matter

As at 31 December 2025, the aggregate carrying value of the Group's properties held for future development and under development for sale and completed properties held for sale (together "inventories of comprehensive development business") totalled RMB6,181 million.

These principally comprise residential and commercial properties in Hefei held for sale.

Inventories of comprehensive development business are carried at the lower of cost and net realisable value. The estimation of the net realisable value for each property development project at the financial reporting date is performed by management.

The estimation of the net realisable value of inventories of comprehensive development business involves significant management judgment in preparing the updated estimations of the costs to complete each property development project as well as in assessing the expected future net selling prices for each property development project (with reference to recent sales transactions in nearby locations), the estimated future selling costs and the relevant taxes.

How the matter was addressed in our audit

Our audit procedures to assess the net realisable value of inventories of comprehensive development business included the following:

- assessing the design and implementation of key internal controls over the preparation and monitoring of management budgets and forecasts of construction and other costs for each property development project;
- conducting site visits to property development sites, on a sample basis, and discussing with management the progress of each property development project visited and the development budgets reflected in the latest forecasts for these property development projects;
- evaluating the objectivity, independence and competence of the independent external valuer;
- evaluating the valuation methodology adopted by independent external valuer for assessing the net realisable value of inventories of comprehensive development business and comparing the key estimates and assumptions adopted in the valuations, including those relating to average net selling prices, with market available data and the sales budget plans maintained by the Group;

Independent Auditor's Report

KEY AUDIT MATTERS *(continued)*

Net realisable value of inventories of comprehensive development business *(continued)*

Refer to note 17 to the consolidated financial statements and the accounting policies in note 1(k).

The key audit matter

We identified the assessment of net realisable value of the Group's inventories of comprehensive development business as a key audit matter because of the significance of inventories of comprehensive development business to the assets of the Group and because of the inherent risks involved in estimating the costs to complete each property development project and the future selling prices for each property development project, particularly in light of the current economic situation.

How the matter was addressed in our audit

- comparing the estimated construction costs to complete each property development project with the Group's latest budgets and comparing the costs incurred to 31 December 2025 with budgets as at 31 December 2024 to assess the accuracy of management's forecasting and budgeting process; and
- inspecting sensitivity analyses prepared by management for the extent of changes in key estimates and assumptions that, either individually or collectively, would be required for inventories of comprehensive development business to be materially misstated and considering the likelihood of such a movement in those key estimates and assumptions arising and the potential for management bias in their selection.

Independent Auditor's Report

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 28 March 2025.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

Independent Auditor's Report

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

Independent Auditor's Report

AUDITOR'S RESPONSIBILITY FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

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

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

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

BDO Limited

Certified Public Accountants

Lam Tsz Ka

Practising Certificate no.: P06838

Hong Kong, 27 March 2026

Consolidated Statement of Profit or Loss

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Revenue	3	402,797	966,530
Cost of sales		(2,126,055)	(831,513)
Gross (loss)/profit		(1,723,258)	135,017
Other income	4(a)	643	16,193
Other net (losses)/gains	4(b)	(62,638)	625,921
Distribution costs		(45,903)	(40,346)
Administrative expenses		(45,089)	(113,760)
(Loss)/profit from operations		(1,876,245)	623,025
Finance costs	5(a)	(334,825)	(511,593)
Impairment of interests in leasehold land held for own use	11(a)	(30,747)	—
Impairment of property, plant and equipment	11(a)	(120,548)	—
(Impairment losses)/reversal of impairment losses on trade and other receivables		(3,198)	154
Impairment of interest in an associate	14	(141,843)	—
Share of profits less losses of associates	14	(64,238)	(20,794)
Share of profits less losses of joint ventures	15	(97,049)	(62,851)
(Loss)/profit before taxation	5	(2,668,693)	27,941
Income tax	6	(32,243)	(241,336)
Loss for the year		(2,700,936)	(213,395)
Attributable to:			
Equity holders of the Company		(1,651,392)	(173,139)
Non-controlling interests		(1,049,544)	(40,256)
Loss for the year		(2,700,936)	(213,395)
Basic and diluted loss per share (RMB)	10	(2.21)	(0.23)

The notes on pages 71 to 153 form part of these consolidated financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Loss for the year		(2,700,936)	(213,395)
Other comprehensive income for the year (after tax and reclassification adjustments)	9		
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Change in fair value of financial asset at fair value through other comprehensive income		(18,189)	—
Share of other comprehensive income of associates and a joint venture		15,538	(4,311)
		(2,651)	(4,311)
<i>Item that will not be reclassified to profit and loss:</i>			
Exchange differences on translation of financial statements of non-foreign operations		217,328	(129,669)
Other comprehensive income for the year		214,677	(133,980)
Total comprehensive income for the year		(2,486,259)	(347,375)
Attributable to:			
Equity holders of the Company		(1,436,715)	(307,119)
Non-controlling interests		(1,049,544)	(40,256)
Total comprehensive income for the year		(2,486,259)	(347,375)

The notes on pages 71 to 153 form part of these consolidated financial statements.

Consolidated Statement of Financial Position

At 31 December 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Non-current assets			
Investment property	11	366,884	392,747
Property, plant and equipment	11	423,262	494,307
Interests in leasehold land held for own use	11	183,081	228,958
		973,227	1,116,012
Interests in associates	14	1,475,042	1,698,838
Interests in joint ventures	15	278,092	370,609
Other financial assets at fair value through profit or loss	16	255,012	351,651
Other financial assets at fair value through other comprehensive income	16	6,313	—
Deferred tax assets	25(b)	82	56
		2,987,768	3,537,166
Current assets			
Inventories and other contract costs	17	6,180,816	7,788,502
Trade and other receivables	19	138,592	128,069
Prepaid corporate income tax and land appreciation tax		35,946	50,591
Cash at bank and on hand	20	130,051	92,823
		6,485,405	8,059,985

Consolidated Statement of Financial Position

At 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Current liabilities			
Trade and other payables	21	3,018,007	1,987,725
Contract liabilities	18	83,248	127,687
Bank and other loans	22	397,320	1,754,316
Loans from related parties and non-controlling interests	22	454,101	1,920,538
Lease liabilities	23	1,076	1,245
Current taxation	25(a)	16,936	12,728
		<u>3,970,688</u>	<u>5,804,239</u>
Net current assets		<u>2,514,717</u>	<u>2,255,746</u>
Total assets less current liabilities		<u>5,502,485</u>	<u>5,792,912</u>
Non-current liabilities			
Bank and other loans	22	—	96,300
Loans from related parties and non-controlling interests	22	6,753,422	4,437,510
Lease liabilities	23	520	1,788
Deferred tax liabilities	25(b)	37,872	60,384
		<u>6,791,814</u>	<u>4,595,982</u>
NET (LIABILITIES)/ASSETS		<u>(1,289,329)</u>	<u>1,196,930</u>

Consolidated Statement of Financial Position

At 31 December 2025
(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
CAPITAL AND RESERVES			
Share capital	26(c)	67,337	67,337
Reserves		(2,031,342)	(594,627)
Total deficits attributable to equity holders of the Company		(1,964,005)	(527,290)
Non-controlling interests		674,676	1,724,220
TOTAL (CAPITAL DEFICITS)/EQUITY		(1,289,329)	1,196,930

Approved and authorised for issue by the board of directors on 27 March 2026.

Liu Yu
Director

Wang Jianwen
Director

Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

(Expressed in Renminbi)

	Attributable to equity holders of the Company												
	Share capital	Share premium	Contributed surplus	Capital reserve	PRC			Exchange reserve	Other reserve	Retained profits/ losses	Total	Non-controlling interests	Total equity
					statutory reserve	Revaluation reserve							
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Note 27(c))													
Balance at 1 January 2024	67,337	36,884	147,711	31,020	367,810	—	(923,643)	(59,312)	112,022	(220,171)	3,557,478	3,337,307	
Changes in equity for 2024:													
Loss for the year	—	—	—	—	—	—	—	—	(173,139)	(173,139)	(40,256)	(213,395)	
Other comprehensive income	—	—	—	—	—	—	(133,980)	—	—	(133,980)	—	(133,980)	
Total comprehensive income	—	—	—	—	—	—	(133,980)	—	(173,139)	(307,119)	(40,256)	(347,375)	
Transfer to PRC statutory reserves	—	—	—	—	1,880	—	—	—	(1,880)	—	—	—	
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	(1,793,002)	(1,793,002)	
Balance at 31 December 2024	67,337	36,884	147,711	31,020	369,690	—	(1,057,623)	(59,312)	(62,997)	(527,290)	1,724,220	1,196,930	

	Attributable to equity holders of the Company												
	Share capital	Share premium	Contributed surplus	Capital reserve	PRC			Exchange reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
					statutory reserve	Revaluation reserve							
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
(Note 27(c))													
Balance at 1 January 2025	67,337	36,884	147,711	31,020	369,690	—	(1,057,623)	(59,312)	(62,997)	(527,290)	1,724,220	1,196,930	
Changes in equity for 2025:													
Loss for the year	—	—	—	—	—	—	—	—	(1,651,392)	(1,651,392)	(1,049,544)	(2,700,936)	
Other comprehensive income	—	—	—	—	—	(18,189)	232,866	—	—	214,677	—	214,677	
Total comprehensive income	—	—	—	—	—	(18,189)	232,866	—	(1,651,392)	(1,436,715)	(1,049,544)	(2,486,259)	
Transfer to PRC statutory reserves	—	—	—	—	—	—	—	—	—	—	—	—	
Balance at 31 December 2025	67,337	36,884	147,711	31,020	369,690	(18,189)	(824,757)	(59,312)	(1,714,389)	(1,964,005)	674,676	(1,289,329)	

The notes on pages 71 to 153 form part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Operating activities			
Cash generated from/(used in) operations	20(b)	673,694	(479,505)
Other interest paid		(67,843)	(172,016)
Interest element of lease rentals paid		(90)	(103)
Income tax paid		(15,997)	(344,063)
Net cash generated from/(used in) operating activities		589,764	(995,687)
Investing activities			
Net cash flow from disposal of a subsidiary	20(e)	—	1,055,554
Return of investment from a joint venture		—	95,500
Return of investment from associates		24,336	171,089
Return of investment from other financial assets at fair value through profit or loss		44,774	—
Dividends received from associates and joint ventures		—	6,530
Interest received		475	22,598
Proceeds from disposals of property, plant and equipment and investment properties		—	168
Proceeds from disposal of other financial assets		—	39,597
Payment for purchase of property, plant and equipment and intangible assets		—	(4,498)
Net cash generated from investing activities		69,585	1,386,538

Consolidated Cash Flow Statement

For the year ended 31 December 2025

(Expressed in Renminbi)

	Note	2025 RMB'000	2024 RMB'000
Financing activities			
Proceeds from new loans	20(c)	1,241,497	1,141,873
Repayment of loans	20(c)	(1,848,746)	(3,916,199)
Capital element of lease rentals paid	20(c)	(2,253)	(5,984)
Net cash used in financing activities		(609,502)	(2,780,310)
Net increase/(decrease) in cash and cash equivalents		49,847	(2,389,459)
Cash and cash equivalents at 1 January		71,637	2,457,335
Cash and cash equivalents included in assets and liabilities of a disposal group classified as held for sale		—	(1,624)
Effect of foreign exchange rate changes on cash and cash equivalents		(9,194)	5,385
Cash and cash equivalents at 31 December	20(a)	112,290	71,637

The notes on pages 71 to 153 form part of these consolidated financial statements.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with HKFRS Accounting Standards, which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2025 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interests in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that other investments in equity securities are stated at their fair value as explained in the accounting policies.

The preparation of financial statements in conformity with HKFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgments made by management in the application of HKFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

The Group adopts prudent liquidity risk management which includes maintaining sufficient cash and bank balances, and having available committed financing through its available credit facilities from banks. The Group secures funding from the Group's intermediate shareholder Overseas Chinese Town (HK) Company Limited ("OCT (HK)") to finance the Group.

