



Prosperous Blossoms, partial screen | Liang Ying | 2021 | color on paper | 290 cm x 140 cm x 7  
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# 2025 Annual Report

FANTASIA  
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花樣年控股集團有限公司  
FANTASIA HOLDINGS GROUP CO., LIMITED  
Stock Code: 01777.HK



有 趣 / 有 味 / 有 料

**FANTASIA is committing to be the leading industry participant which provides a joyful, colourful and meaningful living space and experience and aims to deliver unique and inspiring living space and experience to value-oriented customers.**

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## DIRECTORS

### Executive Directors

Ms. Cheng Jianli  
(resigned on 19 March 2026)  
Mr. Timothy David Gildner  
Mr. Lin Zhifeng

### Non-Executive Directors

Ms. Zeng Jie, Baby  
Mr. Su Boyu

### Independent Non-Executive Directors

Mr. Leung Yiu Cho  
(appointed on 11 July 2025)  
Mr. Guo Shaomu  
Mr. Kwok Chi Shing  
(resigned on 22 May 2025)  
Mr. Ma Yu-heng

### COMPANY SECRETARY

Ms. Luo Shuyu

### AUTHORIZED REPRESENTATIVES

Mr. Lin Zhifeng  
(appointed on 10 April 2026)  
Ms. Cheng Jianli  
(resigned on 19 March 2026)  
Ms. Luo Shuyu

### AUDIT COMMITTEE

Mr. Leung Yiu Cho  
(*Committee Chairman*)  
(appointed on 11 July 2025)  
Mr. Kwok Chi Shing  
(resigned on 22 May 2025)  
Mr. Guo Shaomu  
Mr. Ma Yu-heng

### REMUNERATION COMMITTEE

Mr. Guo Shaomu  
(*Committee Chairman*)  
Ms. Cheng Jianli  
(resigned on 19 March 2026)  
Mr. Kwok Chi Shing  
(resigned on 22 May 2025)  
Mr. Ma Yu-heng

### NOMINATION COMMITTEE

Ms. Cheng Jianli  
(resigned on 19 March 2026)  
Ms. Zeng Jie, Baby  
Mr. Guo Shaomu  
Mr. Kwok Chi Shing  
(resigned on 22 May 2025)  
Mr. Ma Yu-heng  
Mr. Leung Yiu Cho  
(appointed on 11 July 2025)

### AUDITORS

Prism Hong Kong Limited  
(formerly known as Prism Hong Kong and Shanghai Limited)  
Registered Public Interest Entity Auditors

### PRINCIPAL BANKERS

China Minsheng Bank Corp., Ltd.  
Industrial and Commercial Bank of China Limited  
Ping An Bank Co., Ltd.  
China Everbright Bank Co., Ltd.

### LEGAL ADVISORS

As to Hong Kong Law  
P. C. Woo & Co.

As to PRC Law  
Commerce & Finance Law Offices

As to Cayman Islands Law  
Conyers Dill & Pearman

### REGISTERED OFFICE

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

### CORPORATE HEAD OFFICE IN HONG KONG

21/F  
CMA Building  
64 Connaught Road Central  
Hong Kong

### CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA

Block A, Funian Plaza  
Shihua Road and Zijing Road  
Interchange in Futian Duty-free Zone  
Shenzhen 518048  
Guangdong Province  
China

### CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

### LISTING INFORMATION

The Company's Share Listing  
Ordinary shares  
The Stock Exchange of  
Hong Kong Limited  
Stock Code: 1777

### WEBSITE

<http://www.cnfantasia.com>

	2021	2022	2023	2024	2025
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Revenue	15,750,413	9,754,013	15,844,093	4,573,551	4,925,207
Gross profit	2,337,152	1,726,996	2,472,269	748,711	603,379
Loss attributable to owners of the Company	(10,465,578)	(6,071,227)	(6,488,010)	(8,311,567)	(9,186,088)
Basic loss per share (RMB cents)	(181.30)	(105.17)	(112.39)	(143.98)	(159.13)
Total assets	105,109,472	95,030,738	77,720,094	73,205,941	66,728,672
Total liabilities	94,456,011	90,455,210	79,744,706	84,239,048	87,317,769



中国品牌房企官方微信影响力 TOP100			
排名	公众号名称	微信号	影响力指数
1	北京城建集团	BUCGNEWS	99.17
2	绿城官方	greentownchina	99.12
3	碧桂园	bgydream	98.64
4	保利发展控股	poly_realestate	98.06
5	绿地集团	Greenlandgroup	98.04
6	新城控股	FutureHoldings	97.83
7	华润置地	CR LAND	97.82
8	北京建工	bcegwX	97.11
9	融创官微	SunacChina	96.45
10	花样年集团	cnfantasia	96.32

1

No.	Award-winning Unit	Award	Issuing Authority
1	Official WeChat account of Fantasia Group	TOP 10 Official WeChat Account Influence of Chinese Branded Real Estate Companies in October 2024	Leju Finance Institute



Dear Shareholders and Investors,

2025 was a pivotal year for the Group to “travel light”. Amid the continued deep adjustment across the industry, we adhered to our annual development strategy that balanced “survival and growth”. We focused on strengthening fundamentals and asset-light operating capabilities, and active expansion of innovative businesses, while working tirelessly to resolve existing debt issues and promote sales and delivery, in a hope to honor our commitments to homeowners, creditors and shareholders.

## I. DEBT RESTRUCTURING

In 2025, the Group continued its active role in mitigating debt risks, with all related work progressing steadily.

In respect of offshore debt, as of 5:00 p.m. (Hong Kong time) on 3 October 2025, creditors holding approximately 84.54% of the Company’s existing notes and approximately 77.33% of the total outstanding principal amount of existing debt instruments had formally signed or validly acceded to the restructuring support agreement. As of 8 October 2025, the Company had submitted an originating summons to the High Court of the Hong Kong Special Administrative Region pursuant to the terms of the restructuring support agreement.

On 16 January 2026, the Court of First Instance of the High Court of Hong Kong made an order directing that a meeting of the scheme creditors be convened on 20 February 2026 for the purpose of considering and, if thought fit, approving the debt restructuring scheme proposed by Fantasia and the scheme creditors under the Hong Kong Companies Ordinance. On 23 January 2026, the Cayman Court issued an order directing that a meeting of the scheme creditors be convened to consider and, if thought fit, approve the Cayman scheme. The Hong Kong scheme meeting and the Cayman scheme meeting were held at 7:00 p.m. (Hong Kong time)/6:00 a.m. (Cayman time) on 20 February 2026.

At the scheme meeting, a total of 1,412 scheme creditors owning or holding an interest in scheme creditors’ voting claims in the aggregate amount of US\$6,097,235,975 participated in the scheme meeting. Of those scheme creditors, 1,397 scheme creditors owning or holding an interest in scheme creditors’ voting claims in the aggregate amount of US\$6,077,157,678 voted in favour of each scheme (being a majority in number of the scheme creditors attending and voting at the scheme meeting either in person, by proxy or by its authorised representative (as applicable) and representing approximately 99.67% of the total value of the scheme creditors’ voting claims voting at the scheme meeting). As such, each scheme has been approved by the requisite statutory majority of the scheme creditors.

By an order made by the Hong Kong Court on 12 March 2026 (the “Hong Kong Sanction Order”), the Hong Kong scheme has been sanctioned by the Hong Kong Court, and a sealed copy of the Hong Kong Sanction Order was filed with the Hong Kong Registrar of Companies for registration on 13 March 2026.

By an order made by the Cayman Court on 12 March 2026 (the “Cayman Sanction Order”), the Cayman scheme has been sanctioned by the Cayman Court, and a sealed copy of the Cayman Sanction Order was filed with the Cayman Registrar of Companies for registration on 13 March 2026.

Accordingly, the scheme effective date for each of the Hong Kong scheme and the Cayman scheme has occurred on 13 March 2026 in accordance with the terms of each scheme.

In respect of onshore public bonds, Fantasia Group (China) Co., Ltd. announced that it had convened the first bondholders’ meeting in 2025 for five onshore bonds – H18 Fantasia, 19 Fantasia, 19 Fantasia 02, 20 Fantasia 01 and 20 Fantasia 02 - on 23-24 December. As of 5:00 p.m. on 26 December, all five bonds had been approved by vote that the principal and interest payment dates originally scheduled for December 2025, March 2026, June 2026 and September 2026 would be uniformly adjusted to 31 December 2026.

On 4 February 2026, Fantasia Group (China) Co., Ltd. completed the early cash redemption of five corporate bonds, including H18 Fantasia, 19 Fantasia, 19 Fantasia 02, 20 Fantasia 01, and 20 Fantasia 02, in accordance with the resolutions adopted at the first holders' meeting held in 2025.

With substantive progress in offshore debt restructuring and further extension of onshore public bonds, the Company's debt pressure will be gradually alleviated, laying a more solid foundation for future operations.

## II. OPERATING BUSINESSES AND INNOVATIVE BUSINESSES

In 2025, the Group was committed to integrating resources and seeking ways to enhance asset value. In terms of urban renewal and redevelopment, leveraging our experience in urban renewal and asset operations, we actively participated in activating idle spaces and revitalizing aging communities, while exploring the asset-light cooperation model of "government-led market operation".

Meanwhile, asset-light innovative businesses, including renovation, agency sales and construction, high-end property services, space operations and art exhibitions, are being incubated based on community needs, lifestyle industries and customer experience. With Fantasia's aesthetics, product planning and service capabilities as core competitiveness, our new initiatives are gradually taking shape as sustainable growth drivers.

The Group's commercial, industrial and hotel businesses have seen enhanced operational efficiency after business mix adjustments, event planning and small-scale renewal of spaces. Qiertang continued to expand the dining experience and handicraft markets, and integrate multi-brand resources to create synergized value.

In industrial operations, the Funian Plaza and Lenian Plaza projects in Shenzhen have achieved park area co-development through upgrades and government-enterprise collaboration, thereby improving occupancy rates and customer stickiness. The stable operation of various businesses has provided the Group and its projects with steady cash flow and brand support.

## III. INVENTORY SALES AND DELIVERY

On favorable central and local-government policies, we adhered to a "one project, one policy" approach to accelerate the sell-through of completed residential units, parking spaces and commercial units. By combining online marketing with community-based operations, and leveraging referral-based models, we optimized customer acquisition costs and shortened sales cycles. The cash collection rate maintained at a healthy level throughout the year, providing necessary cash flow support for the Company. Those few projects pending delivery were on good track.

Throughout 2025, the Group achieved cumulative contracted sales of approximately RMB788 million and contracted sales area of 126,481 sq.m., of which sales of residential housing accounted for approximately 91.3% and sales of urban complexes accounted for approximately 8.7%.

In 2025, the Group's revenue was approximately RMB4,925 million, representing an increase of 7.7% from that of last year; the loss attributable to the owners of the Company was approximately RMB9,186 million.

## IV. COST CONTROL

With tight budget control continuing from the past three years, both headquarters and regional branches further streamlined organizational structure and staffing, resulting in higher productivity per staff and smoother group-level management.

In 2025, it successfully reduced selling and distribution expenses and administrative expenses by 10.5% compared with 2024.

In the same year, the Group continued to optimize its personnel structure and effectively reduced operating costs. Total staff costs decreased by 9.3% compared with 2024.

## V. FUTURE OUTLOOK AND STRATEGIC PLANNING

In 2026, the Group has identified “shedding burdens, revitalizing inventory and driving new growth” as its core priorities, with the aim of steering the Company out of its current challenges and into a new phase of sustainable, high-quality development.

### (1) Debt Restructuring

At this critical stage, the Fantasia Group is making every effort to advance offshore debt restructuring in accordance with the established timetable. In respect of onshore debt, the Group will maintain transparent communication with creditors to further mitigate risks in the public markets. In terms of offshore, with the support of professional consultants, the Group will proceed to fulfill the conditions for restructuring to come into effect as soon as possible and to completely resolve the offshore debt risks that have persisted since 2021, ideally by the first half of next year.

### (2) Going Concern

The Group has set out a clear business roadmap for the next three years, with a strategic focus on urban renewal and inventory operations. On the one hand, the Group will prioritize cash flow and profit by revitalizing inventory, enhancing efficiency of operating assets, and accelerating the disposal of heavy and underperforming assets. On the other hand, leveraging the respective resources of the Group and its city-level project teams, the Group will further develop agency sales and construction, renovation, high-end property services, space design and brand operations, as well as other innovative businesses including handicrafts and dining experience.

### (3) Organizational Revamp

The Group will work towards management reform and technological empowerment to revamp its organizational structure, culture and efficiency. As its 2026 transformation objective, the Group will adjust its former two-tier management model of “group + regional” to a “one-and-a-half-tier” structure in a bid to strengthen external coordination and resource integration under centralized oversight. The new structure is intended to address complex challenges that individual cities are unable to resolve independently under current conditions, ensure the maximization of inventory asset value and cash flow security, and maintain a strong focus on business execution. The Group is dedicated to the return to normalized corporate practices in performance evaluation, talent building and cultural development, thereby safeguarding stable operations.

2026 will be a critical year for achieving breakthroughs, resolving risks and driving new growth. Fantasia will gradually shift its business focus from cost reduction and efficiency enhancement toward revitalizing inventory and steering new growth. On one hand, all business initiatives will be firmly aligned with the core financial objectives of the Group as a listed company. Over the next three years, our strategic goal is to fully restore positive operating cash flow, and ultimately achieve positive overall cash flow and profitability. In 2026, the Group will strive to achieve the key objective of a balance sheet turnover. On the other hand, through refined operations and efficient revitalization of existing assets, the Group will continue to translate business initiatives into tangible financial results, supporting its value growth as a listed company with solid financial performance. By its 30th anniversary in 2028, Fantasia aims to present a clear business structure, healthy asset quality, and a lean and efficient workforce, in return for the continued support of all stakeholders.

The Group firmly believes that, through the concerted efforts of all staff, it will achieve a fundamental improvement in its financial position, create sustainable value for shareholders, and lay a solid foundation for long-term development.

We would like to express our sincere gratitude to all government bodies, financial institutions, creditors, suppliers, homeowners and our shareholders for their understanding and support.

*Executive Director*  
**Lin Zhifeng**

27 March 2026



## BUSINESS REVIEW

## Property Development

## Contracted Sales

In 2025, after facing liquidity shortage, the Group has adhered to the social responsibilities of “guaranteed delivery, stable operations, deepened operations and innovative business” to ensure steady progress in project delivery and steady sales while pursuing innovation. The Group has also actively integrated its policies to optimise its debt structure for promoting project progress, and strived to add more projects to the whitelist. During the reporting period, satisfactory results were achieved in terms of delivery, sales and funding.

During the reporting period, the Group achieved total contracted sales of approximately RMB788 million and contracted sales area of 126,481 sq.m., of which approximately RMB720 million was derived from contracted sales of residences with contracted sales area of 107,798 sq.m., accounting for approximately 91.3% and 85.2% of the total contracted sales and total contracted sales area of properties of the Group in 2025, respectively; and approximately RMB68.00 million was derived from contracted sales of urban complexes with contracted sales area of 18,683 sq.m., representing approximately 8.7% and 14.8% of the total contracted sales and total contracted sales area of properties of the Group in 2025, respectively.

Contracted sales amount and area attributable to different product categories in 2025

Category	2025			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Residences	720	91.3%	107,798	85.2%
Urban Complexes	68	8.7%	18,683	14.8%
Total	788	100%	126,481	100%





During the reporting period, contracted sales amount to the Group was mainly derived from sales in cities including Shenzhen, Chengdu, Guilin, Wuhan, Chongqing, Qingdao and Foshan, and also from projects including Shenzhen Good Time, Chongqing Hockney's Good Time and Foshan Guangyayuan. The Group extended its presence across the Guangdong-Hong Kong-Macao Greater Bay Area, Chengdu-Chongqing Metropolitan Area, Central China Metropolitan Area, Yangtze River Delta Metropolitan Area and Bohai Rim Metropolitan Area to continuously expand its vertical strategic move in each metropolitan area and focus on key cities.

Contracted sales amount and area in each region in 2025

Category	2025			
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Guangdong-Hong Kong-Macao Greater Bay Area	257	32.6%	9,940	7.9%
Chengdu-Chongqing Metropolitan Area	193	24.5%	65,650	51.9%
Central China Metropolitan Area	30	3.8%	4,808	3.8%
Yangtze River Delta Metropolitan Area	59	7.5%	16,821	13.3%
Bohai Rim Metropolitan Area	249	31.6%	29,262	23.1%
Total	788	100%	126,481	100%

### Guangdong-Hong Kong-Macao Greater Bay Area

As one of the most open and economically dynamic regions in China, Guangdong-Hong Kong-Macao Greater Bay Area has an important strategic position in China's overall development. In 2025, the Group made active efforts to push forward the delivery and sales of projects in the Greater Bay Area. During the reporting period, the Group's Shenzhen Good Time project in Shenzhen and the Foshan Guangyayuan project in Foshan all delivered normally, which also secured stable sales of the projects in the local area. During the reporting period, the Group recorded total contracted sales of RMB257 million and total contracted sales area of 9,940 sq.m. in Shenzhen, Foshan, Huizhou and other cities in the Guangdong-Hong Kong-Macao Greater Bay Area, contributing to approximately 32.6% and 7.9% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2025.

### Chengdu-Chongqing Metropolitan Area

As an important economic hub in Southwest China, the Chengdu-Chongqing Metropolitan Area shows its robust market demand for real estate and is one of the earliest important strategic markets of the Group. The Group has become one of the most influential brand developers in the region. In 2025, the Group faced pressure from both the delivery and sales of numerous projects in Chengdu. The Group made active efforts to ensure perfect delivery and customer satisfaction through relief and sales in Chengdu. During the reporting period, the Group recorded total contracted sales of RMB193 million and total contracted sales area of 65,650 sq.m. in Chengdu, Kunming, Guilin and other cities in the Chengdu-Chongqing Metropolitan Area, contributing to approximately 24.5% and 51.9% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2025.

### Central China Metropolitan Area

As the geographical pivot of the country, Central China Metropolitan Area is increasingly becoming an important force for the development of Central China with its advantages of convenient transportation and developed economy. During the reporting period, the Group recorded total contracted sales of RMB30.00 million and total contracted sales area of 4,808 sq.m. in cities such as Wuhan, Zhengzhou and other cities in the Central China Metropolitan Area, contributing to approximately 3.8% and 3.8% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2025.



### Yangtze River Delta Metropolitan Area

The Yangtze River Delta Metropolitan Area is one of the most economically dynamic hubs in China. The Group has paid close attention to the core cities with high growth potential in the region for a long time. During the reporting period, the Group recorded total contracted sales of RMB59.00 million and total contracted sales area of 16,821 sq.m. in Nanjing, Shanghai and other cities in the Yangtze River Delta Metropolitan Area, contributing to approximately 7.5% and 13.3% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2025.

### Bohai Rim Metropolitan Area

Bohai Rim Metropolitan Area is the most important economic hub in Northern China, acting as a cluster for radiating outwards as well as serving and driving the national and regional economy, possessing great development potential. In 2025, the Group rapidly promoted the construction and sales of projects in the region. During the reporting period, the Group recorded total contracted sales of RMB249 million and total contracted sales area of 29,262 sq.m. in Beijing, Tianjin, Qingdao and other cities in the Bohai Rim Metropolitan Area, contributing to approximately 31.6% and 23.1% of the total contracted sales and total contracted sales area of properties of the Group respectively in 2025.

### Completed Projects

The Group completed a total of 5 phases of projects with a total GFA of approximately 403,484 sq.m. during the reporting period.

### Projects Under Construction

The Group had a total of 12 projects or phases of projects under construction with a total GFA of 954,006 sq.m. on 31 December 2025.

### Projects held for development

The Group had a total of 14 projects or phases of projects held for development with a total GFA of 5,921,908 sq.m. on 31 December 2025.

### Land Bank

As at 31 December 2025, the GFA of land bank for the Group's projects under construction and projects held for development amounted to approximately 6,875,914 sq.m. after deducting projects already sold.

City Company	Details of Land Bank		
	Projects under construction (sq.m.)	Projects held for development (sq.m.)	Aggregate GFA of land bank (sq.m.)
South China	251,214	706,025	957,239
North China	117,668	3,708,163	3,825,831
Southwest China	405,677	1,117,600	1,523,277
East China	–	76,769	76,769
Central China	179,447	313,351	492,798

## FINANCIAL REVIEW

## Revenue

Revenue of the Group mainly consists of revenue derived from (i) property development, (ii) lease of investment properties, (iii) provision of property operation, (iv) provision of hotel accommodation services, and (v) property project management and other related services. For the year ended 31 December 2025, revenue of the Group amounted to approximately RMB4,925 million, representing an increase of 7.7% from approximately RMB4,574 million in 2024, mainly due to the increase in property deliveries.

## Property Development

The Company recognises revenue from property development when the customer obtains control of the completed property, and the Group has present right to payment and the collection of consideration is probable. Revenue from property development represents proceeds from the sales of the Group's properties held for sale. Revenue derived from property development increased by 18.6% to approximately RMB1,889 million in 2025 from approximately RMB1,593 million in 2024, which was due to more area of properties completed and delivered during the year.

	2025			2024		
	Total Revenue	GFA Sold	Average Selling Price	Total Revenue	GFA Sold	Average Selling Price
	RMB'000	sq.m.	RMB/sq.m.	RMB'000	sq.m.	RMB/sq.m.
Chengdu Jiangshancheng	880,064	107,770	8,166	-	-	-
Ziyang Huajun	429,100	57,594	7,450	-	-	-
Shenzhen Good Time	188,655	8,211	22,976	210,444	8,058	26,116
Tianjin Jiastianxia	98,649	13,366	7,380	-	-	-
Hockney's Good Time	72,363	6,598	10,968	77,359	5,105	15,154
Qingdao Biyuntian	59,267	7,612	7,786	70,227	9,394	7,476
Huailai Xinfu Wanxiang	28,123	3,520	7,988	-	-	-
Chengdu Grande Valley	19,861	5,648	3,517	-	-	-
Guilin Lakeside Eden	15,398	3,962	3,887	-	-	-
Wuhan Biyuntian	13,004	1,851	7,025	-	-	-
Zhengzhou Good Time	15,231	2,741	5,557	81,199	15,630	5,195
Kunming Good Future	6,422	1,536	4,182	754,481	115,807	6,515
Chengdu Xiangmendi	-	-	-	81,193	-	-
Others	62,430	-	-	318,112	-	-
Total	1,888,567			1,593,015		

### Property Investment

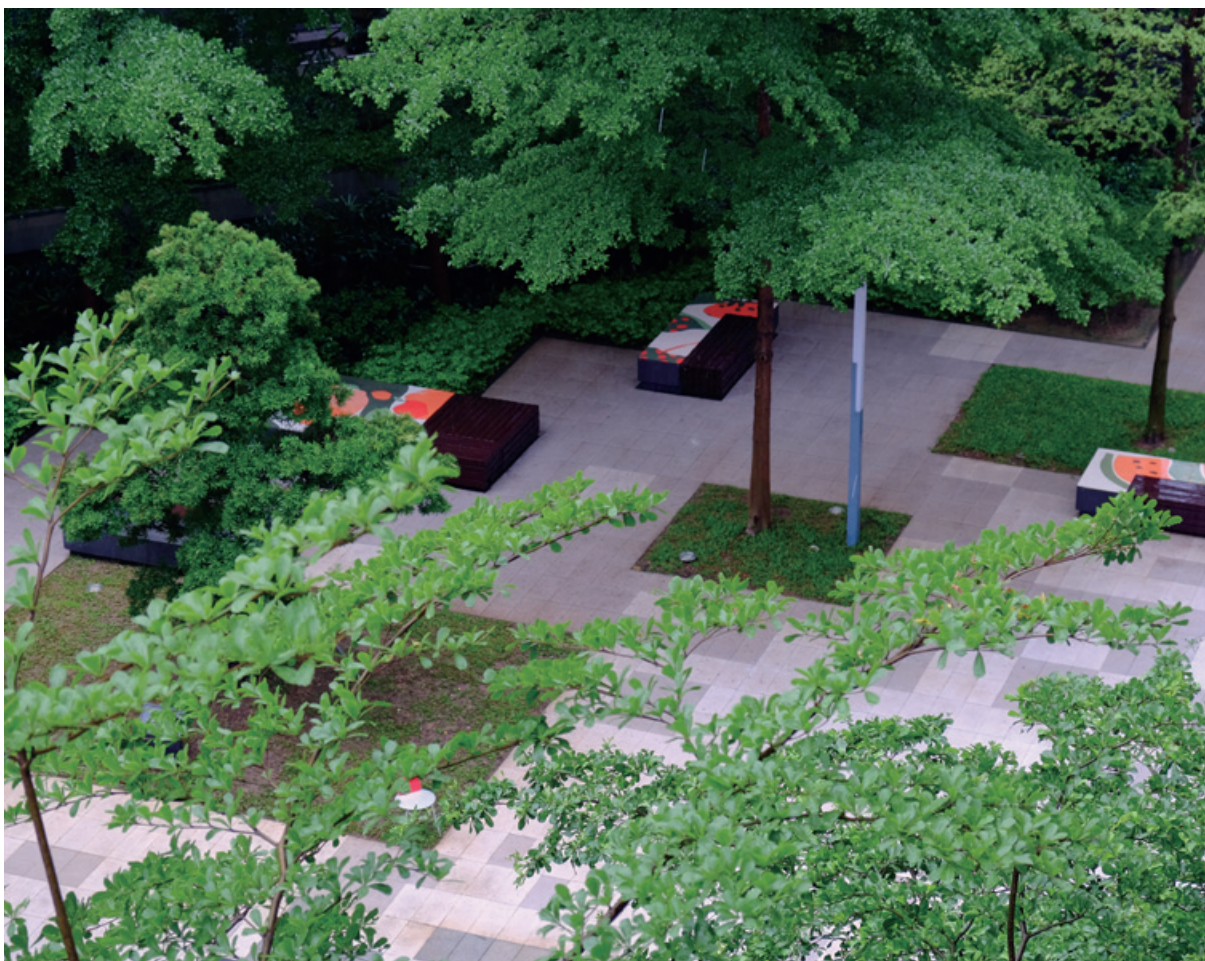
Revenue generated from property investment decreased by 8.8% to approximately RMB197 million in 2025 from approximately RMB216 million in 2024. The decrease was primarily due to the decrease in occupancy rates.