In preparing the consolidated financial statements, the management has given consideration to the future liquidity of the Group in light of the Group incurred a net loss of approximately RMB2,700,936,000 for the year ended 31 December 2025 and, as of that date, the Company had net liabilities of approximately RMB1,289,329,000. The Group's total bank and other loans, and loans from related parties and non-controlling interest amounted to approximately RMB7,604,843,000, of which approximately RMB397,320,000 and RMB454,101,000 would be due for repayment within next twelve months from 31 December 2025, respectively, while the Group's total cash at bank and on hand amounted to only approximately RMB130,051,000 as at 31 December 2025. Management has prepared cash flow forecast of the Group for a minimum period of twelve months from 31 December 2025. The directors of the Company have given careful consideration to assess the future liquidity and performance of the Group, of which the Group has taken into account of various key considerations, including but not limited to:

- the support from intermediate shareholder, OCT (HK);
- negotiation for extension of repayment for loans from related parties and non-controlling interest
- estimated proceeds received from sales and presales of properties;
- proactive plan with external parties for realisation of undeveloped lands
- estimated operating cash flows and capital expenditure requirements for the Group's property projects which are under development; and
- the availability of available committed bank facilities.

The directors of the Company are of the opinion that, taking into account the above mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2025. Accordingly, the directors of the Company considered it is appropriate to prepare the consolidated financial statements on a going concern basis.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(c) Changes in accounting policies

The Group has applied the following amendment to HKFRS Accounting Standards issued by the HKICPA to these financial statements for the current accounting period:

- Amendments to HKAS 21, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in these financial statements. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised gains or losses except for foreign currency transaction gains or losses arising from intra-group balances, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets.

NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(o), or (p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(e) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies decision. A joint venture is an arrangement in which the Group or the Company has joint control, whereby the Group or the Company has the rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

An interest in an associate or a joint venture is accounted using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 1(j)(i)).

Unrealised gains arising from transactions the Group with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statement of financial position, an investment in an associate or a joint venture is stated at cost less impairment losses (see note 1(j)).

(f) Other investments in securities

The Group's and the Company's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) *Non-equity investment*

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see note 1(t)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(f) Other investments in securities *(continued)*

(i) Non-equity investment *(continued)*

- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see note 1(t)(vi)).

(g) Investment property

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(i)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment loss. Rental income from investment properties is recognised in accordance with note 1(t)(iii).

Depreciation is calculated to write off the costs of investment properties, less its estimated residual value of 0% to 5%, using the straight-line method over their estimated useful lives of 18 to 50 years.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(h) Property, plant and equipment

The following items of property, plant and equipment, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see note 1(j)):

- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- other items of property, plant and equipment, including right-of-use assets arising from leases of underlying property, plant and equipment (see note 1(i)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(v)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the current and comparative periods are as follows:

	<u>Estimated useful life</u>	<u>Residual value %</u>
Buildings held for own use	20 to 40 years	0% to 5%
Machinery	3 to 10 years	0% to 5%
Motor vehicles	3 to 5 years	0% to 5%
Other equipment	3 to 5 years	0% to 5%
Interests in leasehold land held for own use	The shorter of the lease term and 50 years	0%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(i) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) *As a lessee*

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less and do not contain a purchase option, and leases of low-value items such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(h) and 1(j)(iii)), except for right-of-use assets related to interests in leasehold land where the interest in the land is held as inventory are carried at the lower of cost and net realisable value (see note 1(k)).

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether the Group it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(i) Leased assets *(continued)*

(i) As a lessee *(continued)*

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the principal portion of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(t)(iii).

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments, and lease receivables

The Group recognises a loss allowance for expected credit losses ("ECL"s):

- financial assets measured at amortised cost (including cash and cash equivalents, trade receivables and other receivables, including those loans to associates and joint ventures, that are held for the collection of contractual cash flows which represent solely payments of principal and interest); and
- lease receivables.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

- fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- lease receivables: discount rate used in the measurement of the lease receivables.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments, and lease receivables *(continued)*

Measurement of ECLs *(continued)*

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

When determining whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is 90 days past due.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(i) Credit losses from financial instruments, and lease receivables *(continued)*

Significant increases in credit risk *(continued)*

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset and lease receivables is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 1(j)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(j) Credit losses and impairment of assets *(continued)*

(iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and other contract costs and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGU"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(j)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(k) Inventories and other contract costs

(i) *Comprehensive development business*

Cost of properties comprises specifically identified cost, including the acquisition cost of interests in freehold and leasehold land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalised (see note 1(v)) and any other costs incurred in bringing the properties to their present location and condition. In the case of properties developed by the Group which comprise of multiple units to be sold individually, the cost of each unit is determined by apportionment of the total development costs for that development project to each unit on a per square meter basis, unless another basis is more representative of the cost of the specific unit.

Net realisable value represents the estimated selling price less any estimated costs of completion and costs to be incurred in selling the property.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) *Other contract costs*

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 1(k)(i)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalised if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Amortisation of capitalised contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see note 1(t)).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(l) Contract liabilities

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(t)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see note 1(m)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(t)).

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see note 1(f)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, property pre-sale proceeds that are held for meeting short-term cash commitments, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see note 1(j)(i)).

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial.

(p) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with note 1(v).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(q) Employee benefits

(i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) *Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(r) Income tax *(continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(s) Provisions and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(t) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a good or service is transferred to the customer, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details at the Group's revenue and other income recognition policies are as follows:

(i) *Sale of properties*

Revenue arising from the sale of properties developed for sale in the ordinary course of business is recognised when the property is delivered to the customers, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position under contract liabilities (see note 1(l)).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(t) Revenue and other income *(continued)*

(i) Sale of properties *(continued)*

For contracts where the period between the payment by the customer and the transfer of the promised property exceeds one year, the transaction price and the amount of revenue from the sales of completed properties is adjusted for the effects of a financing component. If the advance payments by the customer are regarded as providing a significant financing benefit to the Group, interest expense arising from the adjustment of time value of money will be accrued by the Group during the period between the payment date and the completion date of delivery. This accrual increases the balance of the contract liability during the period of construction, and therefore increases the amount of revenue recognised when control of the completed property is transferred to the customer. The interest is expensed as accrued unless it is eligible to be capitalised under HKAS 23, *Borrowing Costs*, in accordance with note 1(v).

(ii) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(iv) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(u) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(w) Related parties

- a. A person, or a close member of that person's family, is related to the Group if that person:
 - i. has control or joint control over the Group;
 - ii. has significant influence over the Group; or
 - iii. is a member of the key management personnel of the Group or the Group's parent.
- b. An entity is related to the Group if any of the following conditions applies:
 - i. The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - iii. Both entities are joint ventures of the same third party.
 - iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - vi. The entity is controlled or jointly controlled by a person identified in (a).
 - vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

1 MATERIAL ACCOUNTING POLICIES *(continued)*

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGMENT AND ESTIMATES

Note 28(e) contain information about assumptions and their risk factors relating to valuation of other investments in equity securities. Other key sources of estimation uncertainty and critical accounting judgments in applying the Group's accounting policies are described below:

(a) Provision for completed properties held for sale and properties held for future development and under development for sale

The Group's completed properties held for sale and properties held for future development and under development for sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

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

Given the volatility of the PRC property market, the actual recoverable amount may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the provision would affect profit or loss in future years.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

2 ACCOUNTING JUDGMENT AND ESTIMATES *(continued)*

(b) Recognition of deferred tax assets

Deferred tax assets in respect of tax losses carried forward and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the management. Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the net profit in future years.

(c) Land Appreciation Tax (“LAT”)

As explained in note 6(a), the Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated. Significant judgment is required in determining the level of provision, as the calculation of which depends on the ultimate tax determination. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated as the end of each reporting period. Any increase or decrease in actual outcomes/estimates would affect the consolidated statement of profit or loss in the period in which such determination is made.

(d) Impairment loss of non-financial assets

The Group determines the recoverable amount of non-financial assets whenever there are indication of impairment. Management assesses the differences between the carrying amount and recoverable amount and makes provision for impairment loss. Any change in the assumptions adopted in calculating the recoverable amount would increase or decrease the provision for impairment loss and affect the Group's financial position. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgment relating to items such as level of discount rates and the expected long-term growth rate. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as revenue and amount of operating costs.

(e) Expected credit loss allowances for trade and other receivables

In determining the ECL allowance, management exercises significant judgement in assessing the credit risk of individual counterparties, the ageing of balances, historical loss experience, adjusted for reasonable and supportable forward-looking information available and any specific factors that may indicate impairment. At each reporting date, the judgements are reassessed with consideration of any changes in the different factor information.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are comprehensive development, equity investment and fund business.

(i) Disaggregation of revenue

Revenue represents the amount of consideration expected to be entitled for goods or services supplied to customers net of sales related tax. Disaggregation of revenue with customer by business lines is as follows:

	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by business lines		
— Sale of properties	354,041	841,262
— Hotel revenue	—	26,826
— Fund management fee income	2,466	5,751
Revenue from other sources	356,507	873,839
— Rental income from investment properties	46,290	92,691
	402,797	966,530

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 3(b)(i) and 3(b)(iv) respectively.

The Group's customer base is diversified and does not include any customer with whom transactions have exceeded 10% of the Group's revenues (2024: 1).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

As at 31 December 2025, the aggregated amount of RMB82,330,000 (2024: RMB95,159,000) under the Group's existing contracts expected to be recognised as revenue in the future upon delivery of properties to customers. The Group will recognise the expected revenue in future when or as the goods or services is provided or, in the case of the properties for sale, when the properties are assigned to the customers, which is expected to occur over the next 12 months.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines (products and services). In a manner consistent with the way in which information is reported internally to the most senior executive management of the Group for the purposes of resource allocation and performance assessment, the Group has the following two reportable segments.

- Comprehensive development business: this segment engaged in development and sale of residential properties, development and management of properties, property investment and operation of hotel.
- Equity investment and fund business: this segment engaged in the investment in new urbanisation industrial ecosphere, such as domestic and overseas direct investments, industrial fund, and education.

(i) *Segment results, assets and liabilities*

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible and current and other non-current assets with the exception of head office and corporate assets. Segment liabilities include trade creditors, accruals and lease liabilities attributable to the sales activities of the individual segments and borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment result is "net profit" after taxation. This amount is adjusted for items not specifically attributable to individual segments, such as head office or corporate expense. Inter-segment sales are priced with reference to prices charged to external parties for similar transactions.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2025 and 2024 is set out below.

	Comprehensive development business		Equity investment and fund business		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Revenue from contracts with customers within the scope of HKFRS 15						
Disaggregated by timing of revenue recognition						
Point in time	354,041	868,088	—	—	354,041	868,088
Over time	—	—	2,466	5,751	2,466	5,751
	<u>354,041</u>	<u>868,088</u>	<u>2,466</u>	<u>5,751</u>	<u>356,507</u>	<u>873,839</u>
Revenue from other sources	46,290	92,691	—	—	46,290	92,691
	<u>400,331</u>	<u>960,779</u>	<u>2,466</u>	<u>5,751</u>	<u>402,797</u>	<u>966,530</u>
Revenue from external customers						
Reportable segment loss for the year	<u>(2,017,596)</u>	<u>(136,245)</u>	<u>(328,098)</u>	<u>(100,259)</u>	<u>(2,345,694)</u>	<u>(236,504)</u>

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(i) Segment results, assets and liabilities *(continued)*

	Comprehensive development business		Equity investment and fund business		Total	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Interest income						
— bank deposits	475	14,121	—	—	475	14,121
Interest expense	(131,927)	(171,510)	(26,863)	(55,186)	(158,790)	(226,696)
Depreciation and amortisation for the year	(31,981)	(34,024)	—	—	(31,981)	(34,024)
Impairment of interest in an associate	(141,843)	—	—	—	(141,843)	—
Share of profits less losses of associates	(18,976)	(20,519)	(240)	(275)	(19,216)	(20,794)
Share of profits less losses of joint ventures	—	—	(97,049)	(62,851)	(97,049)	(62,851)
Reportable segment assets	8,259,489	10,064,820	1,131,735	1,507,187	9,391,224	11,572,007
Additions to non-current segment assets during the year	4,466	14,580	—	—	4,466	14,580
Reportable segment liabilities	4,911,465	4,786,759	49,241	4,508	4,960,706	4,791,267
Interests in associates	898,249	885,144	576,793	813,694	1,475,042	1,698,838
Interests in joint ventures	—	—	278,092	370,609	278,092	370,609

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(ii) Reconciliations of reportable segment profit or loss

	2025 RMB'000	2024 RMB'000
Reportable segment loss for the year	(2,345,694)	(236,504)
Interest income		
— bank deposits	—	1,602
Interest expense	(176,035)	(284,897)
Depreciation and amortisation for the year	(404)	(10,542)
Gain on disposal of a subsidiary	—	371,946
Impairment of interest in an associate	(141,843)	—
Unallocated head office and corporate expense	(36,930)	(55,000)
Consolidated loss for the year	(2,700,936)	(213,395)

(iii) Reconciliations of reportable segment assets and liabilities

	2025 RMB'000	2024 RMB'000
Assets		
Reportable segment assets	9,391,224	11,572,007
Unallocated head office and corporate assets	81,949	25,144
Consolidated total assets	9,473,173	11,597,151

	2025 RMB'000	2024 RMB'000
Liabilities		
Reportable segment liabilities	4,960,706	4,791,267
Unallocated head office and corporate liabilities	5,801,796	5,608,954
Consolidated total liabilities	10,762,502	10,400,221

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

3 REVENUE AND SEGMENT REPORTING *(continued)*

(b) Segment reporting *(continued)*

(iv) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's investment property, property, plant and equipment, interests in leasehold land held for own use, interests in associates and joint ventures ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods and properties were sold. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, interests in leasehold land held for own use and investment properties, and the location of operations, in the case of interests in associates and joint ventures.

	Revenues from external customers		Specified non-current assets	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000'
Chinese Mainland	398,156	961,550	2,765,376	3,185,704
Hong Kong	4,641	4,980	215,997	351,406
	402,797	966,530	2,981,373	3,537,110

4 OTHER INCOME AND NET (LOSSES)/GAINS

(a) Other income

	2025 RMB'000	2024 RMB'000
Interest income on financial assets measured at amortised cost:		
– bank deposits	475	15,723
Government grants	—	469
Forfeiture income on deposit on pre-sale of properties	145	1
Insurance claims	23	—
	643	16,193

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

4 OTHER INCOME AND NET (LOSSES)/GAINS *(continued)*

(b) Other net (losses)/gains

	Note	2025 RMB'000	2024 RMB'000
Net fair value (loss)/gain on unlisted equity securities		(51,865)	22,290
Gain on disposal of a subsidiary	20(e)	—	371,946
Penalties for delayed delivery of properties		—	(738)
Gain on transfer of an associate to financial asset at fair value through other comprehensive income		24,423	—
Net exchange loss		(22,826)	(28,534)
Net (losses)/gains on disposal of property, plant and equipment, intangible assets, investment property, and assets of disposal group classified as held for sale		(409)	266,982
Others		(11,961)	(6,025)
		(62,638)	625,921

5 (LOSS)/(PROFIT) BEFORE TAXATION

Loss/(profit) before taxation is arrived at after charging/(crediting):

(a) Finance costs

	2025 RMB'000	2024 RMB'000
Interest on bank and other loans	66,009	177,344
Interest on lease liabilities	90	103
Interest on loans from related parties and non-controlling interests	276,717	464,528
Total interest expense	342,816	641,975
Less: amount capitalised*	(7,991)	(130,382)
	334,825	511,593

* The borrowing costs have been capitalised at a weighted average rate of 2.01% (2024: 2.14%) per annum.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

5 (LOSS)/(PROFIT) BEFORE TAXATION *(continued)*

(b) Staff costs

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	30,925	73,432
Contributions to defined contribution retirement plan <i>(note 24)</i>	3,971	7,984
	34,896	81,416
Less: amount capitalised under property development projects and construction in progress	—	(19,833)
Total staff costs expensed during the year	34,896	61,583

(c) Other items

	2025 RMB'000	2024 RMB'000
Amortisation of intangible assets <i>(note 12)</i>	—	6,680
Depreciation <i>(note 11(a))</i>		
— owned property, plant and equipment	6,721	18,605
— interest in leasehold land held for own use	6,625	6,645
— investment property	19,039	19,019
Total depreciation expense	32,385	44,359
Less: amount capitalised to construction in progress	—	(6,473)
	32,385	37,886
Auditors' remuneration		
— audit services	2,510	2,762
— other services	—	692
	2,510	3,454
Rentals income from investment properties less direct outgoings of RMB1,290,000 (2024: RMB2,275,000)	40,163	90,171

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

	2025 RMB'000	2024 RMB'000
Current tax		
Provision for corporate income tax ("CIT") for the year (i)	860	8,139
Over-provision in respect of prior years	(192)	(367)
Withholding tax (iii)	300	2,530
	968	10,302
PRC land appreciation tax (" PRC LAT") (ii)	8,737	190,265
	9,705	200,567
Deferred tax		
Origination and reversal of temporary differences	22,538	40,769
	32,243	241,336

(i) CIT

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands during the year.

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit from Hong Kong for the years ended 31 December 2025 and 2024.

Pursuant to the income tax rules and regulations of the PRC, taxation for PRC subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant cities in the PRC at 25%.

(ii) PRC LAT

PRC LAT 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 lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of profit or loss as income tax. The Group has estimated the tax provision for PRC LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual PRC LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for PRC LAT is calculated.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(continued)

(a) Taxation in the consolidated statement of profit or loss represents: (continued)

(iii) Withholding tax

A withholding tax of 10% is levied on the overseas subsidiaries in respect of dividend distributions arising from profit of PRC subsidiaries earned after 1 January 2008. Under the China-Hong Kong Tax Treaty and the relevant regulations, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% equity interests or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. Some overseas subsidiaries of the Group are entitled to a reduced withholding tax rate of 5%.

During the year, withholding tax of the dividend distributed by a subsidiary in Chinese Mainland amounted to RMB300,000 (2024: RMB2,530,000).

(b) Reconciliation between tax expense and accounting (loss)/profit at applicable tax rates:

	2025 RMB'000	2024 RMB'000
(Loss)/profit before taxation	(2,668,693)	27,941
Notional tax on (loss)/profit before taxation, calculated at the rate of 25%	(667,173)	6,985
Tax effect of non-deductible expenses	230,793	46,473
Tax effect of non-taxable income	(14,647)	(518)
Tax effect of deductible temporary difference and tax losses not recognised	480,091	48,083
Tax effect of deductible temporary difference not previously recognised	(3,182)	(2,019)
Over-provision in respect of prior years	(192)	(367)
	25,690	98,637
PRC LAT	8,737	190,265
Tax effect of PRC LAT	(2,184)	(47,566)
	6,553	142,699
Income tax expense	32,243	241,336

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	2025 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman					
Liu Yu	—	—	—	—	—
Executive directors					
Wang Jianwen (Chief Executive Officer)	—	240	201	—	441
Qi Jianrong	—	324	140	—	464
Non-executive director					
Yang Guobin	—	—	—	—	—
Independent non-executive directors					
Wong Wai Ling	220	0	—	—	220
Lam Sing Kwong Simon	220	0	—	—	220
Chu Wing Yiu	220	0	—	—	220
	660	564	341	—	1,565

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

7 DIRECTORS' EMOLUMENTS *(continued)*

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	2024 Total RMB'000
Chairman					
Liu Yu	—	—	—	—	—
Executive directors					
Wang Jianwen (Chief Executive Officer)	—	255	229	25	509
Qi Jianrong	—	385	165	50	600
Non-executive director					
Yang Guobin	—	—	—	—	—
Independent non-executive directors					
Wong Wai Ling	219	—	—	—	219
Lam Sing Kwong Simon	219	—	—	—	219
Chu Wing Yiu	219	—	—	—	219
	<u>657</u>	<u>640</u>	<u>394</u>	<u>75</u>	<u>1,766</u>

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2024: two) of the directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other 3 (2024: 3) individuals are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	969	1,716
Discretionary bonuses	456	334
Retirement scheme contributions	—	97
	<u>1,425</u>	<u>2,147</u>

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS *(continued)*

The emoluments of the 3 (2024: 3) individuals with the highest emoluments are within the following bands:

	2025 Number of individuals	2024 Number of individuals
HK\$ Nil–HK\$1,000,000 (RMB Nil–RMB912,432)	3	3
HK\$1,500,001–HK\$2,000,000 (RMB1,368,649–RMB1,824,864)	—	—

9 OTHER COMPREHENSIVE INCOME

	2025 RMB'000	2024 RMB'000
Exchange differences — on translation of financial statements of non-foreign operations	217,328	(129,669)
Change in fair value of financial asset at fair value through other comprehensive income	(18,189)	—
Share of other comprehensive income of associates and a joint venture	15,538	(4,311)
Other comprehensive income	214,677	(133,980)

There is no tax effect for each of the other comprehensive income items.

10 BASIC AND DILUTED LOSS PER SHARE

The calculation of basic loss per share is based on the loss attributable to ordinary shareholders of the Company and the weighted average ordinary shares, calculated as follows:

(a) Loss attributable to ordinary shareholders of the Company

	2025 RMB'000	2024 RMB'000
Loss attributable to ordinary shareholders	(1,651,392)	(173,139)

(b) Weighted average number of ordinary shares

	2025 '000	2024 '000
Issued ordinary shares	748,366	748,366

Diluted loss per share is the same as basic loss per share as there were no dilutive potential ordinary shares in issue during both years.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

11 INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE

(a) Reconciliation of carrying amount

	Ownership	Other properties leased for own use	Machinery	Motor vehicles	Other equipment	Construction in progress	Sub-total	Investment property	Interests in leasehold land held	Total
	Interests in buildings held for own use								for own use	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:										
At 1 January 2024	25,447	24,384	48,676	1,808	150,925	454,358	705,598	555,968	264,322	1,525,888
Exchange adjustments	–	477	–	–	29	–	506	5,759	–	6,265
Additions	–	3,609	–	3	306	10,662	14,580	–	–	14,580
Disposal of a subsidiary	–	–	(13,074)	(1,230)	(44,193)	–	(58,497)	–	–	(58,497)
Transfer to inventory	(4,498)	–	–	–	–	–	(4,498)	–	–	(4,498)
Disposals	–	(2,568)	(104)	(246)	(3,272)	–	(6,190)	–	–	(6,190)
At 31 December 2024 and 1 January 2025	20,949	25,902	35,498	335	103,795	465,020	651,499	561,727	264,322	1,477,548
Exchange adjustments	–	–	–	–	(47)	–	(47)	(6,632)	–	(6,679)
Additions	–	1,446	168	–	488	–	2,102	–	–	2,102
Transfer from/(to) inventory	–	–	–	–	–	48,154	48,154	–	(2,124)	46,030
Transfer from Interests in leasehold land held for own use	–	–	–	–	–	6,381	6,381	–	–	6,381
Transfer to construction in progress	–	–	–	–	–	–	–	–	(6,381)	(6,381)
Disposals	–	(4,968)	–	–	–	–	(4,968)	(1,673)	–	(6,641)
At 31 December 2025	20,949	22,380	35,666	335	104,236	519,555	703,121	553,422	255,817	1,512,360
Accumulated depreciation and impairment:										
At 1 January 2024	542	18,216	46,671	847	129,386	–	195,662	148,815	28,719	373,196
Exchange adjustments	–	457	–	–	22	–	479	1,056	–	1,535
Depreciation charge for the year	579	5,721	726	354	11,225	–	18,605	19,109	6,645	44,359
Disposal of a subsidiary	–	–	(12,136)	(1,149)	(39,280)	–	(52,565)	–	–	(52,565)
Transfer to inventory	(110)	–	–	–	–	–	(110)	–	–	(110)
Written back on disposals	–	(1,499)	(104)	(27)	(3,249)	–	(4,879)	–	–	(4,879)
At 31 December 2024 and 1 January 2025	1,011	22,895	35,157	25	98,104	–	157,192	168,980	35,364	361,536
Exchange adjustments	–	–	–	–	–	(43)	(43)	(1,255)	–	(1,298)
Depreciation charge for the year	487	1,328	239	6	4,661	–	6,721	19,039	6,625	32,385
Impairment (note)	–	–	–	–	–	120,548	120,548	–	30,747	151,295
Written back on disposals	–	(4,559)	–	–	–	–	(4,559)	(226)	–	(4,785)
At 31 December 2025	1,498	19,664	35,396	31	102,722	120,548	279,859	186,538	72,736	539,133
Carrying amount:										
At 31 December 2025	19,451	2,716	270	304	1,514	399,007	423,262	366,884	183,081	973,227
At 31 December 2024	19,938	3,007	341	310	5,691	465,020	494,307	392,747	228,958	1,116,012

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

11 INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE *(continued)*

(a) Reconciliation of carrying amount *(continued)*

Note:

The Group performed an impairment assessment on its construction in progress and leasehold land held for own use as at 31 December 2025. Management identified certain events and circumstances that indicated potential impairment indicators for these assets, including delays in construction progress and weakened market conditions affecting the recoverability of property-related assets.