### Property Operation Services

Revenue derived from property operation services increased by 3.3% to approximately RMB2,791 million in 2025 from approximately RMB2,702 million in 2024, primarily due to the increase in the service projects provided by the Group in 2025.

### Gross Profit and Gross Profit Margin

Gross profit decreased by 19.4% to approximately RMB603 million in 2025 from approximately RMB749 million in 2024, while the Group's gross profit margin was 12.3% in 2025 as compared to a gross profit margin of 16.4% in 2024. The decrease in gross profit margin was mainly due to the further decline in gross profit in the property development segment.



### Other Income, Gains and Losses

The Group recorded net other gains in 2025 of approximately RMB197 million (2024: net losses of approximately RMB712 million) mainly due to the net exchange gains arising from the senior notes denominated in USD, which was partly offset by loss on disposal of subsidiaries.

### Administrative Expenses

The Group's administrative expenses decreased by 11.0% to approximately RMB488 million in 2025 from approximately RMB549 million in 2024. The decrease was mainly due to the Group's effective adoption of a series of cost control policies.

### Finance Costs

The Group's finance costs increased by 6.4% to approximately RMB4,460 million in 2025 from approximately RMB4,190 million in 2024. The increase in finance costs was primarily due to the decrease in the Group's projects under construction and accordingly the decrease in the amount of interest capitalisation.

### Income Tax Expense

The Group's income tax expense decreased by 25.8% to approximately RMB138 million in 2025 from approximately RMB186 million in 2024.

### Liquidity, Financial Resources and Capital Structure

#### Cash Position

As at 31 December 2025, the Group's total bank balances and cash were approximately RMB1,531 million (2024: approximately RMB1,724 million), representing a decrease of 11.2% as compared to that as at 31 December 2024. A portion of the Group's cash is restricted bank deposits that are mainly restricted for use in the Group's property development.

#### Borrowings and Charges on the Group's Assets

As at 31 December 2025, the Group had aggregate borrowings, senior notes and bonds and asset-backed securities issued of approximately RMB18,613 million (31 December 2024: approximately RMB17,948 million), approximately RMB49,677 million (31 December 2024: approximately RMB47,043 million) and approximately RMB307 million (31 December 2024: RMB289 million), respectively. Amongst the borrowings, approximately RMB18,613 million will be repayable within one year (31 December 2024: approximately RMB16,041 million will be repayable within one year and approximately RMB1,907 million will be repayable after one year). Amongst the senior notes and bonds, approximately RMB42,601 million (31 December 2024: approximately RMB39,120 million) will be repayable within one year and approximately RMB7,076 million (31 December 2024: approximately RMB7,923 million) will be repayable after one year.

As at 31 December 2025, a substantial part of the borrowings was secured by land use rights, properties and bank deposits of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group through pledge of their shares.

As at 31 December 2025, the gearing ratio of the Group calculated on the basis of total liabilities / total assets was 130.9%.

#### Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank balances and borrowings, the Group does not have any other material direct exposure to foreign exchange fluctuations.

### Contingent Liabilities

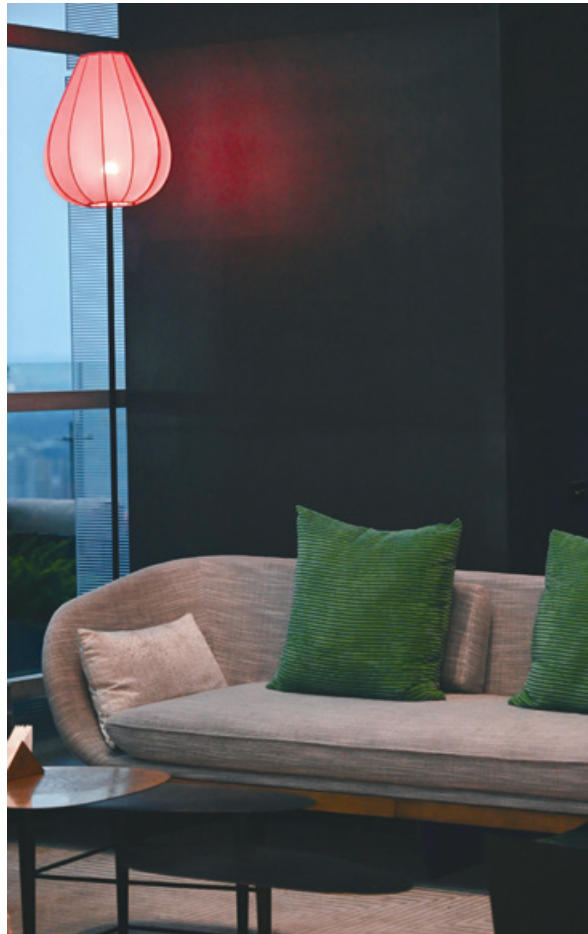
- (a) As at 31 December 2025, the Group had provided guarantees amounting to approximately RMB1,621 million (2024: approximately RMB5,972 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of mortgage payments by these purchasers, the Group will be responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to the banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the date of grant of the relevant mortgage loans and ends after the purchaser obtained the individual property ownership certificate.
- (b) The Group provided guarantees on several basis covering its respective shares of outstanding obligations under the bank borrowings incurred by the joint ventures and associates for developing their projects. As at 31 December 2025, the Group's shares of such guarantees provided in respect of the loans borrowed by these joint ventures and associates amounted to approximately RMB6,192 million. In the opinion of the Directors, the possibility of default by the purchasers is remote and the fair value of such guaranteed contracts is insignificant at the inception date and at the end of each reporting period.

### Employees and Remuneration Policies

As at 31 December 2025, excluding the employees for communities under commission basis, the Group had approximately 17,382 employees (31 December 2024: approximately 18,596 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2025 amounted to approximately RMB802 million (2024: approximately RMB885 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing market practice. Besides salary payments, as at 31 December 2025, other staff benefits include contribution to the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees) and a discretionary bonus program.

### DIVIDEND

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



## EXECUTIVE DIRECTORS

**Ms. CHENG Jianli (程建麗)** (resigned on 19 March 2026) (“Ms. Cheng”), aged 53, is the chairman of the Board of the Group. She is responsible for the overall management of the property sector of Home E&E of the Group. Ms. Cheng joined the Group in 2004 for the first time. She has served as various roles in the Group during the period between 2004 and 2014 and her last position was general manager of Shanghai division of the Group. She worked in Henderson (China) Investment Company Limited in 2014 to 2019. Her last position was assistant president and was responsible for the human resources, administration and development of new businesses. She worked in Redco Group from 2020 to 2021 where she was the vice president and was responsible for the human resources and administration. Ms. Cheng rejoined the Group in 2021. Ms. Cheng has 29 years of experience in the comprehensive management in real estate industry and human resources and administration.



**Mr. Timothy David GILDNER** (“Mr. Gildner”), aged 56, is the executive director of the Company and the vice president of the Group. He is responsible for managing the asset management department of the Group. Mr. Gildner has extensive knowledge and experience in finance and management. Prior to joining the Group, he was a director of Gottardo Advisory Limited between January 2012 and April 2022. He was also a visiting scholar at the City University of Hong Kong between January 2017 and June 2019 for graduate level courses in real estate investment in China and real estate financing; and for fintech related courses at The Hong Kong University of Science and Technology between June 2015 and January 2017. Mr. Gildner obtained a bachelor of art degree in Journalism from Michigan State University, a master’s degree in international affairs and master’s degree of business administration from Columbia University in 2002.

**Mr. LIN Zhifeng (林志鋒)** (“Mr. Lin”), aged 41, re-joined the Group as the CFO and general manager of the finance and capital department of the Group in February 2023. He was appointed as the authorized representative of the Company as required by Rule 3.05 of the Listing Rules on 10 April 2026. Prior to joining the Group, Mr. Lin served as the regional head of the finance and capital department of Datang Group Holdings Limited from February 2021 to February 2023, the shares of which are listed on the Main Board of Stock Exchange. From April 2018 to June 2020, he was the head of Regional Financial Funding Department of Shinsun Holdings (Group) Co., Ltd. (the shares of which are listed on the Main Board of the Stock Exchange). Mr. Lin has served as various roles in the Group from February 2012 to April 2018. His last position was the person in charge of the finance department of the Group’s Shanghai division. Mr. Lin has over 17 years of experience in financial management.

Mr. Lin obtained a bachelor’s degree in management from Harbin University of Commerce in 2008. He is a Certified Management Accountant (CMA) accredited by the Institute of Certified Management Accountants United States of America.

## NON-EXECUTIVE DIRECTORS

**Ms. ZENG Jie, Baby (曾寶寶)** (“Ms. Zeng”), the non-executive director and a member of the nomination committee of the Company. Ms. Zeng is the controlling shareholder and the largest shareholder of the Company.

**Mr. SU Boyu (蘇波宇)** (“Mr. Su”), aged 49, was appointed as the non-executive director of the Company on 27 September 2021. Mr. Su is the General Manager of TCL Technology Industrial Park Co., Ltd, which is group companies of T.C.L. Industries Holdings (H.K.) Limited. Mr. Su was the Assistant General Manager and Deputy General Manager of Strategy and Investment Management Center of TCL Technology Group Corporation (the shares of which are listed on the Shenzhen Stock Exchange, stock code: 000100.SZ, hereinafter “TCL Technology”) from March 2012 to August 2016, head of Property Operation Management of TCL Technology from August 2016 to October 2017 and the Executive Deputy General Manager of TCL Technology Industrial Park Co., Ltd from October 2017 to August 2023. Currently, he is also the Deputy General Manager of Shenzhen TCL Real Estate Co., Ltd since March 2017, the General Manager of TCL Optoelectronic Tech (Shenzhen) Co., Ltd since May 2017 and the General Manager of Keshi Huishang Technology Development (Guangdong) Co., Ltd since May 2021. TCL Industries is a substantial shareholder of the Company.

Prior to joining the TCL Group, Mr. Su served as the manager of Investment Department of Vantone Innovation Industrial Resource Investment Co., Ltd. from January 2011 to February 2012; Industrial Real Estate Manager of South China Region of JLL from April 2008 to January 2011; South China Logistics Manager of ZIM Logistics (China) Co., Ltd. from December 2005 to April 2008; Director of Freight Rate Center, Assistant General Manager at the subsidiary level and Marketing Manager of China Shipping South China Logistics Co., Ltd. from October 2002 to December 2005; Marketing Officer and Marketing Manager of China Merchants Logistics (Guangzhou) Co., Ltd. from April 2000 to October 2002. Mr. Su obtained a master’s degree in real estate management from University of Greenwich in 2012.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. LEUNG Yiu Cho (梁耀祖)** (appointed on 11 July 2025) (“Mr. Leung”), aged 46, is an independent non-executive director of the Company. He is also the chairman of the audit committee and a member of the nomination committee of the Company. He has extensive experience in strategic financial planning, capital restructuring and transaction structuring, tax planning and financial analysis in listed companies and licensed corporations. Prior to joining the Company, Mr. Leung served as (i) the assistant financial controller of Ta Yang Group Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1991), from 2006 to 2007; (ii) the chief financial officer and board secretary of Highland Asset Management Corporation (漢鎰資產管理股份有限公司) from 2012 to 2013; (iii) an executive Director, the chief financial officer and the vice president of the investment department of Artini Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 789), from 2013 to 2019; (iv) an independent non-executive director of Zhongshi Minan Holdings Limited, a company listed on GEM of the Stock Exchange (Stock Code: 8283), from 21 October 2016 to 30 June 2022; (v) the chief financial officer and the company secretary of Xinhua News Media Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 309), from 2 July 2021 to 5 August 2021; (vi) the company secretary of China Dredging Environment Protection Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 871), from 29 December 2021 to 11 August 2023; and (vii) the company secretary of Universal Star (Holdings) Limited (whose shares were delisted from the Main Board of the Stock Exchange with effect from 26 January 2024) from 13 July 2021 to 29 January 2024. Mr. Leung has been an independent non-executive director and the chairman of the audit committee of Grace Life-tech Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2112), from 2017 to 2020 and since 11 March 2022. He has served as an independent non-executive director of Wuxi Sunlit Science and Technology Company Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 1289), since 18 June 2021. He has served as an independent non-executive director of Shanghai XNG Holdings Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 3666), from 20 October 2023 to 23 December 2025. He has been appointed as the chief financial officer and the company secretary of Renco Holdings Group Limited, a company listed on the Main Board of the Stock Exchange (Stock Code: 2323), from 2 October 2024 to 4 August 2025. He has served as an executive director of Pengo Holdings Group Limited (formerly known as Trendzon Holdings Group Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 1865), since 19 November 2024. Mr. Leung has been the company secretary and authorised representative of Huiyuan Cowins Technology Group Limited (1116.HK) since 9 October 2025. Mr. Leung graduated from The Hong Kong Polytechnic University where he obtained a master’s degree in Corporate Finance. He was admitted as a fellow member of the Association of Chartered Certified Accountants in March 2019.

**Mr. GUO Shaomu (郭少牧)** (“Mr. Guo”), aged 60, is an independent non-executive director of the Company. He is also the chairman of the remuneration committee and a member of each of the audit committee and nomination committee of the Company. He has over 13 years of experience in investment banking industry in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate director of corporate finance of Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution works of the China team. From March 2001 to September 2005, Mr. Guo served as an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for the marketing works covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. Currently, he is also an independent non-executive director of Yida China Holdings Limited (stock code: 3639) and Shanghai Heartcare Medical Technology Corporation Limited (stock code: 6609), both listed on the Main Board of the Stock Exchange. Mr. Guo was an independent director of GalaxyCore Inc., a company listed on the Shanghai Stock Exchange (stock code: 688728) between March 2020 and March 2026. Mr. Guo was also an independent non-executive director of Ganglong China Property Group Limited (stock code: 6968), a property developer listed on the Main Board of the Stock Exchange between June 2020 and December 2023. Mr. Guo was also an independent non-executive director of Sunkwan Properties Group Limited (stock code: 6900), a property developer listed on the Main Board of the Stock Exchange between October 2020 and July 2024. Mr. Guo obtained a bachelor’s degree in electrical engineering from Zhejiang University in July 1989, a master’s degree in computer engineering from University of Southern California in May 1993 and a master’s degree in business administration from the School of Management of Yale University in May 1998.

**Mr. MA Yu-heng (馬有恒)** (“Mr. Ma”), aged 56, was appointed as the independent non-executive director, a member of each of the audit committee, remuneration committee and nomination committee of the Company on 3 August 2023. Mr. Ma has over 25 years of experience in financing, banking and corporate finance. He was the chief financial officer of China Grand Star Luxury Investment Holdings Limited from September 2019 to May 2022. Since September 2022, Mr. Ma has acted as the chief financial officer of Guardforce AI Co., Ltd., a company listed on the NASDAQ in the United States of America (stock code: GFAI). Currently, Mr. Ma is the independent non-executive director of China Anchu Energy Storage Group Limited (stock code: 2399), Summi (Group) Holdings Limited (stock code: 756) and China Overseas Nuoxin International Holdings Limited (stock code: 464), all of which are companies listed on the Main Board of the Stock Exchange. Mr. Ma was the independent non-executive director of China U-Ton Future Space Industrial Group Holdings Ltd. from May 2022 to April 2023, a company formerly listed on the Main Board of the Stock Exchange. Mr. Ma is currently a member of CPA Australia. Mr. Ma obtained a bachelor’s degree in business administration from Soochow University, Taiwan (台灣東吳大學) in June 1993 and a master’s degree in business administration from Da-Yeh University, Chung Hua, Taiwan (台灣大葉大學) in June 1995.

## SENIOR MANAGEMENT

**Mr. SHEN Aimin** (沈愛民) (“Mr. Shen”), aged 48, joined the Group in 2020. He is currently the assistant president of the Group and is responsible for the operational management of the Group and the overall property development management of the Group’s projects in Shenzhen. Prior to joining the Group, Mr. Shen served as the assistant general manager in Seazen Holdings Co., Ltd. Shenzhen division from 2018 to 2020. He worked in Vanke Real Estate Co., Ltd. from 2010 to 2018. His last position was deputy general manager of Project Management Center. He worked in China State Construction Engineering (Hong Kong) Limited from 2001 to 2010. His last position was project manager. Mr. Shen has 24 years of experience in property development and construction management. Mr. Shen obtained a bachelor’s degree in engineering management from Southeast University in 2001.

## CHANGES IN INFORMATION OF DIRECTORS

As of the date of this annual report, there is no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.



The Directors are pleased to present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2025.

## PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 52 to the consolidated financial statements.

## RESULTS

The results of the Group for the year ended 31 December 2025 are set out in the consolidated statement of comprehensive income on page 59.

## BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Message to Shareholders, Business Review and Financial Review sections respectively from pages 5 to 7, 8 to 12 and 13 to 16 of this Annual Report. The future development of the Group's business is discussed throughout this Annual Report including in the Message to Shareholders from pages 5 to 7 of this Annual Report. A description of the principal risks and uncertainties facing the Company is provided in the Report of Directors on pages 40 to 42. In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in the Corporate Governance Report and the Environmental, Social and Governance Report (the "ESG Report"), which will be published separately.

## ESG REPORT

The Group has always been committed to promoting the sustainable development of business, the environment and even the community. For the strategy and performance of the Group in relation to sustainable development, please refer to the ESG Report published separately.

## DIVIDEND

The Board does not recommend a payment of dividend for the year ended 31 December 2025.

## CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining shareholders of the Company who are entitled to attend and vote at the forthcoming Annual General Meeting ("AGM") to be held on Tuesday, 16 June 2026, the register of members of the Company will be closed on Thursday, 11 June 2026 to Tuesday, 16 June 2026, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Room 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 10 June 2026.

## SHARE CAPITAL

Details of change in the share capital of the Company during the year are set out in note 38 to the consolidated financial statements.

## PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment during the year are set out in note 16 to the consolidated financial statements.

## DISTRIBUTIVE RESERVES OF THE COMPANY

Details of the movements in the reserves of the Company and the Group during the year ended 31 December 2025 are set out in note 54 to the consolidated financial statements.

The Company's reserves available for distribution represent the share premium, share-based payments reserve and accumulated losses. As at 31 December 2025, there was no reserve available for distribution (as at 31 December 2024: nil). Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to shareholders subject to provisions of its articles of association and provided that immediately following the distribution or payment of dividend the Company is able to pay its debt as they fall due in the ordinary course of business.

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

### Executive Directors:

Ms. Cheng Jianli (resigned on 19 March 2026)  
Mr. Timothy David Gildner  
Mr. Lin Zhifeng  
(appointed as authorized representative on 10 April 2026)

### Non-executive Directors:

Ms. Zeng Jie, Baby  
Mr. Su Boyu

### Independent Non-executive Directors:

Mr. Guo Shaomu  
Mr. Kwok Chi Shing (resigned on 22 May 2025)  
Mr. Ma Yu-heng  
Mr. Leung Yiu Cho  
(appointed on 11 July 2025)

In accordance with Article 84 of the Articles, Mr. Lin Zhifeng, Mr. Timothy David Gildner, Mr. Su Boyu and Mr. Leung Yiu Cho shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming AGM.

No Director proposed for re-election at the AGM has a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.



## SENIOR MANAGEMENT'S EMOLUMENTS

Pursuant to code provision E.1.5 of part 2 of the Corporate Governance Code, the annual remuneration of the members of the senior management (other than Directors) by bands for the year ended 31 December 2025 is set out below:

	Number of individuals
Nil to HK\$1,000,000	7
HK\$1,000,001 to HK\$2,000,000	4
Above HK\$2,000,000	1
	12

Details of the remuneration of each of the Directors for the year ended 31 December 2025 are set out in note 13 to the consolidated financial statements.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION

As of 31 December 2025, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

- (i) Long positions in the shares and underlying shares of the Company:

Director	Nature of interest	Interest in ordinary shares of the Company	Interest in underlying Shares of the Company	Approximate percentage of interest in the Company as at 31 December 2025
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,314,090,500 <sup>(1)</sup>	–	57.41%

Notes:

- (1) Fantasy Pearl International Limited ("Fantasy Pearl") is owned as to 80% by Ice Apex Limited ("Ice Apex") and 20% by Graceful Star Overseas Limited ("Graceful Star"). Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) As at 31 December 2025, the number of issued shares of the Company was 5,772,597,864.

- (ii) Long positions in the debentures of the Company:

Name of Director	Nature of interest	Debentures that are interested in	Principal amount of the debentures held	Approximate percentage of the interest in the debentures as at 31 December 2025
Ms. Zeng Jie, Baby	Interest of controlled corporation	9.875% senior notes due 2023 issued by the Company	USD3,000,000 <sup>(1)</sup>	0.94%
	Interest of controlled corporation	10.875% senior notes due 2024 issued by the Company	USD4,000,000 <sup>(2)</sup>	1.6%
Mr. Guo Shaomu	Beneficial owner	7.95% senior notes due 2022 issued by the Company	USD200,000	0.067%

Notes:

- (1) The debentures are held by Fantasy Pearl, which is indirectly owned as to 80% by Ms. Zeng Jie, Baby.
- (2) These comprise: (i) USD2,000,000 held by Fantasy Pearl; and (ii) USD2,000,000 held by Baocollection Limited, a company wholly owned by Ms. Zeng Jie, Baby.

(iii) Long positions in associated corporations:

A. Fantasy Pearl

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2025
Ms. Zeng Jie, Baby	Interest of controlled corporation	80 <sup>(1)</sup>	Ordinary	80%

Notes:

(1) These shares are held by Ice Apex, which is wholly owned by Ms. Zeng Jie, Baby.

B. Colour Life Services Group Co., Limited (“Colour Life”)

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2025
Ms. Zeng Jie, Baby	Interest of controlled corporation <sup>(1)(2)(3)</sup>	1,301,467,396	Ordinary	69.99%

Note:

- (1) The interests are held as to 780,104,676 shares by the Company, as to 519,059,924 shares by Splendid Fortune Enterprise Limited (“Splendid Fortune”) and as to 2,302,796 shares by Fantasy Pearl.
- (2) The Company is owned as to 57.41% by Fantasy Pearl, which is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is wholly owned by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng Jie, Baby is deemed to be interested in the shares of Colour Life held by the Company for the purpose of Part XV of the SFO.
- (3) Splendid Fortune is 67.36% owned by Link Gold Holdings Limited and 32.64% owned by Shenyan International Investment Co., Ltd. Link Gold Holdings Limited is indirectly wholly-owned by Ms. Zeng Jie, Baby. Accordingly, Ms. Zeng Jie, Baby is deemed to be interested in the shares of Colour Life held by Splendid Fortune for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2025, none of the Directors and chief executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2025, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Name of Shareholders	Nature of interest	Number of shares	Approximate percentage of interest in our Company as at 31 December 2025
Fantasy Pearl	Beneficial owner	3,314,090,500 (L)	57.41%
Ice Apex <sup>(1)</sup>	Interest of controlled corporation	3,314,090,500 (L)	57.41%
TCL Industries Holdings Co., Ltd. <sup>(2)</sup> (formerly known as TCL Industrial Holdings (Guangdong) Co., Ltd.)	Interest of controlled corporation	1,012,740,000 (L)	17.54%

(L) denotes long position

(S) denotes short position

Notes:

- (1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) As at 31 December 2025, Li Rong Development Limited held 1,012,740,000 shares of the Company representing 17.54% interest in the Company. Li Rong Development Limited is wholly owned by TCL Industries Holdings (H.K.) Limited which is in turn wholly owned by TCL Industries Holdings Co., Ltd.. TCL Industries Holdings Co., Ltd. is deemed to be interested in the shares held by Li Rong Development Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as at 31 December 2025, no other shareholder, other than directors or chief executives, of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## SHARE OPTION SCHEME

The Company adopted a share option scheme on 27 October 2009 (the “Share Option Scheme”), which expired on 26 October 2019. The Company did not have any share option scheme during the year ended 31 December 2025 and there were no outstanding share options under the Share Option Scheme.