Accordingly, the Group engaged an independent external valuer to determine the recoverable amounts of the construction in progress and leasehold land held for own use. Based on the valuation analysis, the recoverable amounts of the assets were determined using the market approach, which reflects the prices of comparable transactions of similar properties in the open market, after making appropriate adjustments for differences in location, condition, development status, and other relevant characteristics. The market approach was considered appropriate as it best reflects observable market evidence.

Given that the market approach was adopted, the key assumptions applied include recent market transaction prices of comparable properties, adjustments for development progress, estimated costs to complete, and prevailing market conditions as at the valuation date. These assumptions reflect current market participants' perspectives and expectations, and are consistent with observable market data available at the reporting date.

Based on the above assessment, the carrying amounts of the construction in progress and leasehold land held for own use exceeded their respective recoverable amounts as determined by the independent external valuer. Accordingly, the Group recognised impairment losses of approximately RMB120,548,000 for construction in progress and RMB30,747,000 for leasehold land held for own use during the year ended 31 December 2025.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

11 INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE *(continued)*

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2025 RMB'000	2024 RMB'000
Ownership interests in leasehold land held for own use, carried at depreciated cost in the PRC, with remaining lease term of:		
– between 10 and 50 years (i)	183,081	228,958
Other properties leased for own use, carried at depreciated cost	2,716	3,007
Investment property, carried at depreciated cost in the PRC, with remaining lease term of:		
– between 10 and 50 years	67,877	50,171
Included in “Inventories and other contract costs”:		
Properties held for future development and under development for sale (ii)	3,382,904	3,977,789
Completed properties held for sale	1,148,225	547,691
	4,531,125	4,525,480
	4,784,803	4,807,616

Notes:

- (i) On 31 December 2025, the Group's right-of-use assets used as collateral for bank loans are RMB653,900,000 (2024: RMB83,457,000).
- (ii) On 31 December 2025, the Group's inventories used as collateral for bank loans are RMB172,544,000 (2024: RMB997,765,000).

Notes to The Consolidated Financial Statements

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11 INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE *(continued)*

(b) Right-of-use assets *(continued)*

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Depreciation charge of right-of-use assets by class of underlying assets:		
Ownership interests in leasehold land	6,625	6,645
Other properties leased for own use	1,328	5,721
Investment property	19,039	19,019
	26,992	31,385
Interest on lease liabilities <i>(note 5(a))</i>	90	103
Expense relating to short-term leases or low-value leases	174	2,260

Note: During the year, there are additions to right-of-use assets of RMB1,446,000. (2024: RMB3,609,000).

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 20(d) and 23, respectively.

(c) Ownership interests in leasehold land and buildings held for own use

The Group owns several buildings for its hotel business and office. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(d) Other properties leased for own use

The Group has obtained the right to use other properties as its offices through tenancy agreements. The leases typically run for an initial period of 1 to 5 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assessed at lease commencement date that it will not exercise the extension options, and the future lease payments during the extension periods are not included in the measurement of lease liabilities.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

11 INVESTMENT PROPERTY, PROPERTY, PLANT AND EQUIPMENT AND INTERESTS IN LEASEHOLD LAND HELD FOR OWN USE *(continued)*

(e) Investment properties

- (i) The Group leases out investment properties. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease after that date at which time all terms are renegotiated.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	34,913	38,486
After 1 year but within 2 years	30,152	24,295
After 2 years but within 3 years	9,500	23,844
After 3 years but within 4 years	1,462	11,598
After 4 years but within 5 years	1,212	235
	77,239	98,458

- (ii) As at 31 December 2025, the fair value of the investment properties held by the Group amounted to RMB527,860,000 (2024: RMB592,860,000).

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12 INTANGIBLE ASSETS

	Software and copyright RMB'000	Trademarks RMB'000	Total RMB'000
	<u> </u>	<u> </u>	<u> </u>
Cost:			
At 1 January 2024	6,193	56,000	62,193
Disposal of a subsidiary	<u>(6,193)</u>	<u>(56,000)</u>	<u>(62,193)</u>
At 31 December 2024, 1 January 2025 and 31 December 2025	—	—	—
Accumulated amortisation:			
At 1 January 2024	6,153	40,000	46,153
Charge for the year	13	6,667	6,680
Disposal of a subsidiary	<u>(6,166)</u>	<u>(46,667)</u>	<u>(52,833)</u>
At 31 December 2024, 1 January 2025 and 31 December 2025	—	—	—
Carrying amount:			
At 31 December 2025	<u> </u>	<u> </u>	<u> </u>
At 31 December 2024	<u> </u>	<u> </u>	<u> </u>

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13 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business	Particulars of registered capital	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
深圳華橋城港亞控股發展有限公司 (Shenzhen Oversea Chinese Town Gangya Holdings Development Co., Ltd.) (notes (i) & (ii) & (iii))	The People's Republic of China ("PRC")	HK\$180,000,000	HK\$180,000,000	100%	—	100%	Consulting and management of corporation
深圳市華友投資有限公司 (Shenzhen Huayou Investment Co., Ltd.) (notes (ii) & (iii))	PRC	RMB3,000,000	RMB3,000,000	100%	—	100%	Investment management
華橋城(惠州)產業園管理有限公司 (OCT (Huizhou) Industry Management Co., Ltd) (notes (i) & (ii) & (iii))	PRC	HK\$168,000,000	HK\$168,000,000	100%	—	100%	Manufacturing, real estate development, leasing and property management
華昌國際有限公司 (City Legend International Limited)	Hong Kong	1 share	1 share	100%	—	100%	Investment holding
華橋城(上海)置地有限公司 (Overseas Chinese Town (Shanghai) Land Company Limited) ("OCT (Shanghai) Land") (notes (ii) & (iii) & (iv) & (v))	PRC	RMB3,030,000,000	RMB3,030,000,000	—	—	—	Real estate development
深圳市華京投資有限公司 (Shenzhen Huajing Investment Limited) (notes (ii) & (iii))	PRC	RMB1,000,000	RMB1,000,000	100%	—	100%	Investment holding and real estate development
深圳市華橋城華鑫股權投資管理有限公司 (Shenzhen OCT Huaxin Equity Investment Management Limited) (notes (ii) & (iii))	PRC	RMB20,000,000	RMB20,000,000	100%	—	100%	Investment management

Notes to The Consolidated Financial Statements

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13 INVESTMENTS IN SUBSIDIARIES (continued)

Name of company	Place of incorporation and business	Particulars of registered capital	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
				Group's effective interest	Held by the Company	Held by a subsidiary	
華橋城(常熟)實業發展有限公司 (OCT (Changshu) Industry Development Co., Ltd.) (notes (i) & (ii) & (iii))	PRC	US\$27,800,000	US\$27,800,000	100%	—	100%	Development of self-owned land industrial parks and property management
華橋城(常熟)投資發展有限公司 (OCT (Changshu) Investment and Development Co., Ltd.) (notes (ii) & (iii))	PRC	RMB73,000,000	RMB73,000,000	100%	—	100%	Tourism and real estate development
上海首馳企業管理有限公司 (Shanghai Shouchi Enterprise Management Co., Ltd.) ("Shanghai Shouchi") (notes (ii) & (iii) & (v))	PRC	RMB1,000,000	RMB1,000,000	—	—	—	Enterprise management
合肥華橋城環業文旅置業發展有限公司 (Hefei OCT Huanchao Cultural Tourism Real Estate Development Co., Ltd.) (notes (ii) & (iii))	PRC	RMB400,000,000	RMB400,000,000	51%	—	51%	Tourism and real estate development
深圳華橋城港華投資控股有限公司 (Shenzhen OCT Ganghua Investment Holdings Co., Ltd.) (notes (i) & (ii))	PRC	HK\$3,070,000,000	HK\$3,070,000,000	100%	—	100%	Consulting and management of corporation
合肥華橋城實業發展有限公司 (Hefei OCT Industry Development Co., Ltd.) ("Hefei OCT Industry") (notes (ii) & (iii))	PRC	RMB10,000,000,000	RMB3,000,000,000	51%	—	51%	Tourism and real estate development

Notes:

- (i) These companies are wholly foreign-owned enterprises established in the PRC.
- (ii) The English translation of the above subsidiaries' names is for reference only. The official name of these companies is in Chinese.
- (iii) These companies are limited companies established in the PRC.
- (iv) The company is a sino-foreign joint venture with limited liability established in the PRC.
- (v) These companies were disposed during the year ended 31 December 2024 (see note 20(e)).

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13 INVESTMENTS IN SUBSIDIARIES *(continued)*

The following table lists out the information on the subsidiaries that have material non-controlling interests (“NCI”). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Hefei OCT Huanchao		Hefei OCT industry	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Principal place of business	PRC		PRC	
NCI percentage	49.0%	49.0%	49.0%	49.0%
Current assets	996,374	1,459,918	5,322,542	6,550,565
Non-current assets	176,273	198,409	418,283	511,788
Current liabilities	(1,735,005)	(1,688,346)	(1,268,106)	(3,401,610)
Non-current liabilities	—	—	(2,533,471)	(96,300)
Net assets attributable to equity holders	(562,358)	(30,019)	1,939,248	3,564,443
Carrying amount of NCI	(275,556)	(14,709)	950,232	1,746,577
Revenue	—	—	356,292	584,658
(Loss)/profit for the year attributable to equity holders	(532,339)	(69,009)	(1,625,195)	16,580
Total comprehensive income attributable to equity holders	(532,339)	(69,009)	(1,625,195)	16,580
(Loss)/profit allocated to NCI	(260,846)	(33,814)	(796,345)	8,124
Cash flows from operating activities	(174)	(5,026)	109,485	(131,836)
Cash flows from investing activities	—	—	—	(41)
Cash flows from financing activities	—	3,226	(125,966)	(145,423)

Notes to The Consolidated Financial Statements

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14 INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Listed investments (<i>note</i>)		
— Share of net assets	334,819	399,441
— Goodwill	246,911	246,911
— Impairment	(141,843)	—
	439,887	646,352
Unlisted investments		
— Share of net assets	1,033,795	1,051,126
— Goodwill	1,360	1,360
	1,035,155	1,052,486
	1,475,042	1,698,838

Note: As at 31 December 2025, the fair value of interests in associates which shares are listed amounted to RMB133,706,000 (2024: RMB201,179,000).

Details of the Group's individually material associates at 31 December 2025 are as follows:

Name of associate	Place of incorporation and business	Particulars of issued and paid-up capital	Proportion of ownership interest			Principal activities
			Group's effective interest	2025 and 2024		
				Held by the Company	Held by a subsidiary/subsidiaries	
Capital Converge Holdings Limited ("Capital Converge")	BVI	100 shares of US\$1 each	49%	49%	—	Investment holding
民生教育集團有限公司 (Minsheng Education Group Company Limited) ("Minsheng Education")	Cayman Islands	4,217,720,000 shares of US\$0.00001 each	7.8716%	—	7.8716%	Education services
中山禹鴻房地產開發有限公司 Zhongshan Yuhong Real Estate Development Limited ("Zhongshan Yuhong")	PRC	RMB500,000,000	21%	—	21%	Property development

The Group has assigned a director in the board of the associates, which makes significant influence on these associates.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

14 INTERESTS IN ASSOCIATES *(continued)*

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

Name	Capital Converge		Minsheng Education		Zhongshan Yuhong	
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000
Group's effective interest	49%	49%	7.8716%	7.8716%	21%	21%
At 31 December:						
Current assets	1,803,261	1,814,489	3,598,311	4,222,333	1,348,584	1,403,306
Non-current assets	120,400	111,087	7,190,264	7,033,089	52,240	55,549
Current liabilities	(536,132)	(547,245)	(4,089,509)	(3,463,788)	(269,024)	(312,336)
Non-current liabilities	(39,449)	(66,048)	(1,457,897)	(1,853,646)	—	(17)
NCI	—	—	(918,882)	(901,757)	—	—
Equity attributable to shareholders	1,348,080	1,312,283	4,322,287	5,036,231	1,131,800	1,146,502
Group's share of net assets of the associate	660,559	643,019	340,233	396,432	237,678	240,765
Goodwill	—	—	132,137	132,137	1,360	1,360
Impairment (<i>note</i>)	—	—	(141,843)	—	—	—
Carrying amount in the consolidated financial statements	660,559	643,019	330,527	528,569	239,038	242,125
Revenue	232,016	246,800	1,649,589	1,947,208	60,290	417,642
(Loss)/profit for the year	24,719	(1,136)	(729,114)	(477)	(14,700)	(72,456)
Other comprehensive income	11,078	9,369	15,156	(40,744)	—	—
Total comprehensive income	35,797	8,233	(713,958)	(41,221)	(14,700)	(72,456)
Dividend receivable/received from the associate	—	—	—	2,969	—	—
Group's share of (loss)/profit for the year	12,112	(557)	(57,392)	(38)	(3,087)	(15,216)
Group's share of other comprehensive income	5,428	4,591	1,193	(3,207)	—	—
Group's share of total comprehensive income	17,540	4,034	(56,199)	(3,245)	(3,087)	(15,216)

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14 INTERESTS IN ASSOCIATES *(continued)*

Note:

The Group performed an impairment assessment on its interest in Minsheng Education as at 31 December 2025. Management noted various events and circumstances indicating potential impairment indicators for its interest in Minsheng Education, including the Minsheng Education's declining historical revenue, fluctuating profitability in prior years, and the indication of continuous decrease in its listed share price as shown in the public market. Accordingly, the Group engaged an independent external valuer to determine the recoverable amount of the investment.

Based on the valuation analysis, the recoverable amount of the Group's equity interest of 7.87% in the Minsheng Education was determined to be value in use with an amount of approximately RMB331,796,000, which is higher than the amount derived from the fair value less costs of disposal.

Given value in use was used as the recoverable amount, the key assumptions applied include a pre tax discount rate equivalent to the applied post tax WACC of 12%, adjusted to a pre tax basis; and a long term growth rate of 2%. The discount rate reflects current market assessments of the time value of money and risks specific to the Minsheng Education's operations.

Based on the above, the carrying amount of the investment exceeded the value in use valuation performed by the management with the assistant of an independent external valuer, the Group has provided impairment loss on such investment in amount of RMB141,843,000 accordingly.

Aggregate information of associates that are not individually material:

	2025 RMB'000	2024 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	244,918	285,125
Aggregate amounts of the Group's share of those associates		
Loss for the year	(15,871)	(4,983)
Total comprehensive income	(15,871)	(4,983)

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15 INTERESTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Unlisted investments:		
— Share of net assets	93,820	127,390
— Loan to a joint venture (Note)	184,272	—
	278,092	370,609

Note:

The loan to a joint venture is unsecured, interest-free and repayable on demand. In accordance with the terms of the joint venture agreement, both parties to the joint venture have provided capital loan to the joint venture in proportion to their shareholdings and under equal terms. The loan is unsecured, interest-free and subordinated to other financing obtained by the joint venture. Repayment of any amount of the capital loan requires both venturers' approval and is subject to the joint venture having sufficient assets after taking into account the external financing and accumulated profits. Accordingly, the loan form an integral part of the Group's equity investment in the joint venture and is recognised as such.

Details of the Group's interests in the joint ventures at 31 December 2025 are as follows:

Name of joint venture	Place of incorporation and business	Issued capital	Paid-up capital	Proportion of ownership interest			Principal activities
				2025 and 2024			
				Group's effective interest	Held by the Company	Held by a subsidiary	
廈門橋潤投資合夥企業(有限合夥) (Xiamen Qiaorun Investment Partnership (Limited Partnership)) ("Xiamen Qiaorun")	PRC	Issued capital of RMB800,020,000	Paid-up capital of RMB426,310,600	75.00%	—	75.00%	Investment holding
深圳橋恒一號投資企業(有限合夥) (Shenzhen Qiaoheng No.1 Investment Partnership (Limited Partnership)) ("Shenzhen Qiaoheng")	PRC	Issued capital of RMB959,000,000	Paid-up capital of RMB661,400,000	75.00%	—	75.00%	Investment holding
HNW Investment Fund Series SPC — Serica SP ("Cayman Fund")	Cayman Islands	Issued capital of HK\$850,000,000	Paid-up capital of HK\$850,000,000	49.00%	49.00%	—	Investment holding
City Turbo Limited ("City Turbo")	Hong Kong	Issued capital of HK\$1	Paid-up capital of HK\$1	49.00%	49.00% (2024: —)	— (2024: 49.00%)	Investment holding

These investments are joint ventures based on decision mechanism in the joint venture agreements and consideration of joint control, respectively.

Notes to The Consolidated Financial Statements

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15 INTERESTS IN JOINT VENTURES *(continued)*

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

Name	Xiamen Qiaorun		Shenzhen Qiaoheng		Cayman Fund (note)		City Turbo
	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000	2024 RMB'000	2025 RMB'000
Group's effective interest	75%	75%	75%	75%	49%	49%	49%
Current assets	19,854	35,911	–	–	800	82,868	372,303
Non-current assets	181,083	205,354	–	80,189	–	1,270,905	1,215,942
Current liabilities	–	–	(12)	–	(800)	(1,089,450)	(1,422,330)
Non-current liabilities	–	–	–	–	–	–	(282,000)
Equity attributable to shareholders	200,937	241,265	–	80,189	–	264,323	(116,085)
Group's share of net assets of the joint venture	150,702	180,949	(12)	60,142	–	129,518	(56,882)
Loan to a joint venture	–	–	–	–	–	–	184,272
Carrying amount in the consolidated financial statements	150,702	180,949	–	60,142	–	129,518	127,390
Included in the above assets and liabilities:							
Cash and cash equivalents	25,458	25,443	–	–	800	15,717	19,657
Non-current financial liabilities (excluding trade and other payables and provisions)	–	–	–	–	–	(6,717)	(282,000)
Dividend received from the joint venture	–	–	–	–	–	1,424	–
Return of investment	–	95,500	–	–	–	–	–
Revenue	–	–	–	–	–	67,824	65,515
Loss for the year	(40,329)	(25,065)	(119,886)	–	–	(89,902)	(13,591)
Other comprehensive income	–	–	–	–	–	(11,621)	18,199
Total comprehensive income	–	(25,065)	–	–	–	(101,523)	4,608
Group's share of loss	(30,247)	(18,799)	(60,142)	–	–	(44,052)	(6,660)
Group's share of other comprehensive income	–	–	–	–	–	(5,695)	8,917
Group's share of total comprehensive income	(30,247)	(18,799)	(60,142)	–	–	(49,747)	2,258
Included in the above loss:							
Depreciation and amortisation	–	–	–	–	–	54,330	632
Interest income	–	–	–	–	–	1,319	74
Interest expense	–	–	–	–	–	70,978	7,903
Income tax expense	–	–	–	–	–	–	28

Note: On 5 March 2025, Cayman Fund has been terminated and has distributed its entire assets and liabilities to investors by proportion to shareholding percentage. As a result, Cayman Fund has nil net asset value as at 31 December 2025. Upon completion of distribution, City Turbo become a directly held joint venture.

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16 OTHER FINANCIAL ASSETS

	2025 RMB'000	2024 RMB'000
Financial assets measured at FVTPL		
– Unlisted equity securities	255,012	351,651
Financial assets measured at FVTOCI		
– Listed equity securities	6,313	–
	261,325	351,651

17 INVENTORIES AND OTHER CONTRACT COSTS

	2025 RMB'000	2024 RMB'000
Comprehensive development business		
Properties held for future development and under development for sale	5,018,426	6,321,769
Completed properties held for sale	1,148,226	1,459,103
	6,166,652	7,780,872
Other contract costs	14,164	7,630
	6,180,816	7,788,502

(a) The analysis of lease terms of inventories under comprehensive development business is as follows:

	2025 RMB'000	2024 RMB'000
In Chinese Mainland		
– medium-term leases (between 10 and 50 years)	846,953	1,068,657
– long leases (over 50 years)	5,319,699	6,712,215
	6,166,652	7,780,872

Notes to The Consolidated Financial Statements

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17 INVENTORIES AND OTHER CONTRACT COSTS *(continued)*

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2025 RMB'000	2024 RMB'000
Carrying amount of inventories sold	283,341	766,640
Write down of inventories	1,821,315	—
	2,104,656	766,640

The amount of completed properties held for sale, properties held for future development and under development for sale expected to be recovered after more than one year is RMB80,809,000 (2024: RMB7,410,913,000). All of the other inventories are expected to be recovered within one year.

(c) Contract costs

Contract costs capitalised as at 31 December 2025 and 2024 relate to the incremental sales commissions paid to property agents whose selling activities resulted in customers entering into sale and purchase agreements for the Group's properties which are still under construction at the reporting date. Contract costs are recognised as part of "distribution costs" in the statement of profit or loss in the period in which revenue from the related property sales is recognised. The amount of capitalised costs recognised in profit or loss during the year was RMB4,159,000 (2024: RMB8,896,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the year (2024: Nil).

The Group applies the practical expedient in paragraph 94 of HKFRS 15 and recognises the incremental costs of obtaining contracts relating to the sale of completed properties and services as an expense when incurred if the amortisation period of the assets that the Group otherwise would have recognised is within 12 months since the date of entering into the contract.

The amount of capitalised contract costs expected to be recovered after more than one year is RMB108,000 (2024: RMB108,000).

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18 CONTRACT LIABILITIES

	2025 RMB'000	2024 RMB'000
Comprehensive development business	83,248	127,687

The Group receives deposits and sale proceeds from customers after they sign the sale and purchase agreement. These receipts in advance are recognised as contract liabilities until the properties are completed and control is transferred to the customers.

The balance of contract liabilities as at 1 January 2024 was RMB1,217,635,000. The amount of forward sales deposits received expected to be recognised as revenue after more than one year is RMB917,000 (2024: RMB2,689,000).

	2025 RMB'000	2024 RMB'000
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	124,998	841,263

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19 TRADE AND OTHER RECEIVABLES

	2025 RMB'000	2024 RMB'000
Trade receivable		
— Amounts due from third parties	46,552	44,789
Less: loss allowance (note 28(a))	(58)	(223)
	<u>46,494</u>	<u>44,566</u>
Other receivables (note (i)):		
— Amounts due from associates	107	108
— Amount due from an intermediate parent	1,094	1,094
— Amounts due from fellow subsidiaries	867	2,825
— Amounts due from third parties	36,871	26,954
	<u>38,939</u>	<u>30,981</u>
Less: loss allowance	(3,381)	(18)
	<u>35,558</u>	<u>30,963</u>
Financial assets measured at amortised cost	82,052	75,529
Prepaid taxes	40,031	48,455
Deposits and other prepayments	16,509	4,085
	<u>138,592</u>	<u>128,069</u>

Notes:

- (i) The amounts due from associates, an intermediate parent, fellow subsidiaries and third parties are unsecured, non-interest bearing and repayable on demand.
- (ii) As at 31 December 2025, all of the trade and other receivables, and deposits are expected to be recovered within one year.

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19 TRADE AND OTHER RECEIVABLES *(continued)*

Ageing analysis

As at the end of the reporting period, the ageing analysis of trade debtor's receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	46,494	44,566

Further details on the Group's credit policy are set out in note 27(a).

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(a) Cash at bank and on hand represents:

	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	130,051	58,364
Property pre-sale proceeds <i>(note i)</i>	—	34,459
Cash at bank and on hand on the consolidated statement of financial position	130,051	92,823
Less: Restricted cash <i>(note ii)</i>	(17,761)	(21,186)
Cash and cash equivalents on the consolidated cash flow statement	112,290	71,637

Notes:

- (i) In accordance with the relevant laws and regulations governing the pre-sale of residential properties in Chinese Mainland, prepayments by customers are held by the local authorities and the relevant banks. The amounts can be released to the Group for meeting certain prescribed costs associated with the property development or if certain conditions are fulfilled.
- (ii) It represents frozen deposits due to litigations.
- (iii) As at 31 December 2025, cash and cash equivalents situated in Chinese Mainland amounted to RMB120,221,000 (2024: RMB87,407,000). Remittance of funds out of Chinese Mainland is subject to relevant rules and regulations of foreign exchange control.