Colour Life Services Group Co., Limited (“Colour Life”), a then subsidiary of the Company (Colour Life ceased to be a subsidiary of the Company on 12 March 2026), adopted a share option scheme on 11 June 2014 (the “Colour Life Share Option Scheme”). Details of share options outstanding under the Colour Life Share Option Scheme are as follows:

Name of grantee	Date of grant	Exercise price	Balance as at 1 January 2025	Number of share options			Balance as at 31 December 2025	Notes
				Granted during the Period	Adjusted on 25 March 2025 after completion of the Rights Issue	Exercised during the Period		
<b>Directors</b>								
Mr. Liu Hongcai	30 April 2015	11.00	168,400	-	404	-	(168,804)	- (1)
	18 March 2016	5.764	122,000	-	292	-	-	122,292 (2)
Sub-total			290,400	-	696	-	(168,804)	122,292
<b>Employees of the Group</b>								
	30 April 2015	11.00	8,477,324	-	20,354	-	(8,497,678)	- (1)
	18 March 2016	5.764	9,327,300	-	22,395	-	-	9,349,695 (2)
	27 November 2018	4.11	16,864,720	-	40,492	-	-	16,905,212 (3)
Sub-total			34,669,344	-	83,241	-	(8,497,678)	26,254,907
<b>Total</b>			<b>34,959,744</b>	<b>-</b>	<b>83,937</b>	<b>-</b>	<b>(8,666,482)</b>	<b>26,377,199</b>

## Notes:

- Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options was expired on 29 April 2025.
- Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 18 March 2017; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 18 March 2018; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 18 March 2019. The exercise period of these share options was expired on 17 March 2026.
- Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 27 November 2019; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 27 November 2020; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 27 November 2021. The exercise period of these share options will expire on 17 March 2028.

The number of share of Colour Life available for grant under the Colour Life Share Option Scheme as at 1 January 2025 was 34,959,744, representing approximately 1.88% of the issued shares of Colour Life as at the date of this annual report. The Colour Life Share Option Scheme expired on 10 June 2024 so no further grants can be granted thereunder. A summary of the terms of the Colour Life Share Option Scheme is set out in the annual report of Colour Life for the year ended 31 December 2025.

## COLOUR LIFE SHARE OPTION SCHEME

The terms of the Colour Life Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

The Colour Life Share Option Scheme is a share incentive scheme and is established to recognise, acknowledge and reward Eligible Participants (as defined therein) who have contributed to Colour Life and to encourage Eligible Participants to work towards enhancing the value of Colour Life. Eligible Participants of the Colour Life Share Option Scheme include Directors and employees of Colour Life and any advisors, consultants, distributors, suppliers, agents, customers, and such other persons who the Board of Colour Life considers, in its sole discretion, have contributed or will contribute to Colour Life.

The maximum number of shares in respect of which options may be granted under the Colour Life Share Option Scheme and any other share option scheme by Colour Life must not in aggregate exceed 10% of the total number of shares in issue immediately following the listing of the shares of Colour Life on the Stock Exchange, unless with the prior approval from Colour Life's shareholders. As the Colour Life Share Option Scheme expired on 10 June 2024, no further options can be granted under the Colour Life Share Option Scheme since then. Notwithstanding its expiration, the share options which have been granted and remained outstanding (i.e. 26,377,199 share options) shall continue to be valid and exercisable subject to and in accordance with the terms on which the share options of Colour Life were granted, the provisions of the Colour Life Share Option Scheme and the Listing Rules. As at the date of this report, there are 26,377,199 outstanding share options of Colour Life, representing approximately 1.4% of the issued shares of Colour Life as at the date of this report. The total number of shares issued and to be issued in respect of which options may be granted under the Colour Life Share Option Scheme to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the shares in issue at the date of grant, unless with the prior approval from the shareholders of Colour Life and with such participants and his associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of Colour Life, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors of Colour Life.

Where any option granted to a substantial shareholder or an independent non-executive Director of Colour Life, or any of their respective associates, would result in the shares issued and to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares in issue and the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares, in excess of HK\$5 million, such grant of options shall be subject to prior approval of Colour Life's shareholders in general meeting by way of poll.

An offer of a grant of an option under the Colour Life Share Option Scheme shall remain open for acceptance for 30 days from the date of grant. Upon acceptance of the option, the grantee shall pay HK\$1 (or an equivalent amount in RMB) to Colour Life by way of consideration for the grant. The subscription price shall be determined by the Board of Colour Life in its absolute discretion, and in any event shall not be less than the highest of (i) the closing price of the shares as stated in the daily quotation sheets of the Stock Exchange on the date of grant, (ii) the average closing price of the shares as stated in the daily quotation sheets of the Stock Exchange for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share. An option of Colour Life may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option of Colour Life may be exercised will be determined by the Board of Colour Life in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Colour Life Share Option Scheme. Subject to earlier termination by Colour Life in general meeting or by the Board of Colour Life, the Colour Life Share Option Scheme of Colour Life shall be valid and effective for a period of 10 years from the date of adoption.

The Colour Life Share Option Scheme expired on 10 June 2024.

## EQUITY-LINKED AGREEMENT

No equity-linked agreements were entered into by the Company during the year ended 31 December 2025 or subsisted at 31 December 2025.

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

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

As at 31 December 2025, the Company did not have any treasury shares.

## LATEST PROGRESS OF THE DEBT RESTRUCTURING

### (i) Offshore debts

The Company has been working closely with its legal and financial advisors to formulate a viable offshore debt restructuring plan aimed at addressing current liquidity pressure of the Company, enhancing the credit profile of the Group and protecting the interests of all stakeholders.

In terms of offshore debts, as of 5:00 p.m. Hong Kong time on 3 October 2025, creditors holding

approximately 84.54% of the Existing Notes and approximately 77.33% of the aggregate outstanding amount of the Existing Debt Instruments of the Company have either duly executed or validly acceded to the RSA. As of 8 October 2025, the Company filed an Originating Summons with the High Court of the Hong Kong Special Administrative Region pursuant to the terms of the RSA. Further details of the RSA and terms of the RSA are set out in the announcements of the Company dated 31 March 2025, 30 April 2025, 1 June 2025, 16 June 2025, 22 June 2025, 25 June 2025, 27 June 2025, 3 July 2025, 11 July 2025, 18 July 2025, 25 July 2025, 4 August 2025, 3 September 2025, 23 September 2025, 3 October 2025 and 8 October 2025.

### (ii) Onshore debts

In relation to the onshore debts, Fantasia Group (China) Co., Ltd. published an announcement that it had successively convened the first bondholders' meeting for 2025 in respect of five onshore bonds, namely H18 Fantasia, 19 Fantasia, 19 Fantasia 02, 20 Fantasia 01 and 20 Fantasia 02, on 23 to 24 December 2025. As of 5:00 p.m. on 26 December 2025, all five bonds had been approved by vote, pursuant to which the payment dates for the principal and interest originally scheduled to be payable in December 2025, March 2026, June 2026 and September 2026 under the respective bonds were uniformly adjusted to 31 December 2026.



## MATERIAL ACQUISITIONS AND DISPOSALS

On 27 January 2025, Colour Life, a non-wholly owned subsidiary of the Company, proposes to implement the issue of rights shares on the basis of one (1) rights share (the “Rights Share(s)”) for every four (4) existing shares of Colour Life (the “Colour Life Shares”) held by the shareholder(s) of Colour Life, other than the non-qualifying shareholders, whose names(s) appear(s) on the register of members of Colour Life as at the close of business on Friday, 28 February 2025 (the “Qualifying Shareholder(s)”) (the “Colour Life Rights Issue”) at the subscription price of HK\$0.165 per Rights Share, to raise gross proceeds of up to (i) approximately HK\$61.36 million by issuing up to 371,881,438 Rights Shares; or (ii) approximately HK\$62.80 million by issuing up to 380,621,374 Rights Shares. Immediately upon completion of the Colour Life Rights Issue, the shareholding interest of the Company in Colour Life will be diluted from approximately 52.44% to approximately 40.99%. Colour Life will remain a subsidiary of the Company immediately upon completion of the Colour Life Rights Issue and its financial results will continue to be consolidated in the financial statements of the Company. The dilution of shareholding interest in Colour Life held by the Company immediately upon completion of the Colour Life Rights Issue constitutes a deemed disposal of the Company under Rule 14.29 of the Listing Rules (the “Deemed Disposal”). As the highest applicable percentage ratio in respect of the Deemed Disposal is more than 5% but less than 25%, the Deemed Disposal constitutes a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. For details, please refer to the announcement of the Company dated 27 January 2025.

On 12 November 2025, the Company has received a notice from Odysseus Capital Asia Limited (“Odysseus”), purporting to act as financial advisor for an entity related to TFI Securities and Futures Limited (“TFISF”), in relation to the purported exercise of rights to sell up to 29.9% of the total issued shares in Colour Life, through an auction process managed by Odysseus. As stated in the announcement of the Company dated 10 December 2021, TFISF alleges that an aggregate of 780,104,676 Colour Life Shares, representing approximately 41.95% of the total issued shares of Colour Life as at 12 November 2025), which it holds as custodian for the Company, are subject to a charge as security of the alleged amount owed to it. The Company is of the view that the alleged amount owed is not secured by the said Colour Life Shares and has formally objected in writing to TFISF and Odysseus regarding any auction process in respect of the said Colour Life Shares. For details, please refer to the announcements of the Company dated 12 November 2025, 2 January 2026, 6 February 2026, 16 February 2026, 11 March 2026 and 13 March 2026 and the circular dated 24 February 2026.

On 26 November 2025, Cai Hua Holdings Limited (“Cai Hua”) (a wholly-owned subsidiary of the Company) and 深圳市拓美聯華貿易有限公司 (Shenzhen Tuomei Lianhua Trading Co., Ltd.\*) (“Shenzhen Tuomei”) entered into a disposal agreement (the “Twinkle Disposal”), pursuant to which Cai Hua conditionally agreed to sell, and Shenzhen Tuomei Lianhua Trading Co., Ltd.\* conditionally agreed to acquire, the entire equity interest in Twinkle Electronic Company Limited (天歌電子有限公司) (“Twinkle”) for a total consideration of RMB30,000,000. Twinkle owns approximately 60.67% equity interest in Shenzhen Able Electronics Co., Limited (深圳安博電子有限公司) (the “Project Company”), which is a property development company holding the industrial park developed by the Project Company. Upon completion of the said disposal, the Group will cease to have any interest in the Twinkle and the Project Company. For details, please refer to the announcement of the Company dated 26 November 2025.

On 26 November 2025, Shenzhen Fantasia Industrial Operation Co., Ltd. (“Shenzhen Fantasia”) (a wholly-owned subsidiary of the Company) and 深圳市聯祥商業管理有限公司 (Shenzhen Lianxiang Commercial Management Co., Ltd.\*) (“Shenzhen Lianxiang”) entered into a disposal agreement (the “Huahuo Disposal”), pursuant to which Shenzhen Fantasia conditionally agreed to sell, and Shenzhen Lianxiang conditionally agreed to acquire, the entire equity interests of 深圳市花火創新產業運營管理有限公司 (Shenzhen Fireworks Innovation Industry Operation Management Co., Ltd.\*) (“Huahuo”) for a total consideration of RMB1,000,000. Upon completion of the said disposal, the Group will cease to have any interest in Huahuo. For details, please refer to the announcement of the Company dated 26 November 2025.

On 26 November 2025, Shenzhen Yuehua Innovation Technology Industrial Park Co., Ltd. (“Shenzhen Yuehua”) (a non-wholly owned subsidiary of the Company) and 深圳市龍聯投資諮詢有限責任公司 (Shenzhen Longlian Investment Consulting Co., Ltd.\*) (“Shenzhen Longlian”) entered into a debt assignment agreement (the “Debt Assignment”), pursuant to which Shenzhen Yuehua conditionally agreed to assign, and Shenzhen Longlian conditionally agreed to accept the assignment of the debt in the principal amount of RMB56,609,000 due by the Project Company to Shenzhen Yuehua in the consideration of RMB48,000,000. For details, please refer to the announcement of the Company dated 26 November 2025.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Twinkle Disposal, the Huahuo Disposal and the Debt Assignment (collectively, the “Disposals”) exceeds 5% but is less than 25%, the Disposals constitute a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

\* For identification purpose only.



## SIGNIFICANT INVESTMENTS

Save as disclosed in the section headed Material Acquisitions and Disposals, the Company had no other significant investments held during the year under review.

## BORROWINGS

Details of the borrowings of the Group are set out in note 34 of the consolidated financial statements.

## DIRECTORS' INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in note 49 to the consolidated financial statements, no transaction, arrangement or significant contract, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries or subsidiaries was a party and in which a Director or an entity connected with the Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

## MANAGEMENT CONTRACT

No management contracts in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

## TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

The Company is not aware of any tax relief or exemption available to the shareholders of the Company.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

## MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales in the year.

During the reporting period, the aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or suppliers. The Company does not consider that the Company is in reliance or dependent on any major customers or suppliers for its success.

## CONTINUING CONNECTED TRANSACTIONS

The Company has entered into the following continuing connected transactions during the year ended 31 December 2025:

- Provision of Engineering Services by Shenzhen Kaiyuan Tongji Building Technology Co., Ltd. ("Shenzhen Kaiyuan Tongji ") to the Group**

On 29 December 2023, Shenzhen Fantasia Real-estate Group Ltd. ("Shenzhen Fantasia"), an indirect wholly-owned subsidiary of the Group and Shenzhen Kaiyuan Tongji, an indirect wholly owned subsidiary of Colour Life, entered into an engineering services framework agreement (the "2023 Engineering Services Agreement"), pursuant to which Shenzhen Kaiyuan Tongji agreed to provide engineering services to the Group including the installation and fitting of power systems, energy-saving lighting fixtures and related services to properties of Shenzhen Fantasia (the "Engineering Services") on terms no less favourable than those offered by independent third parties to the Group for comparable services for a term of three years commencing from 1 January 2023 to 31 December 2025 and subject to the annual caps of not exceeding RMB7 million, RMB8.6 million and RMB8.6 million for each of the years 2023, 2024 and 2025 respectively.



Ms. Zeng Jie, Baby, who is a non-executive Director, is interested in 521,362,720 shares of Colour Life (excluding any indirect interest in Colour Life which is held through the Company), representing approximately 28.04% of the then issued share capital of Colour Life. As such, during the year ended 31 December 2025, Colour Life was a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Accordingly, the transactions contemplated under the 2023 Engineering Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the 2023 Engineering Services Agreement have been set out in the Company's announcement dated 29 December 2023.

For the year ended 31 December 2025, the provision of the Engineering Services amounted to RMB1.5 million (31 December 2024: RMB1.5 million), which was within the annual cap of RMB8.6 million (31 December 2024: RMB8.6 million) for the same period.

## 2. Provision of Pre-delivery Property Management Services by Shenzhen Colour Life Property Management Co., Ltd. ("Shenzhen Colour Life Property Management") to the Group

On 29 December 2023, Shenzhen Fantasia and Shenzhen Colour Life Property Management, an indirect wholly owned subsidiary of Colour Life, entered into a pre-delivery property management services framework agreement (the "2023 Pre-delivery Property Management Services Agreement"), pursuant to which, Shenzhen Colour Life Property Management agreed to provide pre-delivery property management services to the Group including (a) the provision of onsite security, cleaning and other related services to the newly developed projects of Shenzhen Fantasia, as well as the provision of customer services to the property sales centre of the Fantasia Group, including concierge services, customer car parking management services at the pre-sale stage of the projects, and (b) the provision of operation and management services during the pre-delivery stage for the unsold portion of the developments of the Fantasia Group (the "Pre-delivery Property Management Services") on terms no less favourable than those offered by independent third parties to the Group for comparable services for a term of three years commencing from 1 January 2023 to 31 December 2025 and subject to the annual caps of not exceeding RMB10.0 million, RMB12.0 million and RMB12.0 million for each of the years ending 31 December 2023, 2024 and 2025 respectively.

Ms. Zeng Jie, Baby, who is a non-executive Director, is interested in 521,362,720 shares of Colour Life (excluding any indirect interest in Colour Life which is held through the Company), representing approximately 28.04% of the then issued share capital of Colour Life. As such, during the year ended 31 December 2025, Colour Life was a connected subsidiary of the Company under Rule 14A.16 of the Listing Rules. Accordingly, the transactions contemplated under the 2023 Pre-delivery Property Management Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. Details of the 2023 Pre-delivery Property Management Services Agreement have been set out in the Company's announcement dated 29 December 2023.

For the year ended 31 December 2025, the amounts paid/payable to the Group for the provision of Pre-delivery Property Management Services amounted to RMB9.2 million (31 December 2024: RMB2.4 million), which was within the annual cap of RMB12.0 million (31 December 2024: RMB12.0 million) for the same period.

### 3. Structured Contracts

Pursuant to the Catalogue of Industries for Guiding Foreign Investment (2011 version) (《外商投資產業指導目錄》(2011年修訂)), value-added telecommunications service is subject to foreign investment restriction in which a foreign investor shall hold no more than 50% equity interest in a value-added telecommunications services provider in the PRC.

Internet content provision services, or ICP services, belong to a subcategory of value-added telecommunications services. Colour Life's PRC legal advisor (the "Legal Advisor") has advised that the community leasing, sales and other services provided by Shenzhen Color Life Network Service Co., Ltd. ("Shenzhen Colour Life Network Service") through the Colour Life website constitute value-added telecommunications services. According to the Administrative Rules for Foreign Investment in Telecommunications Enterprises (《外商投資電信企業管理規定》), foreign investors shall contribute no more than 50% of the registered capital of a value-added telecommunications services provider and any such foreign investor shall maintain a good track record and possess relevant operational experience in the value-added telecommunication services industry (the "Qualification Requirement").

Based on consultations with the relevant personnel responsible for the approval of value-added telecommunications services at MIIT and the Guangdong Communications Administration Bureau (廣東省通信管理局), the Legal Advisor has advised that in order to demonstrate that it has satisfied the Qualification Requirement, a foreign investor shall provide the competent PRC authority with its telecommunications services business operating license issued by the relevant authority at its place of registration (equivalent of the ICP License issued by the Ministry of Industry and Information Technology of the PRC (the "MIIT")) and its financial reports of the most recent three years. However, the MIIT did not specify during the Legal Advisor's consultations what would constitute "a good track record" and "relevant operational experience" and there are no specific written guidelines in this regard or in respect of whether and what type of documentation is required to establish the requisite credentials in cases where there is no telecommunications service business licensing regime in the jurisdiction or country in which the foreign investor provides the relevant telecommunication services.

As for the legality of the contractual arrangements, the Legal Advisor, after taking reasonable actions and steps to reach its legal conclusions including consulting the MIIT where the representative stated that there is no regulation enforceable or promulgated by the MIIT which prohibits or restricts the operation of value-added telecommunication businesses by foreign investors through contractual arrangements such as the Structured Contracts, are of the view that each of the Structured Contracts individually and collectively do not violate any of the applicable PRC laws and regulations. Legal Advisor is also of the view that the MIIT is the competent regulatory authority to give such assurance and interpret the Structured Contracts.

Based on the above-mentioned restriction under the relevant laws and regulations of the PRC, the Colour Life Group is not entitled to acquire the equity interest in Shenzhen Caizhiyun Network Technology Co., Ltd. (“Shenzhen Caizhiyun Network”). To enable the Colour Life Group to continue to manage and operate the online business of Shenzhen Caizhiyun Network and be entitled to all the economic benefits generated from such online business of Shenzhen Caizhiyun Network, Shenzhen Colour Life Network Service, Shenzhen Caizhiyun Network, Mr. Pan Jun (“Mr. Pan”) and Mr. Tang Xuebin entered into the exclusive management and operation agreement, the call option agreement, the shareholders’ rights entrustment agreement, the equity pledge agreement and the power of attorney (collectively the “Structured Contracts”) on 16 June 2014 such that the Colour Life Group are entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network (the “Contractual Arrangement”). The Structured Contracts have an initial term of 10 years which is renewable for a successive term of 10 years. On 31 December 2021, Mr. Tang Xuebin, a former shareholder of Shenzhen Caizhiyun Network, transferred his 30% equity interests in Shenzhen Caizhiyun Network to Mr. Wu Chao (“Mr. Wu”) and completed the industrial and commercial change registration procedures. Upon signing the framework agreement, the validity period has extended to 15 July 2033 accordingly. Colour Life is exploring various opportunities in building up our community leasing, sales and other services business operations overseas for the purposes of being qualified as early as possible, to acquire the entire equity interest of Shenzhen Caizhiyun Network if and when the restrictions under the relevant PRC law on foreign ownership in value-added telecommunication enterprises are lifted. For details of the Structured Contracts, please refer to the section headed “History, Reorganization and the Group Structure – The Structured Contracts” in Colour Life’s prospectus dated 17 June 2014.

Upon signing of the Structured Contracts, Shenzhen Caizhiyun Network was treated as a wholly-owned subsidiary of Colour Life and the accounts of which are consolidated with those of the Company. Given the registered capital of Shenzhen Caizhiyun Network is held as to 70% by Mr. Pan, an executive director at time of the signing of the Structure Contracts who resigned as a director of the Company on 25 September 2023, Mr. Pan is therefore a connected person of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the exclusive management and operation agreement which involves the payment of a service fee by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service on an annual basis, each of the Structured Contracts does not involve payment of any consideration.

The Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated in the Company, through the Colour Life Group, as if it was the Company’s subsidiary resulting in all economic benefits of its business flowing to the Company. Through the appointment by Shenzhen Colour Life Network Service of all directors and senior management of Shenzhen Caizhiyun Network, the Directors believe that Shenzhen Colour Life Network Service is able to effectively supervise, manage and operate the business operations, expansion plans, financial policies and assets of Shenzhen Caizhiyun Network, and at the same time, ensure due implementation of the Structured Contracts. According to Hong Kong Financial Reporting Standards, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.



Although the Company does not directly or indirectly own Shenzhen Caizhiyun Network, the Structured Contracts enable the Company, through Colour Life, to exercise control over and receive economic benefits generated from the business operation of Shenzhen Caizhiyun Network and the validity and legality of the Structured Contracts have been confirmed by Colour Life's People's Republic of China (the "PRC") legal advisor. Colour Life Group derives economic benefits from the online community leasing, sales and other services provided by Shenzhen Caizhiyun Network through the website and mobile applications to residents in the residential communities that Colour Life manages or provides consultancy services to. Under such circumstances, the Directors are of the view that it is fair and reasonable for Shenzhen Colour Life Network Service to be entitled to all the economic benefits generated from Shenzhen Caizhiyun Network. The Structured Contracts also permit Shenzhen Colour Life Network Service to exclusively acquire all or part of the equity interest in Shenzhen Caizhiyun Network, if and when permitted by PRC laws and regulations. Notwithstanding the Group's lack of equity ownership in Shenzhen Caizhiyun Network, the Group is able to control the business and financial position of Shenzhen Caizhiyun Network in substance through the Structured Contracts. As a result of the Structured Contracts, Shenzhen Caizhiyun Network is accounted for as the Company's subsidiary, through Colour Life, and its financial position and operating results are consolidated in the Company's consolidated financial statements. The revenue and total asset value subject to the Contractual Arrangements amounted to approximately RMB2.1 million for the year ended 31 December 2025 and approximately RMB3.7 million as of 31 December 2025, respectively.

Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the South China International Economic and Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules thereof.

The Company had applied and the Stock Exchange had granted a waiver that the Structured Contracts are exempt from the annual cap and independent shareholders' approval requirements under Rules 14A.36 and 14A.53 of the Listing Rules.

Mr. Pan had undertaken to Shenzhen Colour Life Network Service that during the period when the Contractual Arrangement remains effective, (i) unless otherwise agreed to by Shenzhen Colour Life Network Service in writing, the relevant shareholder would not, directly or indirectly (either on his own account or through any natural person or legal entity) participate, or be interested, or engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of Shenzhen Caizhiyun Network or any of its affiliates; and (ii) any of his actions or omissions would not lead to any conflict of interest between him and Shenzhen Colour Life Network Service (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interests (where Shenzhen Colour Life Network Service has the sole absolute discretion to determine whether such conflict arises), he agrees to take any appropriate actions as instructed by Shenzhen Colour Life Network Service.

Furthermore, the Group conducts its business operation in the PRC through Shenzhen Caizhiyun Network by way of Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the PRC laws. As advised by the Company's PRC legal advisers, the Contractual Arrangements were narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

To ensure proper implementation of the Structured Contracts, Colour Life also takes the following measures:

- (a) as part of the internal control measures, major issues arising from implementation and performance of the Structured Contracts was reviewed by the Colour Life Board on a regular basis which will be no less frequent than on a quarterly basis;
- (b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) was discussed at such regular meetings which was no less frequent than on a quarterly basis;
- (c) the relevant business units and operation divisions of the Colour Life Group reported regularly, which was no less frequent than on a monthly basis, to the senior management of Colour Life on the compliance and performance conditions under the Structured Contracts and other related matters;
- (d) the compliance department of Colour Life monitored the proper implementation and Mr. Pan's and Mr. Wu's compliance with the Structured Contracts; and
- (e) also, pursuant to the exclusive management and operation agreement, the bank accounts of Shenzhen Caizhiyun Network were operated through its company seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal is currently kept by the compliance department.



The Board confirmed that there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and its impact on the issuer group.

The Board also confirmed that there is no unwinding of Structured Contracts or failure to unwind when the restrictions that led to the adopted of Structured Contracts are removed.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive directors of the Company, namely Mr. Leung Yiu Cho, Mr. Guo Shaomu and Mr. Ma Yu-heng have reviewed the Structured Contracts and confirmed that the Structured Contracts have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Prism Hong Kong Limited, the auditor of the Company, has confirmed in its a letter to the Board that nothing has come to their attention that causes them to believe that the continuing connected transaction abovementioned:

- (i) has not been approved by the Board;
- (ii) are not, in all material respects, in accordance with the pricing policies of the Company if the transactions involve provision of goods and services by the Company;
- (iii) have not been entered into in accordance with the relevant agreements governing the transactions; and
- (iv) have exceeded the respective annual caps.

## CONNECTED TRANSACTIONS

The Company did not have any connected transactions during the year under review.

## RELATED PARTY TRANSACTIONS

During the year ended 31 December 2025, certain Directors and companies controlled by certain Directors entered into transactions with the Group which are disclosed in note 49 "Related Party Transactions" to the consolidated financial statements of the Group. Save for those transactions disclosed in the sections headed "Continuing Connected Transactions" and "Connected Transactions", the Board confirmed that none of these related party transactions constitutes a disclosable connected transaction as defined under chapter 14A of the Listing Rules.

## INTERESTS IN COMPETITORS

None of the Directors or chief executive of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.

## EMOLUMENT POLICY

The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the Remuneration Committee on the basis of their merit, qualifications and competence. The emoluments of the Directors are decided by the Remuneration Committee, having regards to the Group's operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2025.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the reporting period, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

## DIVIDEND POLICY

The Company has approved and adopted a dividend policy (the "Dividend Policy").

According to the Dividend Policy, the Company intends to declare dividends to shareholders every year and may declare special dividends from time to time. In deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account the Group's distributable profits generated during the year, the financial situation, the liquidity of cash flow, the investment needs and the retained profits for future development. While sharing the profit with shareholders, the Company shall also maintain sufficient reserves to ensure the implementation of the Group's strategy for development. The payment of dividend is also subject to any restrictions under the laws of Cayman Islands, the laws of Hong Kong and the articles of association of the Company.





## PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association, or the laws of Cayman Islands, which would oblige the Company to offer new shares on a prorata basis to existing shareholders.

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Company operates in a dynamic and complex environment, which exposes it to various risks and uncertainties. Management has identified the following principal risks and uncertainties that are most relevant and significant to the Company's operations, financial position, and business plans:

## 1. Market and Economic Risks

### 1.1. Economic Downturn

- **Description:** The global economy continues to face uncertainties, with potential slowdowns in economic growth. Such economic conditions can lead to reduced consumer spending, lower demand for real estate, and increased unemployment rates.
- **Impact:** In 2025, the Company experienced a decline in sales volumes and average selling prices due to weakened consumer confidence. This has affected the Company's revenue and profitability.
- **Mitigation:** The Company is closely monitoring economic indicators and adjusting its marketing strategies to target more resilient market segments. Additionally, cost control measures have been implemented to maintain financial stability during periods of economic uncertainty.

### 1.2. Interest Rates Fluctuations

- **Description:** Fluctuations in interest rates can significantly impact the Company's borrowing costs and the affordability of mortgages for potential buyers.
- **Impact:** Rising interest rates have increased the Company's financing costs, affecting its net income. Additionally, higher mortgage rates have deterred some potential buyers, leading to slower sales.
- **Mitigation:** The Company is managing its debt portfolio to optimize interest rate exposure. It has also introduced flexible payment plans and financial assistance programs to help buyers navigate the current interest rate environment.

## 2. Regulatory and Policy Risks

### 2.1. Government Policies and Regulations

- **Description:** The real estate industry is heavily regulated, and changes in government policies, zoning laws, and environmental regulations can directly impact the Company's projects.
- **Impact:** New regulations regarding land use and environmental standards have increased project development costs and extended timelines. Additionally, policy changes aimed at cooling the real estate market have affected sales volumes.
- **Mitigation:** The Company maintains a proactive dialogue with regulatory bodies and industry associations to stay informed about policy changes. It also incorporates compliance with new regulations into its project planning and development processes.

### 2.2. Housing Market Policies

- **Description:** Government policies aimed at stabilizing the housing market, such as purchase restrictions and adjustments to loan-to-value ratios, can limit demand.
- **Impact:** In 2025, the implementation of stricter purchase restrictions in certain regions led to a decline in sales of the Company's residential projects.
- **Mitigation:** The Company is diversifying its product offerings to include more affordable housing options that align with government policies. It is also exploring opportunities in secondary and tertiary markets where demand remains strong.

## 3. Operational Risks

### 3.1. Project Delays and Cost Overruns

- **Description:** Delays in project completion due to supply chain disruptions, labor shortages, or adverse weather conditions can lead to cost overruns and reduced profitability.

- **Impact:** Several projects experienced delays in 2025 due to supply chain issues, resulting in increased development costs and extended project timelines.
- **Mitigation:** The Company has strengthened its supply chain management by establishing relationships with multiple suppliers. It has also implemented project management software to improve scheduling and resources allocation.

### 3.2. Quality Control

- **Description:** Ensuring high-quality construction is critical for customer satisfaction and the Company's reputation. Failures in quality control can lead to costly repairs and reputational damage.
- **Impact:** In 2025, the Company received a few complaints regarding construction quality, which required additional resources to address.
- **Mitigation:** The Company has enhanced its quality control processes by conducting more frequent inspections and adopting advanced construction technologies. It has also increased training for its construction teams to ensure compliance with quality standards.

## 4. Financial Risks

### 4.1. Liquidity Risk

- **Description:** The Company relies on various sources of financing to fund its operations and development projects. Changes in market conditions or access to financing can impact its liquidity.
- **Impact:** In 2025, tighter lending conditions from financial institutions led to increased borrowing costs and reduced availability of funds.
- **Mitigation:** The Company is actively managing its debt levels and exploring alternative financing options, such as equity financing and joint ventures. It has also established strong relationships with multiple financial institutions to ensure access to capital.

#### 4.2. Foreign Exchange Risks

- **Description:** The Company's operations involve transactions in multiple currencies, exposing it to foreign exchange rate fluctuations.
- **Impact:** Adverse movements in exchange rates have affected the Company's financial statements and increased the cost of imported materials.
- **Mitigation:** The Company is using financial instruments such as forward contracts and currency swaps to hedge its foreign exchange exposure. It is also optimizing its currency mix to minimize risks.

### 5. Market and Competitive Risks

#### 5.1 Competition from Other Developers

- **Description:** The real estate market is highly competitive, with numerous developers offering similar products. Intense competition can lead to price wars and reduced market share.
- **Impact:** In 2025, increased competition in certain regions led to lower profit margins for the Company's projects.
- **Mitigation:** The Company is differentiating its products through innovative design and enhanced community amenities. It is also focusing on niche markets where competition is less intense.

#### 5.2. Changing Consumer Preferences

- **Description:** Shifts in consumer preferences towards sustainability, smart homes, and urban living can render existing products obsolete if not addressed.
- **Impact:** The Company observed a decline in demand for some of its traditional housing products in 2025.
- **Mitigation:** The Company is investing in research and development to incorporate sustainable and smart home features into its projects. It is also engaging with potential buyers through surveys and focus groups to better understand their evolving needs.

### 6. Environmental and Social Risks

#### 6.1. Environmental Regulations

- **Description:** Increasing environmental regulations require the Company to adopt sustainable practices, which can increase development costs.
- **Impact:** Compliance with stricter environmental standards has added to the Company's project costs in 2025.
- **Mitigation:** The Company is integrating sustainable practices into its operations, such as using eco-friendly materials and implementing energy-efficient designs. It is also seeking certifications that enhance its reputation for sustainability.

#### 6.2. Social and Community Impact

- **Description:** The Company's projects can have significant social and community impacts, which need to be managed carefully to avoid reputational risks.
- **Impact:** In 2025, the Company faced some community resistance to a large-scale development project.
- **Mitigation:** The Company is engaging with local communities early in the project planning stages to address concerns and incorporate community feedback. It is also investing in community development initiatives to build positive relationships.

### Conclusion

Management is actively monitoring and addressing these risks and uncertainties to minimize their impact on the Company's operations, financial position, and business plans. The Company remains committed to maintaining a robust risk management framework and will continue to adapt its strategies as necessary to navigate the evolving market and regulatory landscape.

## COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group, such as the Listing Rules and the Revised Hong Kong Financial Reporting Standards. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

## PERMITTED INDEMNITY PROVISION

Pursuant to Article 164. (1) of the Company's Articles, the directors, secretary and other officers and every auditor of the Company at any time, whether at present or in the past, and the liquidator or trustees (if any) acting or who have acted in relation to any of the affairs of the Company and everyone of them, and everyone of their heirs, executors and administrators, shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts; and none of them shall be answerable for the acts, receipts, neglects or defaults of the other or others of them or for joining in any receipts for the sake of conformity, or for any bankers or other persons with whom any moneys or effects belonging to the Company shall or may be lodged or deposited for safe custody, or for insufficiency or deficiency of any security upon which any moneys of or belonging to the Company shall be placed out on or invested, or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts, or in relation thereto; PROVIDED THAT this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

## PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as of the latest practicable date prior to the issue of this annual report, the Company has maintained the public float of the issued shares of the Company as required under the Listing Rules.

## FIVE YEARS' FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five fiscal years is set out on page 3 of this annual report.

## AUDITOR

The consolidated financial statements for the year ended 31 December 2025 have been audited by Prism Hong Kong Limited. A resolution for the re-appointment of Prism Hong Kong Limited as the Company's auditor will be proposed at the forthcoming AGM of the Company.

For and on behalf of the Board  
*Executive Director*  
**Lin Zhifeng**

Hong Kong, 27 March 2026



Fantasia Holdings Group Co., Limited (the “Company”, together with its subsidiaries, the “Group”) is committed to maintain high standards of corporate governance with a view to assuring the conduct of the management of the Company as well as protecting and enhancing the value of the shareholders of the Company (“Shareholders”). The board (the “Board”) of directors of the Company (the “Directors”, each a “Director”) recognise the importance of the shareholder’s transparency and accountability and believe that the benefits of Shareholders can be maximized from good corporate governance.

The Company has adopted and complied with all applicable code provisions of the Corporate Governance Code (the “Corporate Governance Code”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”) during the year ended 31 December 2025, save for the deviation as disclosed below.

Code provision C.1.7 of part 2 of the Corporate Governance Code provides that an issuer should arrange appropriate insurance cover in respect of legal action against its directors. In 2025, due to the continuous downward trend in the real estate industry market, the Company was unable to identify a suitable insurance company for liability coverage. As a result, the Company was unable to arrange appropriate liability insurance for Directors and executive officers in relation to legal actions against Directors and senior management arising from the activities of the Company. The Company will continue to identify a suitable insurance company and arrange appropriate liability insurance for the Directors as soon as practicable.

## GOING CONCERN AND MITIGATION MEASURES

### Details of the disclaimer of opinion

**The independent auditor of the Company, Prism Hong Kong Limited (the ‘Auditor’), has not expressed an opinion on the consolidated financial statements of the Group for the year ended 31 December 2025 as a result of the matters set out in the section headed ‘Independent Auditor’s Report’ on pages 59 to 60 of this annual report.**

For the year ended 31 December 2025, the Group incurred a net loss of RMB9,498,500,000. As at 31 December 2025, the Group had net current liabilities and net liabilities of RMB26,359,678,000 and RMB20,589,097,000 respectively. As at 31 December 2025, the Group’s current liabilities (including current liabilities that are in default or cross-default or contain early repayment on demand clauses) amounted to RMB80,191,816,000.

As of 31 December 2025, the Group had not repaid certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) amounting to approximately RMB43,824,896,000 on the scheduled repayment dates. Subsequent to 31 December 2025, the Group has not repaid certain interest-bearing liabilities in accordance with the scheduled repayment dates. These events or circumstances indicate existing material uncertainties that may cast significant doubt on the Group’s ability to continue as a going concern.

The auditor requested the Company to provide evidence and supporting documentation to substantiate the feasibility and progress of the proposed debt restructuring. Such requested information included, among others, (i) detailed cash flow forecast for the next 12 months from the date of the reporting period together with the underlying assumptions (the “Cash Flow Forecast”); (ii) executed or substantially agreed restructuring agreements (such as restructuring support agreements) with creditors, (iii) documentary evidence of creditors’ consent to defer or extend repayment of the relevant interest-bearing liabilities, and (iv) other third-party confirmations supporting the assumptions adopted in the Cash Flow Forecast.

However, the Company was unable to provide the above requested documentation as the debt restructuring process was still ongoing. While the Group has been actively negotiating with its creditors, certain key terms have yet to be finalised, and no definitive agreements or formal approvals from creditors had been executed or obtained as at the time of the auditor's assessment. As such, the requested third-party supporting documentation was not yet available. As a result, the auditor was of the view that the extensions or deferrals of repayment for certain interest-bearing liabilities assumed in the Cash Flow Forecast are subject to material uncertainty.

Notwithstanding the Group has formulated the plans and measures with the objective to mitigate the liquidity pressure of the Group as set out in the paragraph headed "Proposed plan to resolve the disclaimer of opinion" below, given the volatility of the property sector in Mainland China and the uncertainties to obtain support from the Group's creditors, material uncertainties exist as to whether or not the Group will be able to achieve its plans and measures as described below.

#### Actual or potential impact of the disclaimer of opinion on the Group's financial position

A disclaimer of opinion, in and of itself, does not have any practical effect on the Group's financial position. The validity of the going concern assumptions underlying the preparation of the consolidated financial statements depends on the results of the implementation of the proposed plan to resolve the disclaimer of opinion, subject to a number of uncertainties, including (i) the successful completion of the offshore debt restructuring; (ii) the successful execution of the Group's strategic business plans, including the acceleration of property sales; (iii) the successful securing of additional sources of new financing where necessary; (iv) the successful disposal of the Group's shareholding in project development companies, where appropriate; and (v) the successful implementation of measures to accelerate the recovery of outstanding sales proceeds and effectively control costs and expenses.

In the event that the Group is unable to continue as a going concern, adjustments would be necessary to write down the carrying amounts of assets to their net recoverable values, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments is not reflected in the Group's consolidated financial statements for the year ended 31 December 2025.

#### Management's view

In light of the disclaimer of opinion, the management of the Group (including the Directors) (collectively referred to as the "Management"), when assessing the Group's ability to continue as a going concern, has taken into account the Group's current liquidity, performance and available sources of financing and has considered the Group's cash flow projections prepared by the Management for a period of not less than 12 months from the date of the reporting period. Considering that a number of measures, such as the successful negotiation and identification of various options for financing the Group's working capital with certain financial institutions and the successful negotiation of the renewal and extension of bank borrowings and credit facilities with various financial institutions, have been implemented successfully and on an ongoing basis, the Management believes that the Group will have sufficient working capital for a period of at least 12 months commencing from 31 December 2025, and therefore it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

The Management has no objection to the disclaimer of opinion issued by the auditors, considering that the consolidated financial statements have been prepared on a going concern basis, the validity of which is dependent on the results of the measures assumed by management, although there are also uncertainties in such results, including the Group's ability to generate operating cash flows and to obtain additional sources of financing. Whilst the Company considers that it has provided all available information and documentation to demonstrate that the Group will have sufficient working capital for the 12 months commencing from the 12 months ending 31 December 2025, the Company is aware of the uncertainties raised by the auditors as set out above, which cannot be eliminated at this stage due to the ongoing nature of debt restructuring negotiations and the absence of sufficient appropriate audit evidence.

### Audit committee's view on the disclaimer of opinion

The Audit Committee of the Company (the "Audit Committee") has reviewed and concurred with the Management's position on the Group's action plan to address the above disclaimer of opinion. The Audit Committee has also discussed with the Management and the auditors to gain an understanding of the reasons for the audit qualification and the views of the Board and the auditors. The Audit Committee had also discussed with the Auditor regarding the financial position of the Group, measures taken and to be taken by the Group, and considered the Auditor's rationale and understood their consideration in arriving its opinion. The Audit Committee agrees with the Management's position and views on the disclaimer of opinion, recognises the Group's ability to continue as a going concern and agrees with the actions to be implemented by the Management. Accordingly, it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2025 on a going concern basis.

### Proposed plan to resolve the disclaimer of opinion

Having considered the Group's future liquidity and performance as well as its available sources of financing, the Company has put in place various plans and measures to alleviate liquidity pressure and improve the Group's financial position, which are summarised below:

- (1) The Company has appointed Alvarez & Marsal Corporate Finance Limited as its financial adviser for its offshore debt restructuring. The Group is in active discussions with the existing lenders on the renewal of the Group's certain borrowings. These discussions have been constructive and focused on possible actions in light of the current circumstances but do require time to formulate or implement due to the ongoing changes in market conditions. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales to address its upcoming financial obligations and future operating cash flow requirements whilst engaging with its existing lenders.

The Group has been actively negotiating with the existing onshore lenders regarding the renewal of certain borrowings. These negotiations have been constructive and focused on possible actions in light of the current circumstances. In addition, in parallel with the negotiations with the existing lenders, the Group will continue to accelerate asset sales to address upcoming financial obligations and future operating cash flow requirements, whilst engaging with the existing lenders.

On 16 January 2026, an order was made by the Court of First Instance of the High Court of the Hong Kong, directing scheme creditors to convene a single meeting on 20 February 2026 (the "Hong Kong Scheme Meeting") for the purpose of considering and, if thought fit, approving the proposed scheme arrangement of debt restructuring between the Company and each scheme creditor under the Companies Ordinance of Hong Kong (the "Hong Kong Scheme"). On 23 January 2026, an order was made by the Cayman Court, directing scheme creditors to convene a single meeting on 20 February 2026 for the purpose of considering and, if thought fit, approving the proposed scheme of arrangement in the Cayman Islands (the "Cayman Scheme") (the "Cayman Scheme Meeting"). The Hong Kong Scheme Meeting and the Cayman Scheme Meeting were held at 7:00 p.m. Hong Kong time on 20 February 2026/6:00 a.m. Cayman time on 20 February 2026. Each scheme has been approved by the requisite statutory majority of the scheme creditors.

By an order made by the Hong Kong Court on 12 March 2026 (the "Hong Kong Sanction Order"), the Hong Kong Scheme has been sanctioned by the Hong Kong Court, and a sealed copy of the Hong Kong Sanction Order was filed with the Hong Kong Registrar of Companies for registration on 13 March 2026; and by an order made by the Cayman Court on 12 March 2026 (the "Cayman Sanction Order"), the Cayman Scheme has been sanctioned by the Cayman Court, and a sealed copy of the Cayman Sanction Order was filed with the Cayman Registrar of Companies for registration on 13 March 2026. The effective date for each of the Hong Kong Scheme and the Cayman Scheme (the "Scheme Effective Date") has occurred on 13 March 2026 in accordance with the terms of each scheme. The Scheme Effective Date is a significant milestone towards the implementation of the proposed restructuring of its offshore debt (the "Proposed Restructuring"). The effective of the Proposed Restructuring is only subject to the satisfaction or waiver of all restructuring conditions.

On 2 January 2026, the Company, TFI Securities and Futures Limited (“TFISF”) and Splendid Fortune Enterprise Limited (“Splendid Fortune”) entered into a restructuring agreement (the “Restructuring Agreement”), pursuant to which the parties conditionally agreed to effect a series of parallel transactions in connection with the dispute in connection with a series of financial transactions between the Company and TFISF over the period from June to September 2021 (the “Dispute”) involving Colour Life shares: Splendid Fortune acquired 21.97% of Colour Life Services Group Co., Limited (“Colour Life”)’s shares, 10% were transferred to a TFISF-designated entity (as security enforcement), and the Company retained a 9.98% stake in Colour Life (free of security/claims). The Restructuring Agreement represented a unique opportunity for the Company to address the Dispute, which had dragged on for years. The deal deducted relevant share values/consideration from the Company’s alleged indebtedness to TFISF, with its subsidiary Sky Ease Global Limited incurring new non-recourse debt (backed by onshore share pledges). On 12 March 2026, the transactions contemplated under the Restructuring Agreement were completed. Colour Life ceased to be the Company’s subsidiary, and Ms. Zeng Jie, Baby indirectly held 59.99% of Colour Life’s shares, remaining its majority shareholder. For details, please refer to the announcements of the Company dated 12 November 2025, 2 January 2026, 6 February 2026, 16 February 2026, 11 March 2026 and 13 March 2026 and the circular dated 24 February 2026.

The Scheme Effective Date is distinct from the Restructuring Effective Date (as defined in each Scheme). The occurrence of the Scheme Effective Date is one of the Restructuring Conditions (as defined in each Scheme), and the Restructuring Effective Date can occur only when all Restructuring Conditions have been satisfied or waived.

In 2026, the Group will continue to actively pursue the implementation of the Hong Kong Scheme and the Cayman Scheme and hence the offshore debt restructuring.

- (2) The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and trade receivables. The Group will also continue to actively adjust sales and pre-sale activities to better respond to the changing markets in order to meet the latest budgeted sales and pre-sales volumes and amounts.

The Group believes that the property market in the PRC will gradually return to a healthy and stable development path after deep adjustments. In terms of sales and pre-sales, the Group will accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and trade receivables. The Group will continue to focus on core regions and build up its business in cities with better supply-demand relationships. In 2026, the Group will implement its sales plan (taking into account factors such as historical sales performance in each core region, market demand, national support policies and price changes, and unit price forecasts) while adhering to its operational and development strategy of “survival and growth”.

In respect of project construction and progress management, the Group will continue to closely monitor the construction progress of its property development projects under the sales programme in 2026 and maintain ongoing communication with and negotiate payment arrangements with the key contractors and suppliers to ensure that constructions and related payments are fulfilled and that the relevant properties sold under the pre-sale arrangements are completed and delivered to purchasers in accordance with the agreed dates. This will also enable the Group to request the release of the remaining construction deposits of the pre-sale properties from the designated bank accounts to the bank accounts of the relevant Group companies in order to fulfil their financial obligations respectively.

In response to the prevailing market environment, the Company has actively adapted to the industry's transition from scale expansion to quality enhancement. Through refined operations and business model innovation across its operating businesses, the Company has effectively enhanced customer experience and asset value. At the same time, the Company has pursued diversified exploration in innovative business areas, thereby strengthening the stability and resilience of its operations.

It also focuses on key projects available for sale across the country, combine the project's location and supporting facilities, advantages of existing units and favourable urban policies, so as to accurately carry out marketing activities with targeted customers by "one project, one policy" strategy. The Company's operating businesses have achieved steady and diversified progress. Its golf, catering, and hotel businesses introduced customized membership packages in line with autumn festivals and seasonal themes, thereby enhancing operating performance. Shopping malls and office parks have actively integrated resources to promote joint operations and improvements in customer experience, driving sales performance of in-mall tenants and leasing of office spaces within the parks.

The Company has carried out multi-faceted pilot initiatives in innovative businesses and continued to explore opportunities across a range of areas, including disposal and revitalization of distressed assets, secondhand housing platform transactions, agency sales and construction, high-end property services, renovation works, space operations, hand-made and one-table meals.

Benefiting from the Group's enhanced properties sales measures, the Company's cumulative contracted sales for the first two months of 2026 (unaudited) amounted to approximately RMB59 million. The Group will continue to implement and/or further improve these measures to accelerate the sales of properties.

- (3) The Group will continue to seek for suitable opportunities to dispose of its equity interest in certain project development companies in order to generate additional cash inflows.