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20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(continued)

(b) Reconciliation of (loss)/profit before taxation to cash used in operations:

	Note	2025 RMB'000	2024 RMB'000
(Loss)/profit before taxation		(2,668,693)	27,941
Adjustments for:			
Depreciation and amortisation	5(c)	32,385	44,566
Interest income	4(a)	(475)	(15,723)
Finance costs	5(a)	334,825	511,593
Net losses/(gains) on disposal of property, plant and equipment, intangible assets, investment property, and assets of disposal group classified as held for sale	4(b)	409	(266,982)
Net fair value gain on unlisted equity securities	4(b)	51,865	(22,290)
Gain on transfer of an associate to financial asset		(24,423)	—
Gain on disposal of a subsidiary	4(b)	—	(371,946)
Share of profits less losses of associates		64,238	20,794
Share of profits less losses of joint ventures		97,049	62,851
Impairment of interest in an associate	14	141,843	—
Impairment of property, plant and equipment	11(a)	120,548	—
Impairment of interests in leasehold land held for own use	11(a)	30,747	—
Write down of inventories	17(b)	1,821,315	—
(Reversal of impairment losses)/impairment losses on trade and other receivables		3,198	(154)
Changes in working capital:			
(Income)/decrease in inventories and other contract costs		(199,465)	992,053
Increase in trade and other receivables		(274,664)	(126,145)
Increase/(decrease) in trade and other payables		1,187,431	(286,997)
Decrease in contract liabilities		(44,439)	(1,049,066)
Cash generated from/(used in) operations		673,694	(479,505)

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(continued)

(c) Reconciliation of liabilities arising from financing activities

	Bank and other loans RMB'000	Loans from related parties and non- controlling interests RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2024	3,647,583	8,152,988	6,249	11,806,820
Changes from financing cash flows:				
Proceeds from new loans	161,474	974,399	—	1,141,873
Repayment of loans	(1,028,772)	(2,887,427)	—	(3,916,199)
Capital element of lease rentals paid	—	—	(5,984)	(5,984)
Total changes from financing cash flows	(861,298)	(1,913,028)	(5,984)	(2,780,310)
Exchange adjustments	41,226	118,088	21	159,335
Other changes:				
Disposal of subsidiary	(971,895)	—	—	(971,895)
Repayment of liabilities of disposal group classified as held for sale	(5,000)	—	—	(5,000)
Increase in lease liabilities from entering into new leases during the year	—	—	3,609	3,609
Interest paid under operating cash flows	—	—	103	103
Decrease in lease liabilities due to lease termination during the year	—	—	(965)	(965)
Total changes from other changes	(976,895)	—	2,747	(974,148)
At 31 December 2024 and 1 January 2025	1,850,616	6,358,048	3,033	8,211,697
Changes from financing cash flows:				
Proceeds from new loans	—	1,241,497	—	1,241,497
Repayment of loans	(1,453,296)	(395,450)	—	(1,848,746)
Capital element of lease rentals paid	—	—	(2,253)	(2,253)
Total changes from financing cash flows	(1,453,296)	846,047	(2,253)	(609,502)
Exchange adjustments	—	3,428	8	3,436
Other changes:				
Reclassified from other payables	—	—	718	718
Interest paid under operating cash flows	—	—	90	90
Total changes from other changes	—	—	808	808
At 31 December 2025	397,320	7,207,523	1,596	7,606,439

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(continued)

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2025 RMB'000	2024 RMB'000
Within operating cash flows	174	2,363
Within financing cash flows	2,253	5,984
	2,427	8,347

These amounts relate to the following:

	2025 RMB'000	2024 RMB'000
Lease rentals paid	2,427	8,347
	2,427	8,347

(e) Disposal of a subsidiary in previous year

As at 31 October 2024, the Group entered into equity transfer agreement with Shanghai Highpower OCT Investment Co., Ltd., a fellow subsidiary, pursuant to which the Group had conditionally agreed to dispose its whole 50.5% of the equity interest in OCT (Shanghai) Land at the consideration of RMB2,055,399,300. Upon the completion, OCT (Shanghai) Land ceased to be the subsidiary of the Group. As a result of the disposal, the Group had recognised gain of RMB371,946,000 in the other net (losses)/gains for the year ended in note 4(b).

The effect of disposal of OCT (Shanghai) Land on the Group's cash flow for the year ended 31 December 2024 is set out below:

	2024 RMB'000
The consideration of disposal equity of OCT (Shanghai) Land	2,055,399
Total consideration received, satisfied in cash	2,055,399
Cash and cash equivalents disposed of	(999,845)
Net cash inflow arising from disposals	1,055,554

Up to the reporting date, for the year ended 31 December 2024, the Group had received the amount of RMB2,055,399,300.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

20 CASH AT BANK AND ON HAND AND OTHER CASH FLOW INFORMATION

(continued)

(e) Disposal of a subsidiary in previous year (continued)

The total effect of disposal of OCT (Shanghai) Land on the Group's assets and liabilities is set out below:

	2024 RMB'000
Non-current assets	155,054
Current assets	6,899,999
Current liabilities	(2,652,959)
Non-current liabilities	(925,639)
Non-controlling interest	(1,793,002)
	1,683,453
Gain of disposal of a subsidiary	371,946
The consideration of disposal equity of OCT (Shanghai) Land	2,055,399

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

21 TRADE AND OTHER PAYABLES

	2025 RMB'000	2024 RMB'000
Trade creditors:		
– Amounts due to fellow subsidiaries	1,804	14,627
– Amounts due to third parties	923,551	513,879
	<u>925,355</u>	<u>528,506</u>
Other payables and accruals:		
– Amounts due to associates	221,330	182,195
– Amounts due to fellow subsidiaries	198,905	31,890
– Amounts due to intermediate parents	199,298	746
– Amounts due to third parties	331,023	338,364
	<u>950,556</u>	<u>553,195</u>
Interest payables:		
– Amount due to an associate	83,447	70,194
– Amount due to intermediate parents	708,475	515,901
– Amounts due to non-controlling interests	337,677	287,131
– Amounts due to third parties	1,378	18,955
	<u>1,130,977</u>	<u>892,181</u>
Financial liabilities measured at amortised cost	<u>3,006,888</u>	<u>1,973,882</u>
Deposits (note)	<u>11,119</u>	<u>13,843</u>
	<u>3,018,007</u>	<u>1,987,725</u>

Note: As at 31 December 2025, except for the deposit of RMB6,588,500 (2024: RMB6,009,000) which is expected to be settled after one year, the remaining deposit, other payables and accrued expenses are expected to be settled within one year.

Ageing analysis

As at 31 December 2025, the ageing analysis of trade creditors payable, based on the invoice date, are as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year	836,819	49,768
1 to 2 years	2,986	475,227
2 to 3 years	34,321	3,304
Over 3 years	51,229	207
	<u>925,355</u>	<u>528,506</u>

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

22 LOANS

(a) At 31 December, the loans are repayable as follows:

	2025 RMB'000	2024 RMB'000
(i) Bank and other loans		
Within 1 year or on demand	397,320	1,754,316
After 1 year but within 2 years	—	96,300
	<u>397,320</u>	<u>1,850,616</u>
(ii) Related party loans		
Within 1 year or on demand	—	—
After 1 year but within 2 years	421,400	421,400
After 2 year but within 5 years	5,283,422	4,437,510
	<u>5,704,822</u>	<u>4,858,910</u>
(iii) Loans from non-controlling interests		
Within 1 year or on demand	454,101	—
After 1 year but within 2 years	1,048,600	1,499,138
	<u>1,502,701</u>	<u>1,499,138</u>
	<u>7,604,843</u>	<u>8,208,664</u>

The applicable rates of interest at 31 December were as follows:

	2025	2024
Bank loans	2.75% to 1 month HIBOR +1.30%	2.85% to 1 month HIBOR +1.30%
Related party loans	3.10% to 4.49%	3.50% to 5.84%
Loans from non-controlling interests	4.75% to 8%	4.75% to 9.00%

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

22 LOANS (continued)

(b) Details of the loans are analysed as follows:

	2025 RMB'000	2024 RMB'000
Current		
Secured		
— Bank and other loans	177,320	145,750
Guaranteed		
— Bank and other loans	—	365,000
Unsecured		
— Bank and other loans	220,000	1,243,566
— Related party loans	—	421,400
— Loan from non-controlling interests	454,101	1,499,138
	<u>674,101</u>	<u>3,164,104</u>
	851,421	3,674,854
Non-current		
Secured		
— Bank and other loans	—	96,300
Unsecured		
— Related party loans	5,704,822	4,437,510
— Loan from non-controlling interests	1,048,600	—
	<u>6,753,422</u>	<u>4,437,510</u>
	6,753,422	4,533,810
	<u>7,604,843</u>	<u>8,208,664</u>

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

22 LOANS (continued)

(b) Details of the loans are analysed as follows: (continued)

At 31 December, guaranteed bank loans are guaranteed by related parties as follows:

	2025 RMB'000	2024 RMB'000
Shenzhen Overseas Chinese Town Co., Ltd. ("OCT Ltd.")	—	365,000
	—	365,000

(c) The secured loans are secured by the following assets:

	2025 RMB'000	2024 RMB'000
Interests in leasehold land held for own use	72,588	83,457
Ownership interests in leasehold land included in "Inventories and other contract costs"	914,765	997,765
	987,353	1,081,222

(d) Details of loans from related parties and non-controlling interests are as follows:

	2025 RMB'000	2024 RMB'000
Current		
— Loan from an associate	—	421,400
— Loans from non-controlling interests	454,101	1,499,138
	454,101	1,920,538
Non-current		
— Loans from an intermediate parent	5,283,422	4,437,510
— Loans from an associate	421,400	—
— Loans from non-controlling interests	1,048,600	—
	6,753,422	—
	7,207,523	6,358,048

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

23 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of reporting periods:

	2025		2024	
	Present value of the future lease payments RMB'000	Total future lease payments RMB'000	Present value of the future lease payments RMB'000	Total future lease payments RMB'000
Within 1 year	1,076	1,109	1,245	1,264
After 1 year but within 2 years	520	524	1,202	1,264
After 2 years but within 5 years	—	—	586	632
	520	524	1,788	1,896
	1,596	1,633	3,033	3,160
Less: total future interest expenses		(37)		(127)
Present value of lease liabilities		1,596		3,033

24 EMPLOYEE RETIREMENT BENEFITS

Pursuant to the relevant labour rules and regulations in the PRC, the Group participate in defined contribution retirement benefit schemes (the "Schemes") organised by the relevant local government authorities in Shenzhen, Huizhou, Shanghai, Hefei and Changshu where the Group is required to make contributions to the Schemes at a rate ranging from 15% to 16 % (2024: 15% to 16%) of the eligible employees' salaries.