Reference is made to the announcement of the Company dated 26 November 2025. On 26 November 2025, (i) the Group disposed of 60.67% equity interest in Shenzhen Able Electronics Co., Limited at an aggregate consideration of RMB30,000,000; (ii) the Group disposed of 100% equity interest in 深圳市花火創新產業運營管理有限公司 (Shenzhen Fireworks Innovation Industry Operation Management Co., Ltd.\*) at an aggregate consideration of RMB1,000,000; and (iii) the Group transferred the outstanding debts owed by Shenzhen Able Electronics Co., Ltd. at a consideration of RMB48,000,000 (collectively, the "Disposals"). As at the date of this letter, the Disposals remain in the process of performance.

In 2026, the Group will continue to explore suitable disposal opportunities, and the Group is currently in negotiations with potential buyers for the disposal of other project companies.

- (4) The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

In response to changes in the market environment, the Group has continued to launch a series of cost control measures since 2021. In 2025, it successfully further reduced selling and distribution expenses and administrative expenses by 10.5% compared with 2024. In 2025, the Group continued to optimize its human resources and effectively reduced operating costs. The senior management team and key board members took the initiative to reduce their salaries to overcome the difficult times together with the Group.

In 2026, the Group will endeavour to revitalise its underperforming assets, including hotels, office buildings and shops, and consider disposing of its investment in property development projects as and when necessary to generate more cash inflows; and strictly control ineffective capacity and reduce various non-core and non-essential operating expenses.

The board of directors (including the Audit Committee) has reviewed the above action plan formulated by the management of the Company and is of the view that the disclaimer of opinion is expected to be resolved upon the completion of the offshore debt restructuring under the RSA. The Company has been in active communication with its creditors and is confident that the offshore debt restructuring will be completed in a timely manner.

## IMPORTANT EVENTS AFTER THE REPORTING PERIOD

### Restructuring Agreement Involving Share Dispute with Colour Life

On 2 January 2026, the Company, TFISF and Splendid Fortune Enterprise Limited entered into a restructuring agreement (the “Restructuring Agreement”), pursuant to which the parties conditionally agreed to effect a series of parallel transactions in connection with the dispute in connection with a series of financial transactions between the Company and TFISF over the period from around June to September 2021 (the “Dispute”), involving (i) the acquisition of 408,595,119 Colour Life Shares (the “Sale Shares”) (representing approximately 21.97% of the issued shares of Colour Life as at 2 January 2026) by Splendid Fortune Enterprise Limited at the price of HK\$0.087 per Colour Life Share; (ii) the appropriation of the consideration (i.e. proceeds from the disposal of the Sale Shares) by TFISF; (iii) the transfer of the 185,940,719 Colour Life Shares (the “TFISF Shares”) to an entity designated by TFISF (the “TFISF Designated Entity”) as effective enforcement of the purported security (representing approximately 10.0% of the issued shares of Colour Life as at the date of this report); (iv) the deduction of the consideration and the value of the TFISF Shares to be transferred to the TFISF Designated Entity under the Restructuring Agreement (the “Agreed Share Value”) from the purported indebtedness of the Company owed to TFISF (the “Purported Indebtedness”), thereby reducing the aggregate indebtedness payable to TFISF to the

the difference between (i) the purported indebtedness and (ii) the sum of the consideration and the Agreed Share Value (the “Net Deficiency Amount”); (v) the Company’s retention of 185,568,838 Colour Life Shares (representing approximately 9.98% of the issued shares of Colour Life as at 2 January 2026) free from, and fully released and discharged from, the purported security or any other claim the transactions contemplated under the Restructuring Agreement; and (vi) (subject to satisfaction or waiver of the conditions to the closing of the Restructuring on or before the long stop date of the Restructuring Agreement) the debt novation and related incurrence of the new debt by Sky Ease Global Limited, a subsidiary of the Company, on a non recourse basis to the Company and other members of the Group (other than the chargor under the pledges to be provided by a subsidiary of the Company, over its 14% interest in three onshore companies (the “Share Pledges”) (i.e. same as the existing security) and the companies the shares of which will be subject to the Share Pledges).

Ms. Zeng owns 100% of the issued shares of Ice Apex Limited, which owns 80% of the issued shares of Fantasy Pearl International Limited, and Fantasy Pearl International Limited in turn owns approximately 57.41% of the issued Shares. Ms. Zeng also owns 100% of the issued shares of Delight Vision Limited, which owns 100% of the issued shares of Link Gold Holdings Limited, and Link Gold Holdings Limited in turn owns approximately 67.36% of the issued shares of Splendid Fortune Enterprise Limited. Ms. Zeng is also a non-executive Director. Accordingly, each of Ms. Zeng and Splendid Fortune Enterprise Limited is a connected person of the Company.

As the highest applicable percentage ratio in respect of the disposal of the Sale Shares contemplated under the Restructuring Agreement exceeds 25% but is less than 75%, the disposal of the Sale Shares constitutes a major transaction of the Company and is subject to the reporting, announcement and independent shareholder approval requirements under Chapter 14 of the Listing Rules. The Restructuring Agreement also constitutes a connected transaction of the Company and is subject to the reporting, announcement and independent shareholder approval requirements under Chapter 14A of the Listing Rules. On 11 March 2026, the Company convened and approved an extraordinary general meeting to consider relevant transactions.

On 12 March 2026, completion of the transactions contemplated under the Restructuring Agreement occurred. Upon completion of the transactions contemplated under the Restructuring Agreement, among others, (i) Splendid Fortune Enterprise Limited acquired approximately 21.97% of the issued shares of Colour Life; (ii) approximately 10.0% of the issued shares of Colour Life were transferred to the TFISF Designated Entity (as effective enforcement of the purported security); (iii) the Company retains approximately 9.98% of the issued shares of Colour Life free from any purported security or other claim; and (iv) Colour Life ceased to be a subsidiary of the Company. Ms. Zeng indirectly owns approximately 59.99% of the issued shares of Colour Life through, among others, Splendid Fortune Enterprise Limited, the Company and Fatansy Pearl International Limited and she continues to be the majority shareholder of Colour Life. For details, please refer to the announcements of the Company dated 12 November 2025, 2 January 2026, 6 February 2026, 16 February 2026 and 11 March 2026 and the circular dated 24 February 2026.

#### Offshore Debt

On 16 January 2026, an order was made by the Court of First Instance of the High Court of the Hong Kong, directing scheme creditors to convene the Hong Kong Scheme Meeting for the purpose of considering and, if thought fit, approving the Hong Kong Scheme. On 23 January 2026, an order was made by the Cayman Court, directing scheme creditors to convene a single meeting on 20 February 2026 for the purpose of considering and, if thought fit, approving the Cayman Scheme. The Hong Kong Scheme Meeting and the Cayman Scheme Meeting were held at 7:00 p.m. (Hong Kong time)/6:00 a.m. (Cayman time) on 20 February 2026. Each scheme has been approved by the requisite statutory majority of the scheme creditors.

By the Hong Kong Sanction Order, the Hong Kong Scheme has been sanctioned by the Hong Kong Court, and a sealed copy of the Hong Kong Sanction Order was filed with the Hong Kong Registrar of Companies for registration on 13 March 2026; and by the Cayman Sanction Order, the Cayman Scheme has been sanctioned by the Cayman Court, and a sealed copy of the Cayman Sanction Order was filed with the Cayman Registrar of Companies for registration on 13 March 2026.

The Scheme Effective Date has occurred on 13 March 2026 in accordance with the terms of each scheme. The Scheme Effective Date is a significant milestone towards the implementation of the Proposed Restructuring. The effective of the Proposed Restructuring is only subject to the satisfaction or waiver of all restructuring conditions.

#### Onshore Debt

On 4 February 2026, Fantasia Group (China) Co., Ltd. completed the early cash redemption of five corporate bonds, including H18 Fantasia, 19 Fantasia, 19 Fantasia 02, 20 Fantasia 01, and 20 Fantasia 02, in accordance with the resolutions adopted at the first holders' meeting held in 2025.

#### SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix C3 to the Listing Rules as its own code of conduct governing the securities transactions by the Directors. Following a specific enquiry made by the Company on each of the Directors, all Directors have confirmed that they had complied with the Model Code during the year ended 31 December 2025.

#### DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2025, save as disclosed, none of the Directors nor their respective associates (as defined in the Listing Rules) had any interest in a business that competed or might compete with the business of the Group.

#### THE BOARD

##### Responsibilities

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law, global economy and real estate and have contributed to the Board with their professional opinions.

Further, the Board is in charge of the task of maximizing the financial performance of the Company, formulating strategies and management policies of the Group, approving strategic objectives and is responsible for providing the Shareholders with a long-term return with stable and continuous growth.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

### Composition

The Board currently comprises of two executive directors, being Mr. Timothy David Gildner and Mr. Lin Zhifeng, two non-executive directors, being Ms. Zeng Jie, Baby and Mr. Su Boyu and three independent non-executive directors, being Mr. Guo Shaomu, Mr. Leung Yiu Cho and Mr. Ma Yu-heng. Biographical details of each Director are set out on pages 17 to 19. The Company currently has no chairman of the Board and chief executive.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

Mr. Kwok Chi Shing (“Mr. Kwok”) resigned as an independent non-executive director of the Company with effect from 22 May 2025. Since his resignation, the Company has not complied with Rules 3.10(1), 3.10A, 3.21 and 3.27A of the Listing Rules. Upon the appointment of Mr. Leung Yiu Cho as an independent non-executive director with effect from 11 July 2025, the Board comprises eight Directors, and three of whom are independent non-executive Directors. Accordingly, the Company has re-complied with (i) the requirements of Rules 3.10(1) and 3.10A of the Listing Rules that the Board must have at least three independent non-executive Directors, and the number of independent non-executive Directors must represent at least one-third of the Board; (ii) the requirements of Rule 3.21 of the Listing Rules that the Audit Committee must comprise at least three members and must be chaired by an independent non-executive Director; and (iii) the requirements of Rule 3.27A of the Listing Rules that the Nomination Committee must comprise a majority of independent non-executive Directors.

### Board meetings and annual general meeting

The Board meets on a regular basis and four board meetings and one annual general meeting were held during the year ended 31 December 2025. The individual attendance record is as follows:

Directors	No. of Board meetings attended/ No. of Board meetings held	AGM
Executive Directors		
Ms. Cheng Jianli (resigned on 19 March 2026)	4/4	1/1
Mr. Timothy David Gildner	4/4	1/1
Mr. Lin Zhifeng	4/4	1/1
Non-executive Director		
Ms. Zeng Jie, Baby	4/4	1/1
Mr. Su Boyu	4/4	1/1
Independent Non-executive Directors		
Mr. Guo Shaomu	4/4	1/1
Mr. Kwok Chi Shing (resigned on 22 May 2025)	1/4	0/1
Mr. Ma Yu-heng	4/4	1/1
Mr. Leung Yiu Cho (appointed on 11 July 2025)	1/4	0/1

Directors have timely access to relevant information prior to each board meeting. Directors are given the opportunity to include matters in the agenda for regular board meetings while Directors are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from board meetings.

Minutes of board meetings and meetings of other committees are kept by the Company Secretary and are open for inspection by Directors.

### Appointment and re-election of Directors

All executive Directors have entered into service contracts with the Company for a specific term of three years whilst all non-executive Directors (including independent non-executive Directors) have entered into letters of appointment with the Company for a specific term of three years. One-third of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with the Company’s Articles of Association (the “Articles”). The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election and those of the other Directors who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting and be eligible for re-election. Any Director appointed pursuant to the aforesaid Article shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

### Internal control

The Board is responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out reviews of the existing implemented system and procedures, including control measures of financial and operational compliance and risk management functions of the Group twice per annum.

### Directors' Training and professional development

All directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme for newly appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements being a newly appointed director. The Company further arranges an on-going training and professional development seminar for Directors.

During the year ended 31 December 2025, all Directors were provided with updates, if any, on applicable legal and regulatory and market changes to facilitate the discharge of their responsibilities. The Company had also regularly circulated reading materials on the amendments to or updates on the relevant laws, rules and regulations to all Directors as part of their training materials in the continuous professional development plan of the Company and the Company confirmed that all Directors read the training materials. Continuing briefings and professional development for directors will be arranged whenever necessary.

All Directors had provided the Company Secretary with their training records for the year ended 31 December 2025.

During the year ended 31 December 2025, Mr. Leung Yiu Cho, who was appointed as an independent non-executive Director of the Company on 11 July 2025, has attended the induction training conducted by the legal adviser of the Company and obtained the legal advice referred to under Rule 3.09D of the Listing Rules on 11 July 2025. Mr. Leung Yiu Cho has confirmed that he understood his obligations as a director of a listed issuer under the Listing Rules.

### Indemnification of Directors and officers

Pursuant to Article 164(1) of the Second Amended and Restated Articles of Association of the Company, the Directors, secretary and other senior officers and every auditor of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons.

### Mechanism to ensure independent views and input

The Board comprises at least three independent non-executive directors and at least one-third of its members are independent non-executive Directors as required under the Listing Rules. Independent non-executive directors are appointed to the Board committees to ensure independent views are available. The Board will review the implementation and effectiveness of the above mechanism on an annual basis to ensure timely adjustments can be made when necessary.

## BOARD COMMITTEES

To enhance the effectiveness of the management of the Company, the Board has established three committees, namely the audit committee, the nomination committee and the remuneration committee to monitor corresponding aspects of the Company's affairs. The composition and the roles and functions of each committee are summarised as follows:

### Audit Committee

The Company has established the audit committee (the "Audit Committee") in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Audit Committee on 22 December 2015 and 27 March 2019. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The annual results and the half-yearly results of the Company have been reviewed by the Audit Committee.

Under its terms of reference, the Audit Committee is required, amongst other things, to oversee the relationship with the external auditors, to review the Group's interim and annual results, to review the scope, extent and effectiveness of the system of internal control of the Group, to review accounting policies and practices adopted by the Group, to engage independent legal or other advisers as it determines is necessary and to perform investigations. The terms of reference of the Audit Committee, which described its authority and duties, are available on the Company's website.

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Guo Shaomu, Mr. Leung Yiu Cho (appointed on 11 July 2025) and Mr. Ma Yu-heng with Mr. Leung Yiu Cho being the chairman of the Audit Committee. During the year ended 31 December 2025, the Audit Committee held two meetings. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Guo Shaomu	2/2
Mr. Kwok Chi Shing (resigned on 22 May 2025)	1/2
Mr. Ma Yu-heng	2/2
Mr. Leung Yiu Cho (Committee chairman) (appointed on 11 July 2025)	1/2

The major roles and functions of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit.

The Audit Committee also performs the Company's corporate governance functions including:

- to develop and review the Company's policies and practices on corporate governance;
- to review and monitor the training and continuous professional development of the Directors and senior management;
- to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and

- to review the Company's compliance with the Corporate Governance Code and disclosures in this corporate governance report.

During the reporting period, the Audit Committee had (among others) reviewed and recommended the change of external auditors of the Company and reviewed the annual results for the year ended 31 December 2024 and the interim results for the six months ended 30 June 2025.

### Remuneration Committee

The Company has established the remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Remuneration Committee on 12 March 2012. The revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee currently comprises two independent non-executive Directors, Mr. Guo Shaomu and Mr. Ma Yu-heng with Mr. Guo Shaomu being the chairman of the Remuneration Committee. During the year ended 31 December 2025, the Remuneration Committee held one meeting. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Guo Shaomu (Committee chairman)	1/1
Ms. Cheng Jianli (resigned on 19 March 2026)	1/1
Mr. Kwok Chi Shing (resigned on 22 May 2025)	0/1
Mr. Ma Yu-heng	1/1

The Remuneration Committee is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive directors and senior management member(s) with reference to the Company's objectives from time to time.

During the year ended 31 December 2025, the Remuneration Committee reviewed, and determined the remuneration package of the Directors and senior management. The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Emolument policy of the Report of the Directors" and note 13 to the financial statements.

### Nomination Committee

The Company has established the nomination committee (the “Nomination Committee”) in compliance with the Listing Rules to fulfill the functions of reviewing the structure of and nominating suitable candidates to the Board. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Nomination Committee on 30 August 2013 and 27 March 2019. The revised terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

The Nomination Committee currently comprises one non-executive Director, namely Ms. Zeng Jie, Baby and three independent non-executive Directors, namely Mr. Guo Shaomu, Mr. Leung Yiu Cho (appointed on 11 July 2025) and Mr. Ma Yu-heng. During the year ended 31 December 2025, the Nomination Committee held one meeting. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Ms. Cheng Jianli (Committee chairman prior to resignation) (resigned on 19 March 2026)	1/1
Ms. Zeng Jie, Baby	1/1
Mr. Guo Shaomu	1/1
Mr. Kwok Chi Shing (resigned on 22 May 2025)	0/1
Mr. Ma Yu-heng	1/1
Mr. Leung Yiu Cho (appointed on 11 July 2025)	0/1

The Nomination Committee shall perform the following duties:

- (a) ensure that the Board and its committees consist of directors with the appropriate balance of skills, diversity and knowledge of the Company to enable it to discharge its duties effectively;
- (b) assist the Board in succession planning for the Board and senior management;
- (c) review the structure, size and composition (including the skills, knowledge and experience) of the Board on a regular basis at least annually and make recommendations on any proposed changes to the Board to complement the Company’s corporate strategy;
- (d) draw up, review and update, as appropriate, the diversity policy for the Board’s approval having due regard to the requirements of the Listing Rules, review and update the objectives that the Board has set for implementing such policy;
- (e) develop, review and implement, as appropriate, the policy, criteria and procedures for the identification, selection and nomination of candidates for Directors for the Board’s approval. Such criteria include but are not limited to the potential contributions a candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity;
- (f) identify individuals who are suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (g) assess the independence of independent non-executive Directors to determine their eligibility;
- (h) make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors and senior management, in particular the chairman and the chief executive officer, taking into account all factors which the Nomination Committee considers appropriate including the challenges and opportunities facing the Group and skills and expertise required in the future and ensure that senior management succession planning is discussed at the Board at least once annually;
- (i) keep under review the leadership needs and leadership training and development programmes of the Group, with a view to ensuring the continued ability of the Group to function effectively and compete in the market;
- (j) evaluate the needs for, and monitor the training and development of, directors;
- (k) develop the procedures for the performance evaluation of the Board committees:
  - (i) review and assess the skills, knowledge and experience required to serve on various Board committees, and make recommendations on the appointment of members of Board committees and the chairman of each committee;
  - (ii) recommend candidates to the Board to fill vacancies or new positions on the Board committees as necessary or desirable;

- (iii) review the feedback in respect of the role and effectiveness of the Board committees arising from the evaluation of the Board and/or any Board committees and make recommendations for any changes;
- (l) develop the criteria for identifying and assessing the qualifications of and evaluating candidates for directorship, including but not limited to evaluating the balance of skills, knowledge and experience on the Board, and in the light of this evaluation prepared a description of the role and capabilities required for a particular appointment;
- (m) keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates;
- (n) ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly the expectations of them in terms of time commitment, committee service and involvement outside Board meetings;
- (o) review and assess the adequacy of the corporate governance guidelines of the Company and to recommend any proposed changes to the Board for approval;
- (p) do any such things to enable the Nomination Committee to discharge its powers and functions conferred on it by the Board; and
- (q) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the Company's constitution or imposed by legislation.

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge with reference to the "Board Diversity Policy" adopted by the Board on 29 August 2013 and the requirements under the Listing Rules. The Board has adopted a board diversity policy (the "Board Diversity Policy") on 29 August 2013 which sets out the approach to achieve diversity on the Board. A summary of this policy together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed below.

### Summary of the Board Diversity Policy

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance. When determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, experience, cultural and educational background, expertise, skills and know-how. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board.

### Measurable Objectives

Selection of candidates for Board membership will be based on a range of diversity perspectives, including but not limited to age, experience, cultural and educational background, expertise, skills and know-how.

### Monitoring and Reporting

The Nomination Committee will review, as appropriate, to ensure the effectiveness of the Board Diversity Policy and monitor the implementation of this policy.

The Nomination Committee will discuss any revisions that may be required, and recommend any such revisions to the Board for consideration and approval. The Nomination Committee considers that the current Board composition has provided the Company with a good balance and diversity of skill and experience appropriate for the business of the Company.

Based on the above criteria, members of the Nomination Committee have also reviewed the composition of the Board which is determined by directors' skills and experience appropriate to the Company's business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required. Currently the Board had one female director out of eight directors.

As at 31 December 2025, the Group had 17,382 own employees in total with 7,659 female employees and 9,723 male employees, representing 44.06% and 55.94% of the workforce (including senior management), respectively. The Group targets to further improve the current level of female representation over time.

### AUDITORS' REMUNERATION

For the year ended 31 December 2025, the total remuneration in respect of statutory audit services and non-audit services paid to the Company's auditors, Prism Hong Kong Limited, amounted to approximately RMB4,000,000 and RMB2,080,000 respectively.

## INTERNAL CONTROLS

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness in order to safeguard the Group's assets and shareholders' interests. The Board will conduct regular review regarding internal control systems of the Group. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

During the year ended 31 December 2025, the Audit Committee reviewed and discussed with the Group's internal audit team and the senior management on the adequacy and effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management. The Audit Committee further made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board, to identify and manage potential risks of the Group. Besides, the Audit Committee and the Board will also perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.

In respect of the year ended 31 December 2025, the Board considered the internal control and risk management system effective and adequate. No significant areas of concern that might affect shareholders were identified during the Relevant Period.

Non-audit services included agreed-upon procedure on the Company's interim results for the six months ended 30 June 2025.

The Company had in place policies for the disclosure of inside information and the Company endeavours to keep its Directors, senior management and employees apprised of the latest regulatory updates.

## DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of our Company's external auditors on the financial statements of the Group is set out on page 57 of the "Independent Auditors' Report" in this annual report.

## COMPANY SECRETARY

In compliance with Rule 3.28 of the Listing Rules, the Company Secretary is a full time employee and has the day-to-day knowledge of the Company's affairs. She is responsible for advising the Board on corporate governance matters. For the year under review, the Company Secretary confirmed that she has taken no less than 15 hours of relevant professional training.

## SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings.

Pursuant to the article 58 of the Articles, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 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.

### Putting Forward Proposals at General Meetings

There are no provisions in the Company's Articles of Association or the Cayman Islands Companies Law for shareholders to move new resolutions at general meetings. Shareholders who wish to move a resolution may request the Company to convene a general meeting in accordance with the procedures set out in the preceding paragraph.

### Procedures by which enquiries may be put to the Board

Shareholders are provided with contact details of the Company, such as website, telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board or the Company Secretary through the above means. If shareholders have any enquiries in respect of their shareholdings and entitlements to dividend, they may contact Computershare Hong Kong Investor Services Limited, our share registrar from time to time.

## INVESTOR RELATIONS

### Constitutional Documents

There has been no significant change in the Company's constitutional documents during the year ended 31 December 2025.

### Effective Communication with Shareholders and Investors

As a showpiece of the Company facing the capital market, the Board believes that a transparent and timely disclosure of the Group's latest information will enable the shareholders and investors to have better understanding on the Group's operations and strategies. The Company recognises the importance of maintaining effective investor relations with the existing and potential investors. To enhance the communication between the Company and the investors, as well as to maintain the transparency of the Company, the team of Investor Relations engages in providing effective ways for shareholders and investors to obtain latest company information. In addition to the issue of monthly and quarterly newsletters and interim and annual financial reports, the Company's website at "www.cnfantasia.com" also acts as a communication platform with shareholders and investors, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. The Company will also actively correspond to any enquiries raised by the shareholders and investors through emails and phone calls. Meanwhile, the Company has also arranged company meetings, telephone conferences, investors meetings, luncheons and site visits, held a number of non-deal road shows and actively participated in a couple of global investors conferences and forums held by investment banks.

The Board also considers that general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee normally attend the annual general meetings and other shareholders' meetings of the Company to reply questions raised.

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions proposed at general meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cnfantasia.com](http://www.cnfantasia.com)) immediately after the relevant general meetings.

During the year ended 31 December 2025, the Board reviewed the Company's shareholders' communication policy and considered that it is effective as it has enhanced timely and open communication between the Company and the shareholders during the year.



**TO THE MEMBERS OF FANTASIA HOLDINGS GROUP CO., LIMITED**

*(incorporated in Cayman Islands with limited liability)*

**DISCLAIMER OF OPINION**

We were engaged to audit the consolidated financial statements of Fantasia Holdings Group Co., Limited (the “Company”) and its subsidiaries (hereinafter collectively referred to as the “Group”), which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

We do not express an opinion on the consolidated financial statements of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements. In all other respects, in our opinion the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**BASIS FOR DISCLAIMER OF OPINION**

**Multiple uncertainties relating to going concern**

As set out in Note 2 to the consolidated financial statements, the Group incurred net loss of RMB9,498,500,000 for the year ended 31 December 2025. As at 31 December 2025, the Group’s net current liabilities and net liabilities amounted to RMB26,359,678,000 and RMB20,589,097,000, respectively. As at 31 December 2025, the Group’s current liabilities (including those that had become default or cross default or contain early demand clauses) amounted to RMB80,191,816,000.

As at 31 December 2025, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of about RMB43,824,896,000 according to their scheduled repayment dates. As a result, as at 31 December 2025, the above interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) had become default. Subsequent to 31 December 2025, the Group did not repay certain other bank and other borrowings according to the scheduled repayment dates. These conditions, together with other matters disclosed in note 2 to the financial statements, indicate the existence of material uncertainties which may cast significant doubt on the Group’s ability to continue as a going concern.

The directors of the Company have been undertaking measures to improve the Group’s liquidity and financial position, which are set out in note 2 to the financial statements. The validity of the going concern assumptions on which the consolidated financial statements have been prepared depends on the outcome of these measures, which are subject to multiple uncertainties, including: (i) successfully completing the offshore debt restructuring; (ii) successfully carrying out the Group’s business strategy plan including the acceleration of the sales of properties; (iii) successfully obtaining of additional new sources of financing as and when needed; (iv) successfully disposing of the Group’s equity interest in project development companies when suitable; and (v) successfully implementing measures to speed up the collection of outstanding sales proceeds and effectively control costs and expenses.

Should the Group be unable to achieve the abovementioned plans and measures, it might not be able to continue to operate as a going concern, adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

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

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants ("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.

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

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Yip Chi Chiu.

**Prism Hong Kong Limited**

*Certified Public Accountants*

Yip Chi Chiu

Practising Certificate Number: P06934

Hong Kong

27 March 2026

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
Revenue			
Contracts with customers	5	4,728,107	4,357,519
Leases		197,100	216,032
Total revenue		4,925,207	4,573,551
Cost of sales and services		(4,321,828)	(3,824,840)
Gross profit	6	603,379	748,711
Other income	7	15,016	24,749
Other gains and losses	7	197,265	(711,957)
Impairment losses under expected credit loss model, net of reversal	8	(696,092)	(484,584)
Change in fair value of investment properties	18	(458,508)	(342,573)
Write-down of properties for sales, net of reversal	9	(3,604,500)	(2,920,727)
Selling and distribution expenses		(38,307)	(39,175)
Administrative expenses		(488,270)	(548,825)
Finance costs	10	(4,459,761)	(4,190,318)
Share of results of associates		(208,504)	(136,834)
Share of results of joint ventures		(221,951)	(203,688)
Loss before tax		(9,360,233)	(8,805,221)
Income taxation	11	(138,267)	(186,261)
Loss for the year	12	(9,498,500)	(8,991,482)
<b>Other comprehensive (expense) income</b>			
<b>Items that will not be reclassified subsequently to profit or loss:</b>			
Fair value (loss) gain on equity instruments designated at fair value through other comprehensive income ("FVTOCI")		(11,960)	284
Deferred taxation effect		(173)	(71)
Other comprehensive (expense) income for the year, net of income tax		(12,133)	213
Total comprehensive expense for the year		(9,510,633)	(8,991,269)
Loss for the year attributable to:			
Owners of the Company		(9,186,088)	(8,311,567)
Other non-controlling interests		(312,412)	(679,915)
		(9,498,500)	(8,991,482)
Total comprehensive expense for the year attributable to:			
Owners of the Company		(9,191,178)	(8,311,459)
Other non-controlling interests		(319,455)	(679,810)
		(9,510,633)	(8,991,269)
		(RMB cents)	(RMB cents)
Loss per share – basic	15	(159.13)	(143.98)
Loss per share – diluted	15	(159.13)	(143.98)

	NOTES	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	349,777	403,913
Right-of-use assets	17	219,489	315,530
Investment properties	18	5,634,816	6,475,598
Interests in associates	19	1,443,872	1,434,385
Interests in joint ventures	20	2,600,363	2,699,721
Equity instruments designated at FVTOCI	21	14,256	13,566
Goodwill	22	895,152	896,451
Intangible assets	23	4,085	9,390
Other receivables	29	4,935	5,482
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures	29	1,158,671	2,144,258
Deferred tax assets	25	571,118	768,952
		<b>12,896,534</b>	15,167,246
<b>CURRENT ASSETS</b>			
Properties for sale	26	36,332,144	37,854,149
Contract assets	27	17,492	25,453
Contract costs	28	30,402	44,400
Trade and other receivables	29	10,090,103	11,541,593
Tax recoverable		599,183	607,789
Amounts due from related parties	24	5,231,858	6,241,224
Restricted/pledged bank deposits	30	324,114	567,934
Bank balances and cash	30	1,206,842	1,156,153
		<b>53,832,138</b>	58,038,695
		<b>66,728,672</b>	73,205,941

At 31 December 2025

	NOTES	2025 RMB'000	2024 RMB'000
<b>CURRENT LIABILITIES</b>			
Trade and other payables	31	11,084,031	9,113,265
Contract liabilities	32	1,260,730	2,771,701
Amounts due to related parties	33	285,917	200,183
Tax liabilities		6,030,911	6,588,898
Borrowings due within one year	34	18,612,904	16,040,841
Lease liabilities due within one year	35	9,330	29,371
Senior notes and bonds due within one year	36	42,601,185	39,119,696
Asset-backed securities issued due within one year	37	306,808	288,601
		<b>80,191,816</b>	74,152,556
<b>NET CURRENT LIABILITIES</b>		<b>(26,359,678)</b>	(16,113,861)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>(13,463,144)</b>	(946,615)
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	25	6,744	177,750
Borrowings due after one year	34	–	1,907,078
Lease liabilities due after one year	35	43,698	78,368
Bonds due after one year	36	7,075,511	7,923,296
		<b>7,125,953</b>	10,086,492
<b>NET LIABILITIES</b>		<b>(20,589,097)</b>	(11,033,107)
<b>EQUITY</b>			
Share capital	38	498,787	498,787
Deficit		(23,777,181)	(14,248,040)
Capital and deficit attributable to owners of the Company		<b>(23,278,394)</b>	(13,749,253)
Non-controlling interests		<b>2,689,297</b>	2,716,146
<b>TOTAL EQUITY</b>		<b>(20,589,097)</b>	(11,033,107)

The consolidated financial statements on pages 61 to 175 were approved and authorised for issue by the board of directors on 27 March 2026 and are signed on its behalf by:

**Mr. Timothy David Gildner**  
Director

**Mr. Lin Zhifeng**  
Director

	Attributable to owners of the Company									Attributable to non-controlling interests			
	Share capital RMB'000	Share premium RMB'000 (note i)	Special reserve RMB'000 (note ii)	Share options reserve RMB'000 (note iii)	Contribution reserve RMB'000 (note iv)	Statutory reserve and discretionary reserve RMB'000 (note v)	Revaluation reserve RMB'000 (note vi)	Accumulated losses RMB'000	Sub-total RMB'000	Share-based payments reserve of Colour Life RMB'000 (note iii)	Other non-controlling interests RMB'000	Sub-total RMB'000	Total RMB'000
At 1 January 2025	498,787	550,006	2,174,959	13,860	40,600	397,727	(1,226)	(17,423,966)	(13,749,253)	243,034	2,473,112	2,716,146	(11,033,107)
Loss for the year	-	-	-	-	-	-	-	(9,186,088)	(9,186,088)	-	(312,412)	(312,412)	(9,498,500)
Fair value change on equity instruments designated at FVTOCI	-	-	-	-	-	-	(5,018)	-	(5,018)	-	(6,942)	(6,942)	(11,960)
Deferred taxation effect	-	-	-	-	-	-	(72)	-	(72)	-	(101)	(101)	(173)
Other comprehensive expense for the year	-	-	-	-	-	-	(5,090)	-	(5,090)	-	(7,043)	(7,043)	(12,133)
Total comprehensive expense for the year	-	-	-	-	-	-	(5,090)	(9,186,088)	(9,191,178)	-	(319,455)	(319,455)	(9,510,633)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,249)	(17,249)	(17,249)
Capital reduction in a subsidiary by non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(7,869)	(7,869)	(7,869)
Acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	47	-	-	-	-	-	47	-	(167)	(167)	(120)
Disposal of subsidiaries (note 40)	-	-	-	-	-	-	-	-	-	-	(75,904)	(75,904)	(75,904)
Share issues of Colour Life Services Group Co., Ltd.	-	-	(338,010)	-	-	-	-	-	(338,010)	-	393,795	393,795	55,785
Transfer	-	-	-	-	-	16,786	-	(16,786)	-	-	-	-	-
At 31 December 2025	498,787	550,006	1,836,996	13,860	40,600	414,513	(6,316)	(26,626,840)	(23,278,394)	243,034	2,446,263	2,689,297	(20,589,097)

# Consolidated Statement of Changes in Equity

For the year ended 31 December 2025

	Attributable to owners of the Company									Attributable to non-controlling interests			
	Share capital RMB'000	Share premium RMB'000 (note i)	Special reserve RMB'000 (note ii)	Share options reserve RMB'000 (note iii)	Contribution reserve RMB'000 (note iv)	Statutory reserve and discretionary reserve RMB'000 (note v)	Revaluation reserve RMB'000 (note vi)	Accumulated losses RMB'000	Sub-total RMB'000	Share-based payments reserve of Colour Life RMB'000 (note iii)	Other non-controlling interests RMB'000	Sub-total RMB'000	Total RMB'000
At 1 January 2024	498,787	550,006	2,178,467	13,860	40,600	379,095	(1,334)	(9,093,767)	(5,434,286)	243,034	3,166,640	3,409,674	(2,024,612)
Loss for the year	-	-	-	-	-	-	-	(8,311,567)	(8,311,567)	-	(679,915)	(679,915)	(8,991,482)
Fair value change on equity instruments designated at FVTOCI	-	-	-	-	-	-	144	-	144	-	140	140	284
Deferred taxation effect	-	-	-	-	-	-	(36)	-	(36)	-	(35)	(35)	(71)
Other comprehensive income for the year	-	-	-	-	-	-	108	-	108	-	105	105	213
Total comprehensive income (expense) for the year	-	-	-	-	-	-	108	(8,311,567)	(8,311,459)	-	(679,810)	(679,810)	(8,991,269)
Dividend paid to non-controlling interests of subsidiaries	-	-	-	-	-	-	-	-	-	-	(17,169)	(17,169)	(17,169)
Acquisition of subsidiaries (note 39)	-	-	-	-	-	-	-	-	-	-	12,644	12,644	12,644
Acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	(3,508)	-	-	-	-	-	(3,508)	-	(405)	(405)	(3,913)
Disposal/deregistration of subsidiaries (note 40)	-	-	-	-	-	-	-	-	-	-	(8,788)	(8,788)	(8,788)
Transfer	-	-	-	-	-	18,632	-	(18,632)	-	-	-	-	-
At 31 December 2024	498,787	550,006	2,174,959	13,860	40,600	397,727	(1,226)	(17,423,966)	(13,749,253)	243,034	2,473,112	2,716,146	(11,033,107)

For the year ended 31 December 2025

Notes:

- (i) Pursuant to article 16 of the Company's Article of Association, the Company is permitted to pay out dividend from share premium account.
- (ii) Special reserve arising from the acquisition or disposal of equity interests in subsidiaries without loss of control. It represented the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries after re-attribution.
- (iii) Share options reserve represented the share-based payment under share option schemes of the Company and Colour Life Service Group Co., Limited ("Colour Life"), which is a non-wholly owned subsidiary of the Company.
- (iv) Contribution reserve represented (a) the contribution/distribution to shareholders during the group reorganisation in 2009; (b) the difference between consideration paid and fair value of net assets acquired from related parties; (c) the difference between the consideration received and carrying amount of net assets disposed of to related parties during the Group reorganisation in 2009; and (d) the waiver of shareholder loans in 2009.
- (v) The statutory reserve and discretionary reserve attributable to subsidiaries in the People's Republic of China (the "PRC") are non-distributable. Transfers to these reserves are determined by the board of directors or the shareholders' meeting of the PRC subsidiaries in accordance with the relevant laws and regulations of the PRC until the reserve reaches 50% of the registered capital. These reserves can be used to offset accumulated losses, expand the scale of production and business and transfer to capital upon approval from the relevant authorities.
- (vi) Revaluation reserve mainly represented surplus arose from (a) the transfer of owner-occupied property to investment properties at the date of change in use; and (b) the accumulated changes in fair value of the equity instruments designated at FVTOCI, net of income tax effect.

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>OPERATING ACTIVITIES</b>		
Loss before tax	<b>(9,360,233)</b>	(8,805,221)
Adjustments for:		
Change in fair value of investment properties	<b>458,508</b>	342,573
Amortisation of intangible assets	<b>5,305</b>	5,305
Depreciation of property, plant and equipment	<b>92,804</b>	83,624
Depreciation of right-of-use assets	<b>35,689</b>	36,387
Loss on disposal of plant, property and equipment and early termination of lease contracts	<b>30,565</b>	73,212
Net loss on disposal of subsidiaries, associates and joint ventures	<b>634,101</b>	100,866
Gain on disposal of investment properties	–	(1,102)
Impairment losses under expected credit loss model, net of reversal	<b>696,092</b>	484,584
Write-down of properties for sales, net of reversal	<b>3,604,500</b>	2,920,727
Provisions for financial guarantee contracts, litigations and other contingent liabilities	<b>50,898</b>	–
Interest income	<b>(13,906)</b>	(15,937)
Dividends received from equity instruments designated at FVTOCI	<b>(344)</b>	–
Finance costs	<b>4,459,761</b>	4,190,318
Gain on debt restructuring	<b>(18,103)</b>	–
Change in FV upon transfer property, plant and equipment	–	45,541
Net foreign exchange loss	<b>(926,191)</b>	458,590
Share of results of associates	<b>208,504</b>	136,834
Share of results of joint ventures	<b>221,951</b>	203,688
Operating cash flows before movements in working capital	<b>179,901</b>	259,989
Increase in properties for sale	<b>(2,265,936)</b>	(2,323,697)
Decrease in trade and other receivables	<b>1,606,829</b>	320,433
Decrease in contract costs	<b>13,998</b>	1,143
Decrease in contract assets	<b>4,022</b>	1,588
Increase in trade and other payables	<b>2,129,978</b>	2,818,087
Decrease in contract liabilities	<b>(1,539,162)</b>	(1,211,001)
Cash generated from (used in) operations	<b>129,630</b>	(133,458)
Income tax paid	<b>(70,534)</b>	(219,430)
Interest paid	<b>(22,784)</b>	(10,993)
<b>NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>36,312</b>	(363,881)

	Note	2025 RMB'000	2024 RMB'000
INVESTING ACTIVITIES			
Placement of restricted/pledged bank deposits		(76,185)	(71,099)
Withdrawal of restricted/pledged bank deposits		320,005	369,501
Purchases of property, plant and equipment		(46,515)	(49,774)
Net proceeds from disposal of property, plant and equipment and early termination of lease contracts		–	250
Additions to investment properties		(12,453)	(29,833)
Proceeds from disposal of investment properties		–	2,420
Proceeds from disposal of associate		4,826	1,000
Purchase of equity instruments designated at FVTOCI		(7,700)	–
Dividends received from equity instruments designated at FVTOCI		344	–
Capital injection to associates and joint ventures		(490)	(1,100)
Acquisition of subsidiaries		–	18,167
Disposal of subsidiaries (net of cash and cash equivalent disposed of)	40	(26,519)	14,088
Dividend received from joint ventures and associates		300	–
Payment refundable deposit		(4,406)	–
Interest received		13,906	15,937
Repayment from related parties		–	13,867
<b>NET CASH GENERATED FROM INVESTING ACTIVITIES</b>		<b>165,113</b>	<b>283,424</b>

For the year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
<b>FINANCING ACTIVITIES</b>		
Share issues by Colour Life Services Group Co., Limited	55,785	–
New borrowings raised	8,806	263,464
Repayment of borrowings	(247,801)	(137,710)
Repayment of lease liabilities	(33,763)	(34,103)
Dividend paid to non-controlling shareholders of the subsidiaries	(17,249)	(17,169)
Acquisition of additional interests in subsidiaries	(120)	–
Advances from related parties	85,734	–
Repayments to related parties	–	(103,300)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(148,608)</b>	<b>(28,818)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>52,817</b>	<b>(109,275)</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		
Effect of foreign exchange rate changes	(2,128)	664
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash</b>	<b>1,206,842</b>	<b>1,156,153</b>

## 1. GENERAL

Fantasia Holdings Group Co., Limited (the “Company”) is a limited liability company incorporated in Cayman Islands and its shares are listed on the main board of The Stock Exchange of Hong Kong Limited (“the SEHK”). Its parent and its ultimate parent are Fantasy Pearl International Limited and Ice Apex Limited, respectively, both being limited liability companies incorporated in the British Virgin Islands (the “BVI”). Its ultimate controlling shareholder is Ms. Zeng Jie, Baby, who is a director of the Company. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

The Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 52.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the functional currency of the Company and the major subsidiaries.

### 2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards and disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, investment properties and contingent consideration payables, which are carried at fair value.

The preparation of financial statements in conformity with the HKFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

### 2.2 GOING CONCERN BASIS

For the year ended 31 December 2025, the Group incurred net loss of RMB9,498,500,000. As at 31 December 2025, the Group’s net current liabilities and net liabilities amounted to RMB26,359,678,000 and RMB20,589,097,000, respectively. As at 31 December 2025, the Group’s current liabilities (including those that had become default or cross-default or contain early demand clauses) amounted to RMB80,191,816,000.

As at 31 December 2025, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) of approximately RMB43,824,896,000 according to their scheduled repayment dates. As a result, as at 31 December 2025, the above interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) had become default. Subsequent to 31 December 2025, the Group did not repay certain interest-bearing liabilities according to the scheduled repayment dates. These events or conditions indicate that material uncertainties exist that may cast significant doubt on the Group’s ability to continue as a going concern.

In view of such circumstances, the directors of the Company (the “Directors”) have given careful consideration to the future liquidity and performance of the Group and the Group’s available sources of financing and have considered the Group’s cash flow projections prepared by the management for a period of not less than 12 months from the date of the reporting period. The following plans and measures are formulated with the objective to mitigate the liquidity pressure of the Group:

For the year ended 31 December 2025

## 2.2 GOING CONCERN BASIS (continued)

- The Company has appointed Alvarez & Marsal Corporate Finance Limited as its financial adviser for its offshore debt restructuring. The Group is in active discussions with the existing lenders on the renewal of the Group's certain borrowings. These discussions have been constructive and focused on possible actions in light of the current circumstances but do require time to formulate or implement due to the ongoing changes in market conditions. In addition, the Group will continue to seek for new sources of financing or accelerate asset sales to address its upcoming financial obligations and future operating cash flow requirements whilst engaging with its existing lenders;
- The Group will continue to implement measures to accelerate the pre-sales and sales of its properties under development and completed properties, and to speed up the collection of outstanding sales proceeds and trade receivables. The Group will also continue to actively adjust sales and pre-sale activities to better respond to the changing markets in order to meet the latest budgeted sales and pre-sales volumes and amounts;
- The Group will continue to seek for suitable opportunities to dispose of its equity interest in certain project development companies in order to generate additional cash inflows; and
- The Group has already taken measures to control administrative costs and contain unnecessary capital expenditures to preserve liquidity. The Group will continue to actively assess additional measures to further reduce discretionary spending.

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

Notwithstanding the above, given the volatility of the property sector in Mainland China and the uncertainties to obtain support from the Group's creditors, material uncertainties exist as to whether or not the Group will be able to achieve its plans and measures as described above.

Should the Group be unable to operate as a going concern, adjustments would have to be made to write down the carrying amounts of the assets to their net recoverable amounts, to provide for any further liabilities that may arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in the consolidated financial statements of the Group for the year ended 31 December 2025.

## 2.3 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

**Amendments to an HKFRS Accounting Standard that are mandatorily effective for the current year**  
In the current year, the Group has applied the following amendments to an HKFRS Accounting Standard issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2025 for the preparation of the consolidated financial statements:

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

## 2.3 APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS (continued)

### New and amendments to HKFRS Accounting Standards in issue but not yet effective

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

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

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

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

<sup>3</sup> Effective for annual periods beginning on or after a date to be determined.

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

### HKFRS 18 Presentation and Disclosure in Financial Statements

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

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

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION

#### Basis of preparation of consolidated financial statements

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) issued by the HKICPA, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

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

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

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

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

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

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

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

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Basis of consolidation

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

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

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

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Basis of consolidation (continued)

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

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

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

#### Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

#### Business combinations or asset acquisitions

##### *Optional concentration test*

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets and liabilities is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Changes in the Group's ownership interests in existing subsidiaries (continued)

Business combinations or asset acquisitions (continued)

##### *Asset acquisitions*

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

##### *Business combinations*

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 *Income Taxes* and HKAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangement of the acquiree or share-based payment arrangement of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below);
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and
- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Changes in the Group's ownership interests in existing subsidiaries (continued)

Business combinations or asset acquisitions (continued)

*Business combinations* (continued)

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amounts of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after reassessment, the net amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted retrospectively during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets and financial liabilities at the respective fair value, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

#### Goodwill

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

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

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata based on the carrying amount of each asset in the unit (or group of cash-generating units).

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

The Group's policy for the goodwill arising on the acquisition of associates and joint ventures is described below.

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates or joint ventures are incorporated in the consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale shall be accounted for using the equity method. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate or joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Investments in associates and joint ventures (continued)

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

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

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

#### Revenue from contracts with customers

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Revenue from contracts with customers (continued)

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

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

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

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

#### *Output method*

For property management services, value added services and hotel accommodation services, the progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

#### *Input method*

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

#### Existence of significant financing component

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

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

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Revenue from contracts with customers (continued)

##### Principal versus agent

When another party is involved in providing goods or services to a customer, the Group determines whether the nature of its promise is a performance obligation to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for those goods or services to be provided by the other party (i.e. the Group is an agent).

The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer.

The Group is an agent if its performance obligation is to arrange for the provision of the specified good or service by another party. In this case, the Group does not control the specified good or service provided by another party before that good or service is transferred to the customer. When the Group acts as an agent, it recognises revenue in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified goods or services to be provided by the other party.

##### Contract costs

##### *Incremental costs of obtaining a contract*

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

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

The Group applies the practical expedient of expensing all incremental costs to obtain a contract if these costs would otherwise have been fully amortised to profit or loss within one year.

#### Leases

##### Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

##### The Group as a lessee

##### *Short-term leases and leases of low-value assets*

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

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Leases (continued)

The Group as a lessee (continued)

##### *Right-of-use assets*

The cost of right-of-use asset includes:

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

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

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

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

The Group presents right-of-use assets that do not meet the definition of investment property as a separate line item on the consolidated statement of financial position. The right-of-use assets that meet the definition of investment property are presented within “investment properties”.

##### *Refundable rental deposits*

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

##### *Lease liabilities*

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Leases (continued)

The Group as a lessee (continued)

*Lease liabilities* (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Group exercising an option to terminate the lease.

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

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

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Leases (continued)

The Group as a lessee (continued)

##### *Lease modification*

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

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

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

The Group accounts for the remeasurement of lease liabilities and lease incentives from lessor by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Group as a lessor

##### *Classification and measurement of leases*

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

Amounts due from lessees under finance leases are recognised as receivables at commencement date at amounts equal to net investments in the leases, measured using the interest rate implicit in the respective leases. Initial direct costs (other than those incurred by manufacturer or dealer lessors) are included in the initial measurement of the net investments in the leases. Interest income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model.

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

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Leases (continued)

The Group as a lessor (continued)

##### *Allocation of consideration to components of a contract*

When a contract includes both leases and non-lease components, the Group applies HKFRS 15 Revenue from Contracts with Customers (“HKFRS 15”) to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

##### *Refundable rental deposits*

Refundable rental deposits received are accounted for under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

##### *Lease modification*

Changes in consideration of lease contracts that were not part of the original terms and conditions are accounted for as lease modifications, including lease incentives provided through forgiveness or reduction of rentals.

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

#### Foreign currencies

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

Exchange differences arising on the settlement of monetary items are recognised in profit or loss in the period in which they arise, except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

#### Borrowing costs

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

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

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

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

#### Employee Benefits

##### Retirement benefit costs

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

##### Short-term employee benefits

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

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

#### Share-based Payments

##### Equity-settled share-based payment transactions

##### *Shares/share options granted to employees*

Equity-settled share-based payments to employees and others providing similar services are measured at fair value of equity instruments at the grant date.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

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

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

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

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

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

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

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

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Taxation (continued)

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

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

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

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

#### Property, plant and equipment

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

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

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

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Property, plant and equipment (continued)

If a property becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant leasehold land classified as right-of-use assets) at the date of transfer is recognised in other comprehensive income and accumulated in revaluation reserve. On the subsequent sale or retirement of the property, the relevant revaluation reserve will be transferred directly to accumulated profits.