The Group also operates a Mandatory Provident Fund Scheme ("the MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF Scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly amount of HK\$1,500. Contributions to the plan vest immediately, there is no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

The Group has no other material obligation for the payment of pension benefits associated with those schemes beyond the annual contributions described above.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

	2025 RMB'000	2024 RMB'000
PRC CIT	9,633	9,720
PRC LAT	7,303	3,008
	16,936	12,728

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

	Credit loss allowance RMB'000	Accrued expenses RMB'000	Tax loss RMB'000	Interest capitalised RMB'000	Undistributed profits RMB'000	Fair value adjustment from business combinations RMB'000	Fair value change of other financial assets RMB'000	Depreciation of assets of disposal group classified as held for sale RMB'000	Total RMB'000
Deferred tax arising from:									
At 1 January 2024	101	45,854	152,892	(4,407)	(23,870)	(93,728)	(31,061)	(13,892)	31,889
Disposal of subsidiaries (Charged)/(credit) to profit or loss	(45)	(45,854)	(111,592)	4,407	820	86,924	-	13,892	(51,448)
	-	-	(41,300)	-	-	6,103	(5,572)	-	40,769
At 31 December 2024 and 1 January 2025	56	-	-	-	(23,050)	(701)	(36,633)	-	(60,328)
(Charged)/credited to profit or loss	26	-	-	-	9,546	-	12,966	-	22,538
At 31 December 2025	82	-	-	-	(13,504)	(701)	(23,667)	-	(37,790)

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

(b) Deferred tax assets and liabilities recognised: (continued)

(ii) Reconciliation to the consolidated statement of financial position

	2025 RMB'000	2024 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	82	56
Net deferred tax liabilities recognised in the consolidated statement of financial position	(37,872)	(60,384)
	(37,790)	(60,328)

(c) Deferred tax liabilities not recognised

As set out in note 6(a), withholding tax is levied on Hong Kong companies in respect of dividend distributions arising from profit of PRC subsidiaries. Since the Group could control the quantum and timing of distribution of profits of the Group's subsidiaries in the Chinese Mainland, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

At 31 December 2025, temporary differences relating to the undistributed profits of subsidiaries amounted to RMB223,343,000 (2024: RMB1,114,941,000). Deferred tax liabilities of RMB37,872,000 (2024: RMB57,088,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

(d) Deferred tax assets not recognised

In accordance with the accounting policy set out in note 1(r) to the consolidated financial statements, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB1,896,798,000 (2024: RMB261,983,000) and other temporary differences of RMB226,499,000 (2024: RMB226,499,000) as it is not probable that future taxable profits against which the losses or the temporary differences can be utilised will be available in the relevant tax jurisdiction and entity. These tax losses could be carried forward for a maximum of five years.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(continued)

(e) The expiry year of unused tax losses for which no deferred tax asset is recognised

	2025 RMB'000	2024 RMB'000
2025	—	52,682
2026	40,672	40,003
2027	35,265	35,265
2028	65,013	65,013
2029	33,793	69,020
2030	1,722,055	—
	1,896,798	261,983

26 CAPITAL, RESERVES AND DIVIDENDS

a. Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Note	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Capital reserve RMB'000	Revaluation reserve RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2024	67,337	36,884	248,970	32,449	—	(502,986)	(53,735)	1,549,171	1,378,090
Change in equity for 2024:									
Total comprehensive income for the year	—	—	—	—	—	18,917	—	(475,479)	(456,562)
Balance at 31 December 2024 and 1 January 2025	32 67,337	36,884	248,970	32,449	—	(484,069)	(53,735)	1,073,692	921,528
Change in equity for 2025:									
Total comprehensive income for the year	—	—	—	—	(18,189)	188,005	—	(2,791,801)	(2,621,985)
Balance at 31 December 2025	32 67,337	36,884	248,970	32,449	(18,189)	(296,064)	(53,735)	(1,718,109)	(1,700,457)

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

26 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

b. Dividends

No dividend was approved and paid to equity shareholders of the Company during the year attributable to the previous financial year (2024: nil).

c. Share capital

Authorised and issued share capital

Authorised:

	2025		2024	
	Ordinary shares of HK\$0.1 each No. of shares '000	Share capital HK\$'000	Ordinary shares of HK\$0.1 each No. of shares '000	Share capital HK\$'000
At 1 January and 31 December	2,000,000	200,000	2,000,000	200,000

Issued and fully paid:

	2025		2024	
	Ordinary shares of HK\$0.1 each No. of shares '000	Share capital RMB'000	Ordinary shares of HK\$0.1 each No. of shares '000	Share capital RMB'000
At 1 January and 31 December	748,366	67,337	748,366	67,337

d. Nature and purpose of reserves

i. *Share premium and contributed surplus*

Under the Companies Law (Revised) of the Cayman Islands, the funds in the share premium account and the contributed surplus account of the Company are distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

The excess of the issued price net of any issuance expenses over the par value of the shares issued has been credited to the share premium account of the Company.

The contributed surplus was resulted during the reorganisation of the Group which was completed on 29 July 2005 to rationalise the Group's structure in preparation for the public listing of its shares on the Main Board of The Stock Exchange of Hong Kong Limited.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

26 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

d. Nature and purpose of reserves *(continued)*

ii. *Capital reserve*

Capital reserve was the difference between the total amount of registered capital and the amount of contributions from the owners of a subsidiary.

iii. *PRC statutory reserve*

Transfers from retained earnings to PRC statutory reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries incorporated in the PRC and were approved by the respective boards of directors.

The subsidiaries in the PRC are required to transfer 10% of their net profits, as determined in accordance with the PRC accounting rules and regulations, to PRC statutory reserve until the reserve balance reaches 50% of the registered capital. The transfer to this reserve must be made before distribution of dividends to the owners.

PRC statutory reserve can be used to make good previous years' losses, if any, and may be converted-into paid up capital provided that the balance of PRC statutory reserve after such conversion is not less than 25% of the registered capital.

iv. *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations and translation of financial statements of the Company to the presentation currency. The reserve is dealt with in accordance with the accounting policies set out in note 1(u) to the consolidated financial statements.

v. *Other reserves*

Other reserves mainly include enterprise expansion fund and securities issue fee.

The subsidiaries in the PRC are required to transfer a certain percentage of their net profits, as determined in accordance with the PRC accounting rules and regulations, to the enterprise expansion fund. The percentage of this appropriation is decided by the directors of the subsidiaries.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

26 CAPITAL, RESERVES AND DIVIDENDS *(continued)*

e. Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of the gearing ratio, which is defined as total borrowings including loans divided by total assets.

During 2025, the Group's strategy, which was unchanged from 2024, was to maintain the gearing ratio at a level of industry average. In order to maintain or adjust the ratio, the Group may issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

The Group's gearing ratio at 31 December was as follows:

	2025 RMB'000	2024 RMB'000
Total borrowings	7,604,843	8,208,664
Total assets	9,473,173	11,597,151
Gearing ratio	80.3%	70.8%

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to bank deposits and trade and other receivables.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

The Group has no concentration of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for the financial guarantees given by the Group as set out in note 30, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 30.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

In respect of trade receivables, the Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers. Trade receivables are normally due within 60–120 days from the date of billing. Debtors with balances that are more than 1 month past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers. In order to minimise the credit risk related to the sales of properties, the Group will not deliver the properties to customers until all proceeds are received.

In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Trade and other receivables (continued)

For other receivables, regular review and follow-up actions are carried out on long-aged other receivables, which enable management to assess their recoverability and to minimise exposure to credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. The specific impairment losses have been made for the certain other receivables to reflect the relevant ECL.

For lease receivables, the Group enters into transactions only with recognised and creditworthy third parties. In accordance with the policy of the Group, the Group examines and verifies the credit risk of all customers that the Group has credit transactions with. Besides, the Group monitors and controls the lease receivables regularly to mitigate the risk of significant exposure from bad debts.

The Group measures loss allowances for trade receivables and lease receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.00%	46,494	—
Over 3 years past due	100%	58	58
		46,552	58

	2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.00%	44,566	—
Over 3 years past due	100%	223	223
		44,789	223

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(a) Credit risk *(continued)*

Trade and other receivables (continued)

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade and lease receivables during the year is as follows:

	2025 RMB'000	2024 RMB'000
Balance at 1 January	223	388
Impairment loss reversed	(165)	(165)
Balance at 31 December	58	223

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The directors have taken into account the forecasts of operating performance, as well as the ability of the Group to renew bank loans, loans from related parties and non-controlling interests and the undrawn banks facilities in assessing the sufficiency of liquidity requirements in the foreseeable future.

Banking facilities and debentures of the Group amounting to RMB220,000,000 (2024: RMB96,300,000) are subject to the fulfilment of covenants relating to the Company's financial metrics which are tested periodically, as are commonly found in lending arrangements with financial institutions. The metrics include assets to liability ratio and current liability to current asset ratio. If the Company were to breach the covenants, the related loans and debentures would become payable on demand. The Company did not identify any non-compliance with the covenants.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(b) Liquidity risk *(continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2025						2024					
	Contractual undiscounted cash outflow					Carrying amount at 31 December	Contractual undiscounted cash outflow					Carrying amount at 31 December
Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Within 1 year or on demand		More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	3,018,007	-	-	-	3,018,007	3,018,007	1,987,725	-	-	-	1,987,725	1,987,725
Bank and other loans	404,262	-	-	-	404,262	397,320	1,781,873	98,275	-	-	1,880,148	1,850,616
Loans from related parties and non-controlling interests	476,806	1,748,911	5,641,536	-	7,867,253	7,207,523	2,117,789	4,572,125	-	-	6,689,914	6,358,048
Lease liabilities	1,109	524	-	-	1,633	1,596	1,264	1,264	632	-	3,160	3,033
	3,900,184	1,749,435	5,641,536	-	11,291,159	10,624,446	5,888,651	4,671,664	632	-	10,560,947	10,199,422

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from cash and cash equivalent and bank and other loans at variable rates. Due to the anticipation about the interest rates of cash and cash equivalent and pledged deposits not changing significantly, bank and other loans at variable rates mainly expose the Group to cash flow interest rate risk. As at 31 December 2024, the Group's outstanding bank and other loans of RMB397,320,000 (2024: RMB1,850,616,000) are issued at variable rates.

Sensitivity analysis

At 31 December 2025, it is estimated that a general decreased/increased of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss after tax and accumulated losses by approximately RMB993,000 (2024: RMB4,445,000).

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of reporting period, the impact on the Group's loss after tax (and accumulated losses) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2024.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The functional currency used in the Company was HKD and HKD is pegged to USD, the Group would not be exposed to currency risk in USD and HKD.

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

	Exposure to foreign currencies (expressed in RMB)	
	2025 RMB'000	2024 RMB'000
Cash at bank and on hand	6,970	510
Inter-company receivables and payables within the Group	12	632,945
Net exposure arising from recognised assets and liabilities	6,982	633,455

(ii) Sensitivity analysis

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. For inter-company balances eliminated on consolidation, the related foreign exchange gains or losses will not be eliminated, unless the receivables or payables form part of the Group's net investment in the subsidiaries. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(d) Currency risk *(continued)*

(ii) Sensitivity analysis *(continued)*

Based on the assumption that Hong Kong dollars continue to be pegged to United States dollars, management estimated that a 5% depreciation of USD/HKD against RMB, the Group's loss would be decreased by RMB349,000 (2024: RMB31,673,000).

Results of the analysis as presented above represent an aggregation of the instantaneous effects on each of the Group's entities' loss after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rates ruling at the end of the reporting periods for presentation purposes.

(e) Fair value measurement of financial instruments

(i) Financial assets and liabilities measured at fair value

a. Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(continued)*

(e) Fair value measurement of financial instruments *(continued)*

(i) Financial assets and liabilities measured at fair value *(continued)*

b. Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs	Rate
Unlisted equity securities	Market comparable companies	Discount for lack of marketability	27% (2024: 27%)

The fair value of unlisted equity instruments is determined using the price/earning ratios of comparable listed companies adjusted for lack of marketability discount. The fair value measurement is negatively correlated to the discount for lack of marketability. As at 31 December 2025, it is estimated that with all other variables held constant, a decrease/increase in discount for lack of marketability by 1% would have decreased/increased the Group's loss by RMB911,000 (2024: RMB1,256,000).

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2025 RMB'000	2024 RMB'000
Unlisted equity securities:		
At 1 January	351,651	368,958
Disposal	(87,386)	(39,597)
Changes in fair value recognised in profit or loss during the year	(51,865)	22,290
At 31 December	212,400	351,651
Total gain for the year included in profit or loss for assets held at the end of the reporting year	(51,865)	22,290

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2025 and 2024.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

28 COMMITMENTS

Capital commitments outstanding at 31 December not provided for in the financial statements are as follows:

	2025 RMB'000	2024 RMB'000
Contracted for:		
Inventories	—	932,140
Investment in an associate and joint ventures	783,485	783,475
	783,485	1,715,615

29 GUARANTEES

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. Pursuant to the mortgage agreements signed between the Group and the banks, the guarantee will be released upon the issuance of the individual property ownership certificate. Should the mortgagors fail to pay the mortgage monthly installment before the issuance of the individual property ownership certificate; the banks can draw down the security deposits up to the amount of outstanding mortgage installments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

The management does not consider it probable that the Group will sustain a loss under these guarantees as the bank has the rights to sell the property and recovers the outstanding loan balance from the sale proceeds if the property buyers default payment. The management also considers that the market value of the underlying properties is able to cover the outstanding mortgage loans guaranteed by the Group. No liabilities therefore is recognised in respect of these guarantees.