Depreciation is recognised so as to write off the cost of assets (other than properties under construction) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

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

#### Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties also include leased properties which are being recognised as right-of-use assets upon application of HKFRS 16 and subleased by the Group under operating leases.

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

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

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

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. A leased property which is recognised as a right-of-use asset is derecognised if the Group as intermediate lessor classifies the sublease as a finance lease. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the item is derecognised.

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

#### Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill

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

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

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

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

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating units) for which the estimates of future cash flows have not been adjusted.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Impairment on property, plant and equipment, right-of-use assets, contract costs and intangible assets other than goodwill (continued)

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

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

#### Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

#### Completed properties/properties under development for sale

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

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

The Group transfers a property from inventories to investment property when there is a change in use to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the inception of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Financial instruments

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

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

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

#### Financial assets

##### *Classification and subsequent measurement of financial assets*

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

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

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

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Financial instruments (continued)

Financial assets (continued)

*Classification and subsequent measurement of financial assets (continued)*

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

A financial asset is held for trading if:

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

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

(i) Amortised cost and interest income

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

(ii) Equity instruments designated as at FVTOCI

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

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

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Financial instruments (continued)

Financial assets (continued)

*Classification and subsequent measurement of financial assets (continued)*

(iii) Financial assets at FVTPL

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

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

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

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets (including trade and other receivables, amounts due from related parties, restricted/pledged bank deposits and bank balances) and contract assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables, contract assets, payments on behalf of residents and lease receivables.

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

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

##### *Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)*

##### (i) Significant increase in credit risk (continued)

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

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

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

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

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

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

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

##### *Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)*

##### (ii) Definition of default

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

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

##### (iii) Credit-impaired financial assets

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

##### (iv) Write-off policy

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

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Financial instruments (continued)

Financial assets (continued)

*Impairment of financial assets and other items subject to impairment assessment under HKFRS 9 (continued)*

(v) Measurement and recognition of ECL

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

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition. For a lease receivable, the cash flows used for determining the ECL is consistent with the cash flows used in measuring the lease receivable in accordance with HKFRS 16.

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

Lifetime ECL for certain trade receivables and payments on behalf of residents included in other receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

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

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

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amounts, with the exception of trade receivables, lease receivables, contract assets, other receivables (including payments on behalf of residents and loan receivables), amount due from a joint venture and financial guarantee contracts where the corresponding adjustment is recognised through a loss allowance account.

For the year ended 31 December 2025

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

##### *Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI upon application of HKFRS 9, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated profits.

##### Financial liabilities and equity

##### *Classification as debt or equity*

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

##### Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### *Financial liabilities*

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

##### *Financial liabilities at amortised cost*

Financial liabilities including trade and other payables, amounts due to related parties, borrowings, senior notes, bonds and asset-backed securities issued, are subsequently measured at amortised cost, using the effective interest method.

##### *Financial guarantee contracts*

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

- the amount of the obligation under the contract, as determined in accordance with HKFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

### 3. MATERIAL ACCOUNTING POLICIES INFORMATION (continued)

#### Financial instruments (continued)

Financial liabilities and equity (continued)

##### *Derecognition/modification of financial liabilities*

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

When the contractual terms of a financial liability are modified, the Group assess whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

##### *Senior notes and bonds and asset-backed securities issued*

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

Bonds and asset-backed securities issued by the subsidiaries of the Company that contain both liability and put option (which is closely related to the host contracts) are not separated into host contract and embedded derivatives on initial recognition. At the date of issue, the bonds and asset-backed securities issued are recognised at fair value.

In subsequent periods, the liability component of the senior notes, bonds and asset-backed securities issued are carried at amortised cost using the effective interest method. The early redemption option of senior notes is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that related to the issue of the senior notes and bonds and asset-backed securities issued are included in the carrying amount of the senior notes and bonds and asset-backed securities issued and amortised over the period of the senior notes and bonds and asset-backed securities issued using the effective interest method.

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#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

##### Critical judgements in applying accounting policies

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

##### Deferred taxation on investment properties

For the purposes of measuring deferred tax arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. Therefore, in determining the deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As at 31 December 2025, the carrying amount of deferred taxation on investment properties is RMB6,143,000 (2024: RMB177,533,000).

##### Key sources of estimation uncertainty

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

##### Determination of net realisable value of properties for sale

Properties for sale are stated at the lower of cost and net realisable value with an aggregate carrying amount of RMB36,332,144,000 (2024: RMB37,854,149,000). Cost, including the cost of land, development expenditures, borrowing costs capitalised in accordance with the Group's accounting policy and other attributable expenses, are allocated to each unit in each phase based on saleable gross floor area, using the weighted average method. The net realisable value is the estimated selling price (based on prevailing real estate market conditions in the PRC) less estimated selling expenses and estimated cost to completion (if any), which are determined based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be written down on the properties under development for sale and completed properties for sale. As at 31 December 2025, the balance of provision for net realisable value was RMB14,950,038,000 (2024: RMB11,611,149,000).

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

##### Key sources of estimation uncertainty (continued)

###### Fair value measurements and valuation processes

The investment properties of the Group amounting to RMB5,634,816,000 (2024: RMB6,475,598,000) are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation team, which is headed up by the chief financial officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The chief financial officer reports the valuation team's findings to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties. Note 18 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

###### Estimated impairment of goodwill

Determining whether goodwill arising on acquisition of property operation business through acquisition of subsidiaries is impaired requires an estimation of the recoverable amount of the cash-generating units (or group of cash-generating units) to which goodwill has been allocated which is the higher of the value in use and fair value less costs of disposal. The value-in-use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit (or a group of cash-generating units) based on five-year financial budgets approved by the management of the Group and a suitable discount rate in order to calculate the present value. The Group engages an independent valuer to assist the estimation. The valuation team of the Group works closely with the independent valuer to establish the appropriate estimation model and inputs to the model. Key estimates involved in the preparation of cash flow projections for the period covered by the approved financial budgets include the growth rates, discount rates and expected future cash inflows/outflows including revenue, gross profit and operating expenses estimated. The cash flows beyond the five-year period are extrapolated using zero growth rate. Where the actual future cash flows are less than expected, or changes in facts and circumstances which result in downward revision of expected future cash inflows due to unfavourableness, a material impairment loss may arise. As at 31 December 2025, the carrying amount of goodwill net of accumulated impairment loss of RMB31,516,000 (2024: RMB31,516,000) was amounted to RMB895,152,000 (2024: RMB896,451,000)

For the year ended 31 December 2025

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

##### Key sources of estimation uncertainty (continued)

###### Estimated impairment of intangible assets

Intangible assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of the cash-generating units to which intangible assets have been allocated exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The value-in use calculation requires the Group to estimate the future cash flows from the asset of cash-generating unit and a suitable discount rate in order to calculate the present value of those cash flows. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2025, the carrying amount of intangible assets net of accumulated impairment loss was RMB4,085,000 (2024: RMB9,390,000).

###### Provision of ECL for contract assets and payments on behalf of residents included in trade and other receivables

The Group uses collective basis or individual assessment, where appropriate, to calculate ECL for the contract assets and payments on behalf of residents included in trade and other receivables except that contract assets relating to construction of properties are assessed for ECL individually. The estimated loss rates are based on internal credit ratings as groupings of various debtors that have similar loss patterns. The collective basis is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2025, the gross carrying amounts of contract assets and payments on behalf of residents were RMB57,492,000 and RMB1,173,622,000 (2024: RMB61,514,000 and RMB1,278,502,000), respectively, and the balances of allowance for credit losses were RMB40,000,000 and RMB417,182,000 (2024: RMB36,061,000 and RMB411,523,000), respectively.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's contract assets and payments on behalf of residents are disclosed in note 43.

###### Provision of ECL for trade receivables (including lease receivables), other receivables and amount due from related parties

The Group uses provision matrix or individual assessment, where appropriate, to calculate ECL for the trade receivables except that trade receivables with significant balances and credit-impaired are assessed for ECL individually. The provision rates are based on internal credit ratings as groupings of various debtors by their aging, which are considered of similar loss pattern. The provision matrix is based on the Group's historical default rates taking into consideration forward looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. As at 31 December 2025, the gross carrying amount of trade receivables and other receivables and amount due from related parties were RMB1,732,241,000 and RMB12,324,034,000 (2024: RMB2,017,275,000 and RMB15,660,987,000) and the balance of allowance for credit losses were RMB236,311,000 and RMB2,335,926,000 (2024: RMB245,996,000 and RMB1,714,275,000) respectively.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in note 43.

#### 4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

##### Key sources of estimation uncertainty (continued)

###### Land appreciation tax (“LAT”)

The Group is subject to LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations and payments with any local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the LAT based on the management’s best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with the local tax authorities.

As explained in above, the carrying amounts of investment properties are presumed to be recovered entirely through sale, as such deferred tax charge on the fair value change of investment properties has taken into account the LAT payable upon the disposal of these properties.

###### Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit or taxable temporary difference will be available against which the tax losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits or taxable temporary difference together with future tax planning strategies. No deferred tax assets recognised for unused tax losses as at 31 December 2025 and 2024. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

###### Recognition and allocation of construction costs on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties for sale and charged to the consolidated statement of profit or loss and other comprehensive income upon the recognition of the sales of the properties. Before the final settlement of the development costs and other costs relating to the sales of the properties, these costs are accrued by the Group based on the management’s best estimate. During the development stage, the Group typically divides the development projects into phases. Costs that are common to different phases are allocated to individual phase based on saleable area. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

For the year ended 31 December 2025

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS

(i) Disaggregation of revenue from contracts with customers  
For the year ended 31 December 2025

Segments	Property development RMB'000	Property operation services RMB'000	Others RMB'000	Total RMB'000
<b>Types of goods and services</b>				
<b>Property development</b>				
Sales of completed properties	1,888,567	–	–	1,888,567
<b>Property operation services</b>				
Provision of property management services	–	2,694,641	–	2,694,641
Provision of value-added services	–	93,202	–	93,202
Provision of engineering services	–	2,893	–	2,893
<b>Others</b>				
Hotel operation, property project management, property agency services and other related services	–	–	48,804	48,804
	1,888,567	2,790,736	48,804	4,728,107
<b>Timing of revenue recognition</b>				
A point in time	1,888,567	96,095	34,757	2,019,419
Over time	–	2,694,641	14,047	2,708,688
	1,888,567	2,790,736	48,804	4,728,107

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

Segments	Property development RMB'000	Property investment RMB'000	Property operation services RMB'000	Others RMB'000	Total RMB'000
Revenue disclosed in segment information (note 6)	1,888,567	197,100	2,801,389	48,804	4,935,860
Elimination	–	–	(10,653)	–	(10,653)
Leases	–	(197,100)	–	–	(197,100)
Revenue from contracts with customers	1,888,567	–	2,790,736	48,804	4,728,107

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(i) Disaggregation of revenue from contracts with customers (continued)

For the year ended 31 December 2024

Segments	Property development RMB'000	Property operation services RMB'000	Others RMB'000	Total RMB'000
<b>Types of goods and services</b>				
<b>Property development</b>				
Sales of completed properties	1,593,015	–	–	1,593,015
<b>Property operation services</b>				
Provision of property management services	–	2,604,969	–	2,604,969
Provision of value-added services	–	91,249	–	91,249
Provision of engineering services	–	5,801	–	5,801
<b>Others</b>				
Hotel operation, property project management, property agency services and other related services	–	–	62,485	62,485
	1,593,015	2,702,019	62,485	4,357,519
<b>Timing of revenue recognition</b>				
A point in time	1,593,015	14,225	22,942	1,630,182
Over time	–	2,687,794	39,543	2,727,337
	1,593,015	2,702,019	62,485	4,357,519

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

Segments	Property development RMB'000	Property investment RMB'000	Property operation services RMB'000	Others RMB'000	Total RMB'000
<b>Revenue disclosed in segment information (note 6)</b>	1,593,015	216,032	2,706,408	62,485	4,577,940
Elimination	–	–	(4,389)	–	(4,389)
Leases	–	(216,032)	–	–	(216,032)
<b>Revenue from contracts with customers</b>	1,593,015	–	2,702,019	62,485	4,357,519

For the year ended 31 December 2025

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

### (ii) Performance obligations for contracts with customers

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

- Sales of completed properties;
- Construction of properties;
- Provision of property management services;
- Provision of value-added services;
- Provision of engineering services;
- Provision of hotel accommodation services; and
- Provision of other services.

For sales of completed properties, the Group presold the properties under construction and receives deposits from customers. Revenue is recognised at a point in time when the customer obtains the control of the completed property and the Group has present right to payment and the collection of the consideration is probable.

For construction of properties, the Group constructs the properties for customers. The construction revenue is recognised as performance obligation satisfied over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised for the construction based on the stage of completion of the contract using input method.

Property management services mainly include property management services under lump sum basis, commission basis and at pre-delivery stage and consultancy services. For property management services, the Group bills a fixed rate for services provided on a monthly/regular basis and recognises as revenue in the amount to which the Group has a right to invoice and that corresponds directly with the value of performance completed.

For property management services income from properties managed under lump sum basis, the Group acts as principal and is primary responsible for providing the property management services to the property owners. As the property owners simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property owners as its revenue over time and all related property management costs as its cost of services.

For property management services income from properties managed under commission basis, the Group recognises the commission for providing the property management services to the property management offices of residential communities, which is calculated by certain percentage of the total property management fee charged to the property owners. As the property management offices of residential communities simultaneously receives and consumes the benefit provided by the Group's performance as the Group renders property management services, the Group recognises the fee received or receivables from property management offices of residential communities as its revenue for arranging and monitoring the services as provided by other suppliers to the property management offices of residential communities over time.

## 5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

### (ii) Performance obligations for contracts with customers (continued)

For property management services income at pre-delivery stage, the Group acts as principal and is primary responsible for providing the property management services for the property developers. As the property developers simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from property developers as its revenue over time and all related property management costs as its cost of services.

For consultancy services income for residential communities under consultancy service arrangement included in property management services, where the Group acts as principal and is primary responsible for providing the consultancy services for the property management companies. The Group agrees the fee for services with the property management companies upfront. As the property management companies simultaneously receives and consumes the benefit provided by the Group's performance as the Group performs, the Group recognises the fee received or receivable from the property management companies, as its revenue over time and all related property management costs as its cost of services.

For value-added services, the Group agrees the fixed rate for services with the customers upfront and issues the bill on a monthly/regular basis to the customers which varies based on the actual level of service completed in that month/period. As the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, the revenue is recognised over time when the performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

For engineering services, the Group's performance creates or enhances an asset or work in progress that the customers control as the asset is created or enhanced, thus the Group satisfies a performance obligation and recognises revenue over time, by reference to completion of satisfaction of the performance obligation.

For provision of hotel accommodation services, the Group agrees the fixed rate for services with the customers upfront. As the customer simultaneously receives and consumes the benefits provided by the Group's performance, the revenue is recognised over time when the performance obligations are satisfied. Payment of the transaction is due immediately when performance obligations are satisfied.

For provision of other services, the Group pre-agrees the fixed service fee for services rendered with the customers. As the customer simultaneously receives and consumes the benefits provided by the Group's performance, thus the revenue is recognised over time when the performance obligations are satisfied.

For the year ended 31 December 2025

5. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The transaction price allocated to the remaining unsatisfied performance obligations as at 31 December 2025 and the expected timing of recognising revenue are as follows:

	<b>Sales of completed properties RMB'000</b>
Within one year	816,001
More than one year	444,729

The transaction price allocated to the remaining unsatisfied performance obligations as at 31 December 2024 and the expected timing of recognising revenue are as follows:

	<b>Sales of completed properties RMB'000</b>
Within one year	2,232,734
More than one year	538,967

The performance obligation of property agency services, property management services, value-added services, engineering services, hotel accommodation services, property project management and other related services are parts of the contracts that have an original expected duration of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts in relation to these services is not disclosed.

(iv) Leases

	<b>2025 RMB'000</b>	<b>2024 RMB'000</b>
<b>For operating leases:</b>		
Total revenue arising from leases		
Operating lease income with fixed lease payments	<b>197,100</b>	216,032

## 6. SEGMENT INFORMATION

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision makers, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group by different type of products sold and services rendered.

The Group has five reportable and operating segments, comprising of property development, property investment, property operation services, hotel operation and others (including project management and other related services).

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies described in note 3. Segment result represents the profit earned by each segment without allocation of net exchange gain (loss), interest income, share of results of associates and joint ventures, gain or loss on deregistration/disposal of subsidiaries, associates and joint ventures, gain on debt restructuring, certain other income, gains and losses, finance costs, central administration costs and directors' salaries. This is a measure reported to the chief operating decision makers for the purposes of resources allocation and assessment of segment performance.

Inter-segment revenues are charged at prevailing market rate.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision makers also review the segment assets attributable to each operating segment, which comprises assets other than interests in associates and joint ventures, equity instruments designated at FVTOCI, deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures, amounts due from related parties, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

The following is an analysis of the Group's revenue, results and other material items by operating and reportable segment under review:

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (continued)

For the year ended 31 December 2025

	Property development RMB'000	Property investment RMB'000	Property operation services RMB'000	Others RMB'000	Total RMB'000
Segment revenues	1,888,567	197,100	2,801,389	48,804	4,935,860
Segment results	(4,528,202)	(383,391)	229,653	(45,854)	(4,727,794)
Segment assets	44,498,536	5,634,816	4,523,553	91,791	54,748,696
Amounts included in the measure of segment profit or loss or segment assets:					
Additions to non-current assets	3,735	354,424	42,767	13	400,939
Loss from change in fair value of investment properties	–	(458,508)	–	–	(458,508)
Amortisation of intangible assets	–	–	5,305	–	5,305
Depreciation of property, plant and equipment	60,543	–	31,968	293	92,804
Depreciation of right-of-use assets	2,614	–	33,075	–	35,689
Loss on disposal of plant, property and equipment and early termination of lease contracts	(30,565)	–	–	–	(30,565)
Impairment losses under expected credit loss model, net of reversal	(600,221)	–	(95,871)	–	(696,092)
Provisions for financial guarantee contracts, litigations and other contingent liabilities	(50,898)	–	–	–	(50,898)
Write-down on properties for sales, net of reversal	(3,604,500)	–	–	–	(3,604,500)

## 6. SEGMENT INFORMATION (continued)

For the year ended 31 December 2024

	Property development RMB'000	Property investment RMB'000	Property operation services RMB'000	Others RMB'000	Total RMB'000
Segment revenues	1,593,015	216,032	2,706,408	62,485	4,577,940
Segment results	(3,613,551)	(303,057)	338,441	(103,737)	(3,681,904)
Segment assets	47,863,818	6,475,598	4,514,380	94,904	58,948,700
Amounts included in the measure of segment profit or loss or segment assets:					
segment profit or loss or segment assets:	–	–	–	–	–
Additions to non-current assets	6,961	29,833	34,419	9,500	80,713
Loss from change in fair value of investment properties	–	(342,573)	–	–	(342,573)
Amortisation of intangible assets	–	–	5,305	–	5,305
Depreciation of property, plant and equipment	37,805	–	21,937	21,587	81,329
Depreciation of right-of-use assets	2,614	–	33,773	–	36,387
Loss on disposal of property, plant and equipment	7,262	–	(80,474)	–	(73,212)
Impairment losses under expected credit loss model, net of reversal	(424,809)	–	(59,775)	–	(484,584)
Write-down on properties for sales, net of reversal	(2,920,727)	–	–	–	(2,920,727)

Note: Additions to non-current assets exclude interests in associates and joint ventures, equity instruments designated at FVTOCI, deposits paid for acquisition of land use rights, deposits paid for potential acquisition of subsidiaries and investments in associates and joint ventures and deferred tax assets.

For the year ended 31 December 2025

## 6. SEGMENT INFORMATION (continued)

Reconciliation:

	2025 RMB'000	2024 RMB'000
<b>Revenue:</b>		
Total revenue for operating and reportable segments	4,935,860	4,577,940
Elimination of inter-segment revenues	(10,653)	(4,389)
Group's total revenue	4,925,207	4,573,551
<b>Total segment results</b>	<b>(4,727,794)</b>	<b>(3,681,904)</b>
Unallocated amounts:		
Interest income	13,906	15,937
Net exchange gain (loss)	926,191	(458,590)
Finance costs	(4,459,761)	(4,190,318)
Share of results of associates and joint ventures	(430,455)	(340,522)
Net loss on deregistration/disposal of subsidiaries, associates and joint ventures	(634,101)	(100,866)
Gain on debt restructuring	18,103	–
Other unallocated expense	(66,322)	(48,958)
Loss before tax	(9,360,233)	(8,805,221)
	2025 RMB'000	2024 RMB'000
Assets:		
Total assets for operating and reportable segment	54,748,696	58,948,700
Unallocated assets:		
Interests in associates	1,443,872	1,434,385
Interests in joint ventures	2,600,363	2,699,721
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures	1,158,671	2,144,258
Equity instruments designated at FVTOCI	14,256	13,566
Amounts due from related parties	5,231,858	6,241,224
Restricted/pledged bank deposits	324,114	567,934
Bank balances and cash	1,206,842	1,156,153
Group's total assets	66,728,672	73,205,941

## 6. SEGMENT INFORMATION (continued)

The principal operating entities of the Group are domiciled in the PRC and majority of revenue is derived in the PRC during the years ended 31 December 2025 and 2024. As at 31 December 2025 and 2024, majority of the non-current assets of the Group were located in the PRC.

There were no sales to a single customer which amounted to 10% or more of the Group's revenue during the year ended 31 December 2025 and 2024.

As the Group's segment liabilities are not regularly reviewed by the chief operating decision makers, the liabilities for each operating segment is therefore not presented.

## 7. OTHER INCOME, GAINS AND LOSSES

	2025 RMB'000	2024 RMB'000
Interest income	13,906	15,937
Partial exemption of PRC value-added tax	241	34
Unconditional government grants	869	8,778
	<b>15,016</b>	24,749
Net exchange gain (loss)	926,191	(458,590)
Change in fair value upon transfer from property, plant and equipment	–	(45,541)
Loss on disposal/deregistration of subsidiaries	(634,179)	(66,617)
Gain on debt restructuring	18,103	–
Net gain (loss) on disposal of interests in associates and joint ventures	78	(34,249)
Loss on disposal of plant, property and equipment and early termination of lease contracts	(30,565)	(73,212)
Provisions for financial guarantee contracts, litigations and other contingent liabilities	(50,898)	–
Others	(31,465)	(33,748)
	<b>197,265</b>	(711,957)

For the year ended 31 December 2025

## 8. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	2025 RMB'000	2024 RMB'000
Impairment losses recognised on		
– trade and other receivables	(680,905)	(476,300)
– amount due from related parties	(11,248)	(2,997)
– contract assets	(3,939)	(5,287)
	<b>(696,092)</b>	<b>(484,584)</b>

Details of impairment assessment are set out in note 43.

## 9. WRITEDOWN OF PROPERTIES FOR SALES, NET OF REVERSAL

During the year ended 31 December 2025, mainly due to the combined impact of multiple unfavourable factors in macroeconomic, industry and financing environments, a provision for impairment loss on properties for sale of RMB3,604,500,000 (2024: RMB2,920,727,000) was recognised to reflect the decrease in relevant net realisable value.

The net realisable value is determined by reference to the estimated selling prices of the properties for sale, which takes into account a number of factors including the latest market prices of similar property types in the same project or by similar properties, and the prevailing real estate market conditions in the PRC, less estimated selling expenses and estimated cost to completion. The net realisable value were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuers which are not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

## 10. FINANCE COSTS

	2025 RMB'000	2024 RMB'000
Interest on bank and other borrowings, senior notes and bonds, asset-backed securities issued and lease liabilities	4,865,241	4,820,645
Less: Amount capitalised in properties under development for sale	(405,480)	(630,327)
	<b>4,459,761</b>	<b>4,190,318</b>

## 11. INCOME TAXATION

	2025 RMB'000	2024 RMB'000
Current income tax		
– PRC corporate income tax	83,056	45,047
– PRC land appreciation tax	17,517	24,284
	<b>100,573</b>	69,331
Deferred tax (note 25)		
– Charge to profit and loss	37,694	116,930
	<b>138,267</b>	186,261

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The Group's EIT is calculated based on the applicable tax rate on assessable profits, if applicable.

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 cost of land use rights and all property development expenditures.