As at 31 December 2025, guarantees given to financial institutions for mortgages facilities granted to buyers of the Group's properties amounts to RMB200,976,000 (2024: RMB486,406,000).

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

30 MATERIAL RELATED PARTY TRANSACTIONS

(a) The Group has a related party relationship with the following parties:

Name of party	Relationship with the Group
OCT Group	Ultimate parent
OCT Ltd.	Intermediate parent
OCT (HK)	Intermediate parent
Konka Group Company Limited, its subsidiaries and associates	Fellow subsidiary
Shenzhen Overseas Chinese Town Water and Electricity Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Property Services Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town International Media and Performance Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Innovation Research Institute Co., Ltd.	Fellow subsidiary
Overseas Chinese Town Intelligent Technology (Shenzhen) Co., Ltd.	Fellow subsidiary
Overseas Chinese Town Culture Tourism and Technology Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Entertainment Investment Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Properties Co., Ltd.	Fellow subsidiary
Nanjing Overseas Chinese Town Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town International Travel Service Co., Ltd.	Fellow subsidiary
Overseas Chinese Town (Shanghai) Land Company Limited	Fellow subsidiary
Shenzhen Qiaochenghui Network Technology Co., Ltd.	Fellow subsidiary
Shenzhen Overseas Chinese Town Capital Investment Management Co., Ltd.	Fellow subsidiary
Shanghai Highpower OCT Investment Co., Ltd.	Fellow subsidiary
Chongqing OCT Land Co., Ltd.	Associate
Zhongshan Yuhong	Associate
Honour Ray Limited	Associate

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

30 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(b) Transactions with related parties

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, major related party transactions entered by the Group during the year are as follows:

	2025 RMB'000	2024 RMB'000
Purchase of goods and services	7,539	8,374
Rental expense	—	30
Interest expense <i>(note)</i>	276,717	403,330
Repayment of loans <i>(note)</i>	395,550	2,673,427
New borrowings <i>(note)</i>	916,188	750,861

Note: For the year ended 31 December 2025, OCT Group and its subsidiaries provided financial supports to the Group, and such financial supports constituted to connected transactions of the Group, but were exempted from complying with the requirements of reporting, announcement and approval from independent shareholders based on that the financial supports provided to the Group by OCT Group and its subsidiaries and which benefited the Group was made on the normal commercial terms (or more favorable than that provided to the listing issuer) to provide loans to the Group; and no asset of the Group was pledged as collateral for these financial supports.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

30 MATERIAL RELATED PARTY TRANSACTIONS *(continued)*

(c) Key management personnel remuneration

Remuneration for key management personnel, including amount paid to the Group's directors as disclosed in note 7 to the consolidated financial statements and certain of the highest paid employees as disclosed in note 8 to the consolidated financial statements, is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	622	2,831
Post-employment benefits	—	172
	622	3,003

Total remuneration is included in "staff costs" (see note 5(b)).

(d) Balance with related parties

Amounts due from/(to) related parties are set out in notes 19, 22 and 23 to the consolidated financial statements.

(e) Applicability of the Listing Rules relating to connected transactions

Apart from the connected transactions and continuing connected transactions disclosed in the section headed "Connected Transactions" in the Directors' Report, all the other related party transactions did not fall under the scope of "Connected Transactions" or "Continuing Connected Transactions" under Chapter 14A of the Listing Rules which are required to comply with any of the reporting, announcement or independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

31 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000
Non-current assets		
Property, plant and equipment	1,831	3,356
Investments in subsidiaries	268,269	425,353
Interest in an associate	379,412	384,646
Interest in a joint venture	127,390	355,378
Other financial assets at fair value through other comprehensive income	6,313	—
	<u>783,215</u>	<u>1,168,733</u>
Current assets		
Other receivables	4,299,004	6,807,609
Cash at bank and on hand	7,652	1,649
	<u>4,306,656</u>	<u>6,809,258</u>
Current liabilities		
Other payables	1,285,154	1,409,443
Lease liabilities	1,027	1,245
Bank loans	220,205	1,206,477
	<u>1,506,386</u>	<u>2,617,165</u>
Net current assets	<u>2,800,270</u>	<u>4,192,093</u>
Total assets less current liabilities	<u>3,583,485</u>	<u>5,360,826</u>
Non-current liabilities		
Loans from related parties	5,283,422	4,437,510
Lease liabilities	520	1,788
	<u>5,283,942</u>	<u>4,439,298</u>
NET (LIABILITIES)/ASSETS	<u>(1,700,457)</u>	<u>921,528</u>
CAPITAL AND RESERVES		
Share capital	67,337	67,337
Reserves	(1,767,794)	854,191
TOTAL (CAPITAL DEFICITS)/EQUITY	<u>(1,700,457)</u>	<u>921,528</u>

Note: Other receivable includes amounts due from subsidiaries of RMB4,170,034,000 (2024:RMB6,806,747,000). Other payables includes amounts due to subsidiaries RMB356,267,000 (2024:RMB669,392,000)

Notes to The Consolidated Financial Statements

(Expressed in Renminbi)

32 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2025, the directors consider the immediate parent and the ultimate controlling party of the Group to be Pacific Climax Limited (“Pacific Climax”) and OCT Group. Pacific Climax and OCT Group are incorporated in BVI and PRC respectively, which do not produce financial statements available for public use.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2025

Up to the date of issue of these financial statements, the HKICPA has issued a number of new or amendments to standards, which are not yet effective for the year ended 31 December 2025 and have not been adopted in these Financial Statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, <i>Financial Instruments</i> and HKFRS 7, <i>Financial Instruments: Disclosures – Contracts Referencing Nature-Dependent Electricity</i>	1 January 2026
Amendments to HKFRS 9, <i>Financial instruments</i> and HKFRS 7, <i>Financial Instruments: Disclosures – Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Amendments to HKAS 21, <i>The Effects of Changes in Foreign Exchange Rates – Translations to a Hyperinflationary Presentation Currency</i>	1 January 2027
Annual Improvements to HKFRS Accounting Standards – Volume 11	1 January 2026
HKFRS 18, <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
HKFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

34 COMPARATIVE FIGURES

Certain comparative figures have been re-presented in order to conform to the current year’s presentation.

Five-Year Financial Summary

For the year ended 31 December

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Revenue	402,797	966,530	1,262,753	3,072,451	1,474,128
Cost of sales	(2,126,055)	(831,513)	(1,123,587)	(2,750,134)	(1,169,981)
Gross profit	(1,723,258)	135,017	139,166	322,317	304,147
Other income	643	16,193	27,573	40,354	55,024
Other net (losses)/gains	(62,638)	625,921	(10,482)	(36,228)	117,214
Distribution costs	(45,903)	(40,346)	(80,710)	(80,171)	(89,033)
Administrative expenses	(45,089)	(113,760)	(200,518)	(285,126)	(273,053)
(Loss)/profit from operations	(1,876,245)	623,025	(124,971)	(38,854)	114,299
Finance costs	(334,825)	(511,593)	(355,051)	(140,357)	(149,216)
Impairment of interests in leasehold land held for own use	(30,747)	—	—	—	—
Impairment of property, plant and equipment	(120,548)	—	—	—	—
(Impairment losses)/reversal of impairment losses on trade and other receivables	(3,198)	154	(71)	3,508	1,051
Share of profits less losses of associates	(64,238)	(20,794)	(73,995)	(1,169,732)	(147,032)
Share of profits less losses of joint ventures	(97,049)	(62,851)	(39,592)	(404,051)	88,742
Impairment losses on associates	(141,843)	—	—	(139,254)	(750,000)
(Loss)/profit before taxation	(2,668,693)	27,941	(593,680)	(1,888,740)	(842,156)
Income tax	(32,243)	(241,336)	(8,778)	(107,322)	(56,952)
Loss for the year from continuing operations	(2,700,936)	(213,395)	(602,458)	(1,996,062)	(899,108)
Discontinued operation	—	—	—	—	—
Loss for the year	(2,700,936)	(213,395)	(602,458)	(1,996,062)	(899,108)
Attributable to:					
Equity holders of the Company	(1,651,392)	(173,139)	(464,528)	(1,912,536)	(883,252)
Non-controlling interests	(1,049,544)	(40,256)	(137,930)	(83,526)	(15,856)
Loss for the year	(2,700,936)	(213,395)	(602,458)	(1,996,062)	(899,108)
Loss per share (RMB)					
Basic	(2.21)	(0.23)	(0.79)	(2.88)	(1.49)
Diluted	(2.21)	(0.23)	(0.79)	(2.88)	(1.49)

Five-Year Financial Summary

For the year ended 31 December

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Non-current assets					
Fixed assets	973,227	1,116,012	1,152,692	2,691,479	4,582,386
Intangible assets	—	—	16,040	24,517	33,639
Interests in associates	1,475,042	1,698,838	1,894,443	2,124,711	3,607,167
Interests in joint ventures	278,092	370,609	536,079	706,395	1,137,901
Other financial assets	261,325	351,651	368,958	353,098	309,638
Finance lease receivables	—	—	—	—	122,588
Deferred tax assets	82	56	194,440	148,325	95,755
	<u>2,987,768</u>	<u>3,537,166</u>	<u>4,162,652</u>	<u>6,048,525</u>	<u>9,889,074</u>
Current assets					
Inventories and other contract costs	6,180,816	7,788,502	12,422,277	12,512,456	10,299,940
Finance lease receivables	—	—	—	—	98,928
Trade and other receivables	174,538	178,660	297,719	355,324	2,723,159
Cash at bank and on hand	130,051	92,823	2,457,335	1,915,139	3,331,662
	<u>6,485,405</u>	<u>8,059,985</u>	<u>15,177,331</u>	<u>14,782,919</u>	<u>16,453,689</u>
Assets of disposal group classified as held for sale	—	—	3,591,622	1,944,595	—
	<u>6,485,405</u>	<u>8,059,985</u>	<u>18,768,953</u>	<u>16,727,514</u>	<u>16,453,689</u>

Five-Year Financial Summary

For the year ended 31 December

	2025 RMB'000	2024 RMB'000	2023 RMB'000	2022 RMB'000	2021 RMB'000
Current liabilities					
Trade and other payables	3,018,007	1,987,725	4,837,993	2,689,507	2,101,689
Contract liabilities	83,248	127,687	1,217,635	1,609,712	3,407,258
Lease liabilities	1,076	1,245	5,596	11,734	13,404
Bank and other loans	397,320	1,754,316	2,343,938	2,578,088	3,322,278
Loans from related parties and non-controlling interests	454,101	1,920,538	1,911,000	1,941,000	1,911,000
Current taxation	16,936	12,728	156,224	147,846	158,777
	3,970,688	5,804,239	10,472,386	8,977,887	10,914,406
Liabilities directly associated with assets of disposal group classified as held for sale	—	—	1,413,075	1,399,868	—
	3,970,688	5,804,239	11,885,461	10,377,755	10,914,406
Net current assets	2,514,717	2,255,746	6,883,492	6,349,759	5,539,283
Total assets less current liabilities	5,502,485	5,792,912	11,046,144	12,398,284	15,428,357
Non-current liabilities					
Bank and other loans	—	96,300	1,303,645	2,155,215	2,425,082
Related party loans	6,753,422	4,437,510	6,241,988	175,000	420,000
Lease liabilities	520	1,788	653	6,283	16,818
Deferred tax liabilities	37,872	60,384	162,551	181,103	167,015
	6,791,814	4,595,982	7,708,837	2,517,601	3,028,915
NET (LIABILITIES)/ASSETS	(1,289,329)	1,196,930	3,337,307	9,880,683	12,399,442
Total (deficit)/equity attributable to equity holders of the Company	(1,964,005)	(527,290)	(220,171)	6,185,275	8,620,508
Non-controlling interests	674,676	1,724,220	3,557,478	3,695,408	3,778,934
TOTAL (CAPITAL DEFICITS)/EQUITY	(1,289,329)	1,196,930	3,337,307	9,880,683	12,399,442