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

	Notes	2025 RMB'000	2024 RMB'000
Loss before tax		<b>(9,360,233)</b>	(8,805,221)
Tax at PRC EIT rate of 25% (2024: 25%)	(a)	<b>(2,340,058)</b>	(2,201,305)
Tax effect of share of results of associates and joint ventures		<b>107,614</b>	85,131
Tax effect of income not taxable for tax purpose		<b>(217)</b>	(2,195)
Tax effect of expenses not deductible for tax purpose	(b)	<b>1,860,391</b>	2,059,910
Tax effect of deductible expenses not recognised		<b>24,525</b>	25,602
Tax effect of tax losses not recognised		<b>479,711</b>	211,263
LAT		<b>17,517</b>	24,284
Tax effect of LAT		<b>(4,379)</b>	(6,071)
Tax effect of tax rate differential of certain subsidiaries with preferential tax rate	(c)	<b>(6,837)</b>	(7,411)
Others		–	(2,947)
Income taxation for the year		<b>138,267</b>	186,261

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## 11. INCOME TAXATION (continued)

Notes:

- (a) Majority of the assessable profits of the Group were derived from subsidiaries situated in the PRC and the applicable EIT rate of those subsidiaries is 25%.
- (b) The amounts for the years ended 31 December 2025 and 2024 mainly represented the tax effect of expenses incurred by offshore companies, mainly including the interest on senior notes, exchange loss, impairment loss on deposits paid for potential acquisition of equity interests and professional fees.
- (c) The different tax rates mainly come from certain PRC companies, which are regarded as advanced technology enterprise or engaged in the encouraged industries by local governments, are entitled to the PRC income tax at a preferential rate of 15% for both the years ended 31 December 2025 and 2024.

## 12. LOSS FOR THE YEAR

	2025 RMB'000	2024 RMB'000
Loss for the year has been arrived at after charging (crediting):		
Directors' emoluments (note 13)	3,330	5,491
Other staff's salaries and allowances	708,200	783,003
Retirement benefit scheme contributions	90,664	96,254
Total staff costs	802,194	884,748
Less: Amount capitalised in properties under development for sale	(11,421)	(54,039)
	<b>790,773</b>	<b>830,709</b>
Auditor's remuneration	4,000	7,000
Depreciation of property, plant and equipment	92,804	83,624
Depreciation of right-of-use assets	35,689	36,387
Amortisation of intangible assets (included in cost of sales and services)	5,305	5,305
Loss on disposal of plant, property and equipment and early termination of lease contracts	30,565	73,212
Cost of properties sold recognised as an expense	1,992,041	1,612,394

### 13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION

The emoluments paid or payable to the directors and the chief executive disclosed pursuant to the applicable Listing Rules and CO were as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share based payments RMB'000	Total RMB'000
<b>For the year ended 31 December 2025</b>						
<i>Executive directors:</i>						
Ms. Cheng Jianli (程建麗)	443	566	–	–	–	1,009
Mr. Timothy David Gildner	221	–	–	11	–	232
Mr. Lin Zhifeng (林志峰)	–	1,170	–	112	–	1,282
<i>Non-executive directors:</i>						
Ms. Zeng Jie, Baby (曾寶寶)	120	–	–	108	–	228
Mr. Su Boyu (蘇波宇)	–	–	–	–	–	–
<i>Independent non-executive directors:</i>						
Mr. Leung Yiu Cho (梁耀祖) (note ii)	105	–	–	–	–	105
Mr. Kwok Chi Shing (郭志誠) (note iii)	87	–	–	–	–	87
Mr. Guo Shaomu (郭少牧)	221	–	–	–	–	221
Mr. Ma Youheng (馬有恒)	166	–	–	–	–	166
	<b>1,363</b>	<b>1,736</b>	<b>–</b>	<b>231</b>	<b>–</b>	<b>3,330</b>
<b>For the year ended 31 December 2024</b>						
<i>Executive directors:</i>						
Ms. Cheng Jianli (程建麗)	182	796	–	–	–	978
Mr. Timothy David Gildner	219	–	–	11	–	230
Mr. Lin Zhifeng (林志峰)	–	1,267	–	103	–	1,370
Mr. Ke Kasheng (柯卡生) (note i)	–	926	–	–	–	926
<i>Non-executive directors:</i>						
Ms. Zeng Jie, Baby (曾寶寶)	1,276	–	–	105	–	1,381
Mr. Su Boyu (蘇波宇)	–	–	–	–	–	–
<i>Independent non-executive directors:</i>						
Mr. Guo Shaomu (郭少牧)	206	–	–	–	–	206
Mr. Kwok Chi Shing (郭志誠)	236	–	–	–	–	236
Mr. Ma Youheng (馬有恒)	164	–	–	–	–	164
	<b>2,283</b>	<b>2,989</b>	<b>–</b>	<b>219</b>	<b>–</b>	<b>5,491</b>

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### 13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

Notes:

- (i) Mr. Ke Kasheng resigned on 24 May 2024.
- (ii) Mr. Leung Yiu Cho was appointed as independent non-executive director on 11 July 2025.
- (iii) Mr. Kwok Chi Shing resigned on 22 May 2025.

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

The non-executive directors' emoluments shown above were paid for their services as directors of the Company or its subsidiaries.

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

The discretionary bonus is determined by the Board of Directors based on the Group's performance for each financial year.

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

#### Five highest paid employees

The five individuals with the highest emoluments in the Group included one (2024: two) directors for the year ended 31 December 2025. Details of their emoluments are set out above. The emoluments of the remaining four (2024: three) of the five highest paid individuals is as follows:

	2025 RMB'000	2024 RMB'000
Salaries and allowances	6,157	4,094
Retirement benefit scheme contributions	125	294
	<b>6,282</b>	4,388

### 13. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' REMUNERATION (continued)

#### Five highest paid employees (continued)

Their emoluments were within the following band:

	2025	2024
	No. of employees	No. of employees
HKD1,000,001 to HKD1,500,000	3	–
HKD1,500,001 to HKD2,000,000	–	3
HKD2,500,001 to HKD3,000,000	1	–

During the years ended 31 December 2025 and 2024, no remuneration was paid by the Group to any of the directors, chief executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and chief executive waived any remuneration for both the years ended 31 December 2025 and 2024.

### 14. DIVIDENDS

During the year ended 31 December 2025, no dividend (2024: nil) in respect of the year ended 31 December 2024 was declared and paid to the owners of the Company.

Subsequent to the end of the reporting period, no dividend in respect of year ended 31 December 2025 (2024: nil) has been proposed by the directors of the Company for approval by the shareholders in the annual general meeting.

### 15. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to the owners of the Company is based on the following data:

	2025	2024
<b>Loss (RMB'000)</b>		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	<b>(9,186,088)</b>	(8,311,567)
<b>Number of shares ('000)</b>		
Weighted average number of ordinary shares for the purpose of basic and dilutive loss per share	<b>5,772,598</b>	5,772,598

For the years ended 31 December 2025 and 2024, the computation of diluted loss per share does not assume the exercise of the Company's share options since their exercise would result in a decrease in loss per share.

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## 16. PROPERTY, PLANT AND EQUIPMENT

	Own properties RMB'000	Renovations and leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Total RMB'000
<b>COST</b>					
At 1 January 2024	1,379,160	487,100	274,922	69,125	2,210,307
Additions	11,099	22,733	15,701	242	49,775
Transfer to investment properties	(150,029)	–	–	–	(150,029)
Disposals and written off	(582,542)	(254,784)	(426)	(3,035)	(840,787)
At 31 December 2024	657,688	255,049	290,197	66,332	1,269,266
Additions	–	40,844	4,729	942	46,515
Disposal of subsidiaries	(1,094)	–	–	–	(1,094)
Disposals and written off	(12,960)	(313)	(655)	(131)	(14,059)
At 31 December 2025	643,634	295,580	294,271	67,143	1,300,628
<b>DEPRECIATION AND IMPAIRMENT</b>					
At 1 January 2024	491,106	436,004	247,505	27,640	1,202,255
Provided for the year	53,985	19,980	7,467	2,192	83,624
Transfer to investment properties	(53,958)	–	–	–	(53,958)
Eliminated on disposals	(135,154)	(228,245)	(373)	(2,796)	(366,568)
At 31 December 2024	355,979	227,739	254,599	27,036	865,353
Provided for the year	51,439	30,555	7,730	3,080	92,804
Eliminated on disposal of subsidiaries	(286)	–	–	–	(286)
Eliminated on disposals	(6,201)	(140)	(559)	(120)	(7,020)
At 31 December 2025	400,931	258,154	261,770	29,996	950,851
<b>CARRYING AMOUNTS</b>					
At 31 December 2025	242,703	37,426	32,501	37,147	349,777
At 31 December 2024	301,709	27,310	35,598	39,296	403,913

The above items of property, plant and equipment, except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis at the following useful lives:

Own properties	Over the shorter of the term of lease or 50 years
Renovations and leasehold improvements	Over the shorter of the term of lease or 3 to 10 years
Furniture, fixtures and equipment	3 to 5 years
Transportation equipment	5 to 15 years

Own properties are all situated on land in the PRC.

## 17. RIGHT-OF-USE ASSETS

	Leasehold lands RMB'000	Office premises and apartment RMB'000	Total RMB'000
<b>As at 31 December 2025</b>			
Carrying amount	40,194	179,295	219,489
<b>As at 31 December 2024</b>			
Carrying amount	63,831	251,699	315,530
<b>For the year ended 31 December 2025</b>			
Depreciation charge	2,614	33,075	35,689
<b>For the year ended 31 December 2024</b>			
Depreciation charge	2,614	33,773	36,387
		<b>2025</b>	2024
		<b>RMB'000</b>	RMB'000
Expense relating to short-term leases		<b>712</b>	114
Expense relating to leases of low-value assets, excluding short-term leases of low value assets		<b>414</b>	706
Total cash outflow for leases		<b>34,889</b>	34,103
Additions to right-of-use assets		–	1,180

For both years, the Group leases office premises for its operations. Lease contracts are entered into for fixed term of 5 months to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

In addition, the Group owns several hotel buildings and office buildings. The Group is the registered owner of these property interests, including the underlying leasehold lands. Lump sum payments were made upfront to acquire these property interests. The leasehold land components of these owned properties are presented separately only if the payments made can be allocated reliably.

For the years ended 31 December 2025 and 2024, no payment is made for acquiring leasehold lands.

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## 18. INVESTMENT PROPERTIES

The Group leases out properties under operating leases with rentals payable monthly. The leases typically run for an initial period of 1 to 20 years.

The Group is not exposed to foreign currency risk as a result of the lease arrangements, as all leases are denominated in the respective functional currencies of group entities. The lease contracts do not contain residual value guarantee and/or lessee's option to purchase the property at the end of lease term.

	<b>Completed investment properties RMB'000</b>	<b>Investment properties under construction RMB'000</b>	<b>Total RMB'000</b>
At 1 January 2024	5,406,153	1,333,108	6,739,261
Additions	–	29,833	29,833
Net change in fair value recognised in profit or loss	(258,047)	(84,526)	(342,573)
Transfer from property, plant and equipment	50,530	–	50,530
Disposals	(1,453)	–	(1,453)
At 31 December 2024	5,197,183	1,278,415	6,475,598
Additions	–	12,453	12,453
Net change in fair value recognised in profit or loss	(539,030)	80,522	(458,508)
Transfer upon completion of construction work	137,000	(137,000)	–
Transfer from properties for sales	341,971	–	341,971
Disposal of subsidiaries (note 40)	(448,690)	–	(448,690)
Disposals	(288,008)	–	(288,008)
At 31 December 2025	4,400,426	1,234,390	5,634,816

## 18. INVESTMENT PROPERTIES (continued)

As at 31 December 2025, the fair value of the Group's completed investment properties of RMB4,400,426,000 (2024: RMB5,197,183,000) and investment properties under development of RMB1,234,390,000 (2024: RMB1,278,415,000) were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent qualified professional valuers which are not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties as at 31 December 2025 and 2024 are determined by income capitalisation method and direct comparison method. Income capitalisation method is arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate. The valuations of investment properties under construction as at 31 December 2025 and 2024 are arrived at by residual method and direct comparison method, which is based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development. Direct comparison approach is arrived at by reference to comparable market transactions and suppose that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors. In estimating the fair value of the properties, highest and best use of the properties is their current use.

All of the Group's property interests held under operating leases to earn rentals are classified and accounted for as investment properties and are measured using the fair value model.

The following table gives information about how the fair values of these investment properties as at 31 December 2025 and 2024 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are under Level 3 as the inputs to the fair value measurements is unobservable.

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## 18. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group	Fair value as at 31 December 2025 RMB'000	Location	Fair value hierarchy	Valuation techniques and key inputs	Significant observable/unobservable inputs	Range	Sensitivity
Completed investment properties	4,209,680	Shenzhen Tianjin, Chengdu, Nanjing, Dongguan, Guilin, Wuhan, Suzhou, Shanghai, Huizhou	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	2.5% – 5.5%	A significant increase/decrease in term yield would result in significant decrease/increase in fair value.
					2. Reversionary yield	3.5% – 6%	A significant increase/decrease in reversionary yield would result in significant decrease/increase in fair value.
Completed investment properties	190,746	Huizhou, Tianjin, Chengdu, Jingzhou and Jiujiang	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	1. Market unit sales price (RMB/sqm)	1,835 – 17,966	A significant increase/decrease in market unit sales price would result in significant increase/decrease in fair value.
					2. Adjustment made to account for differences in location	-8% – 8%	A significant increase/decrease in adjustment would result in significant decrease/increase in fair value.
Investment properties under construction	1,234,390	Wuhan, Chongqing and Hebei	Level 3	Residual method – based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs.	1. Gross development value on completion basis (RMB'000)	1,495,160	A significant increase/decrease in gross development value would result in significant increase/decrease in fair value.
					2. Developer's profit	8.00%	A significant increase/decrease in developer's profit would result in significant decrease/increase in fair value.
					3. Marketing costs	2.00%	A significant increase/decrease in marketing costs would not result in significant decrease/increase in fair value.
					4. Construction costs to completion (RMB'000)	356,815	A significant increase/decrease in construction costs to completion would result in significant decrease/increase in fair value.
	5,634,816						

## 18. INVESTMENT PROPERTIES (continued)

Investment properties held by the Group	Fair value as at 31 December 2024 RMB'000	Location	Fair value hierarchy	Valuation techniques and key inputs	Significant observable/unobservable inputs	Range	Sensitivity
Completed investment properties	4,842,705	Shenzhen, Tianjin, Chengdu, Nanjing, Dongguan, Guilin, Wuhan, Suzhou, Shanghai, Huizhou	Level 3	Income capitalisation method – income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield	2.5% – 5.5%	A significant increase/decrease in term yield would result in significant decrease/increase in fair value.
					2. Reversionary yield	3% – 6%	A significant increase/decrease in reversionary yield would result in significant decrease/increase in fair value.
Completed investment properties	354,478	Huizhou, Tianjin, Chengdu, Suzhou, Jingzhou, Lanzhou and Jiujiang	Level 3	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	1. Market unit sales price (RMB/sqm)	3,100-19,570	A significant increase/decrease in market unit sales price would result in significant increase/decrease in fair value.
					2. Adjustment made to account for differences in location	1% – 8%	A significant increase/decrease in adjustment would result in significant decrease/increase in fair value.
Investment properties under construction	1,278,415	Wuhan, Chongqing and Hebei	Level 3	Residual method – based on gross development value and taken into account the construction costs to completion, developer's profit, marketing costs.	1. Gross development value on completion basis (RMB'000)	1,648,450	A significant increase/decrease in gross development value would result in significant increase/decrease in fair value.
					2. Developer's profit	8%	A significant increase/decrease in developer's profit would result in significant decrease/increase in fair value.
					3. Marketing costs	2%	A significant increase/decrease in marketing costs would not result in significant decrease/increase in fair value.
					4. Construction costs to completion (RMB'000)	444,184	A significant increase/decrease in construction costs to completion would result in significant decrease/increase in fair value.
	6,475,598						

There were no transfers into or out of Level 3 during the years ended 31 December 2025 and 2024.

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## 19. INTERESTS IN ASSOCIATES

	2025 RMB'000	2024 RMB'000
Cost of investments, unlisted	1,715,855	1,496,640
Share of post-acquisition results, net of dividends received	(271,983)	(62,255)
	<b>1,443,872</b>	1,434,385

Details of the Group's principal associate at the end of the reporting period are as follow:

Name of entities	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group		Proportion of voting power held by the Group		Principal activities
			2025	2024	2025	2024	
深圳市航天物業管 理有限公司 Shenzhen Hantian Property Management Co., Ltd. ("Shenzhen Hangtian") (note a)	PRC	PRC	40.06%	40.06%	40.06%	40.06%	Property management in the PRC

Notes:

- (a) Pursuant to the article of association of Shenzhen Hangtian, the Group has the right to cast 40.06% of the votes of Shenzhen Hangtian at the shareholder's meeting, the governing body which directs the relevant activities that significantly affect the returns of Shenzhen Hangtian. The approval of relevant activities require simple majority of shareholders. As the Group holds no more than 50% of the voting power in the shareholders' meeting, therefore, Shenzhen Hangtian is accounted for as an associate of the Group.
- (b) During the year ended 31 December 2025, the Group made investments of RMB223,040,000 (2024: RMB338,130,000) to establish/acquire certain associates with/from a number of associate partners. The associates mainly engaged in investment holdings, property development and property operation services.
- (c) During the year ended 31 December 2025, the Group has disposed of the interest in certain associates at a total consideration of RMB4,826,000 (2024: RMB1,604,000), with gain on disposal amounting to RMB78,000 (2024: loss on disposal of RMB34,429,000) recognised in the consolidated statement of profit or loss and other comprehensive income.
- (d) During the year ended 31 December 2025, dividend amounting to RMB300,000 was received (2024: Nil) from associates.
- (e) All these companies are accounted for as associates as at respective period end date as in accordance with the memorandum and articles of the companies, the Group has significant influence at the shareholder's meeting, the governing body which directs the relevant activities that significantly affect the returns.

## 19. INTERESTS IN ASSOCIATES (continued)

### Summarised financial information of material associate

Summarised financial information in respect of the Groups material associate is set out below. The summarised financial information below represents amounts shown in the associate financial statements prepared in accordance with HKFRS Accounting standards.

All of these associates are accounted for using the equity method in the consolidated financial statements.

	<b>Shenzhen Hangtian 2025 RMB'000</b>	Shenzhen Hangtian 2024 RMB'000
Current assets	515,974	625,046
Non-current assets	273,201	192,379
Current liabilities	484,255	641,087
Non-current liabilities	13,877	3,088

	<b>Shenzhen Hangtian 2025 RMB'000</b>	Shenzhen Hangtian 2024 RMB'000
Revenue	2,853,635	4,148,253
Profit and total comprehensive income for the year	118,081	85,096

Reconciliation of the above summarised financial information to the carrying amounts of the interests in the material associate recognised in the consolidated financial statements:

	<b>Shenzhen Hangtian 2025 RMB'000</b>	Shenzhen Hangtian 2024 RMB'000
Net assets of the associates	291,043	173,250
Proportion of the Group's ownership interests in the associates	40.06%	40.06%
Carrying amount of the Group's interests in the associates	116,592	69,404

Summarised financial information in respect of the Group's associates prepared in accordance with HKFRS Accounting Standards which is not material to the Group is set out below:

	<b>2025 RMB'000</b>	2024 RMB'000
The Group's share of loss and other comprehensive expense	(255,807)	(170,923)
Aggregate carrying amount of the Group's interests in these associates	1,327,280	1,364,981

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## 20. INTERESTS IN JOINT VENTURES

	2025 RMB'000	2024 RMB'000
Cost of investments, unlisted	3,035,344	2,912,751
Share of post-acquisition results, net of dividends received	(434,981)	(213,030)
	<b>2,600,363</b>	2,699,721

Details of the Group's principal joint ventures at the end of the reporting period are as follow:

Name of entities	Place of incorporation/ establishment	Place of operation	Equity interest attributable to the Group		Proportion of voting power held by the Group		Principal activities
			2025	2024	2025	2024	
深圳玉石房地產開發 有限公司 Shenzhen Yushi Property Development Co., Ltd. ("Shenzhen Yushi")	PRC	PRC	51%	51%	51%	51%	Property development in the PRC

Notes:

- (a) During the year ended 31 December 2025, the Group made investment of RMB422,606,000 (2024: RMB570,455,000) to establish/acquire certain joint ventures with/from a number of joint venture partners. The joint ventures mainly engaged in property development and property operation services.
- (b) During the year ended 31 December 2024, the Group has acquired the remaining equity interest in the joint ventures, which constitutes an acquisition of subsidiaries, thereby reducing its interest in the joint ventures, with the carrying amount of interests in joint ventures amounting RMB366,801,000. Details are set out in note 39.
- (c) During the year ended 31 December 2025, the Group has indirectly disposed of the interest in joint ventures through disposal of subsidiaries, with the carrying amount of interests in joint ventures amounting RMB300,012,000 (2024: RMB26,869,000). Details are set out in note 40.
- (d) During the year ended 31 December 2025 and 2024, no dividend was received from joint ventures.

## 20. INTERESTS IN JOINT VENTURES (continued)

Summarised financial information in respect of the Group's joint ventures prepared in accordance with HKFRS Accounting Standards which is not material to the Group is set out below:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
The Group's share of loss and other comprehensive expense	<b>(221,951)</b>	(203,688)

## 21. EQUITY INSTRUMENTS DESIGNATED AT FVTOCI

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Unlisted equity investments		
– Property operation services (note)	<b>14,256</b>	13,566

Note: These unlisted equity securities represented the investments in certain private entities, which represented the equity interests ranging from 1% to 20% in the investees as at 31 December 2025 and 2024. The investees are mainly engaged in property operation services. These investments are not regarded as associate or joint venture of the Group because the Group has no right to appoint directors under such investment arrangements. Details of the fair value measurement of the investments are set out in note 43.

For the year ended 31 December 2025

## 22. GOODWILL

	<b>RMB'000</b>
<b>COST</b>	
At 1 January 2024	954,567
Acquisition of subsidiaries (note 39)	2,541
Disposal of subsidiaries (note 40)	(29,141)
At 31 December 2024	927,967
Deregistration of subsidiaries	(1,299)
At 31 December 2025	926,668
<b>IMPAIRMENT</b>	
At 1 January 2024, 31 December 2024 and 2025	31,516
<b>CARRYING VALUES</b>	
At 31 December 2025	895,152
At 31 December 2024	896,451

For the purpose of impairment testing, goodwill above has been allocated to a group of subsidiaries in property operation services collectively as the property operation cash-generating units ("Property Operation CGU").

The recoverable amounts of Property Operation CGU have been determined based on a value in use calculation. The calculation uses cash flow projection based on financial budgets approved by the management covering a five-year period, including the growth rates, the pre-tax discount rates, estimated revenue, estimated gross profit, estimated operating expenses as at 31 December 2025 and 2024.

The discount rates reflect specific risks relating to Property Operation CGU. The growth rates within the five-year period have been based on past experience and management's expectation of market development. The cash flows beyond the five-year period are extrapolated using zero growth rate.

	<b>2025</b>	2024
Pre-tax discount rates	<b>13.6%</b>	14.6%
Growth rate within the five-year period	<b>2% – 6%</b>	2% – 8%

The management of the Group believes that any reasonably possible change in the key estimation of the value-in-use calculation would not cause the carrying amounts of Property Operation CGU to exceed its recoverable amounts.

## 23. INTANGIBLE ASSETS

	RMB'000
<b>COST</b>	
At 1 January 2024, 31 December 2024 and 2025	189,809
<b>AMORTISATION</b>	
At 1 January 2024	175,114
Provided for the year	5,305
At 31 December 2024	180,419
Provided for the year	5,305
At 31 December 2025	185,724
<b>CARRYING AMOUNT</b>	
At 31 December 2025	4,085
At 31 December 2024	9,390

The property management contracts, customers' relationship and trademark were acquired from third parties through the acquisition of subsidiaries.

The intangible assets have finite useful lives and are amortised on a straight line basis over 60 months to 120 months.

## 24. AMOUNTS DUE FROM RELATED PARTIES

	2025 RMB'000	2024 RMB'000
Joint ventures	2,150,108	2,905,970
Associates	2,524,960	2,577,146
Non-controlling shareholders of the subsidiaries of the Company	453,960	648,084
Related parties	102,830	110,024
	<b>5,231,858</b>	<b>6,241,224</b>

As at 31 December 2025 and 2024, the amounts due from non-controlling shareholders of the subsidiaries of the Company, joint ventures, associates and related parties are non-trade in nature, unsecured, interest-free and repayable on demand. The amounts due from related parties represented the advances to non-controlling shareholders of subsidiaries of the Company, joint ventures, associates and related parties and included in amounts due from joint ventures and associates, certain amounts result from the land costs and construction cost paid for the properties under development for sales.

Details of the impairment assessment are set out in note 43.

For the year ended 31 December 2025

## 25. DEFERRED TAXATION

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

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Deferred tax assets	<b>571,118</b>	768,952
Deferred tax liabilities	<b>(6,744)</b>	(177,750)
	<b>564,374</b>	591,202

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Fair value change of investment properties RMB'000	Revaluation of properties and other assets RMB'000	Temporary differences on deductible expenses RMB'000	Tax losses RMB'000	Others RMB'000	Total RMB'000
At 1 January 2024	297,433	(39,535)	(469,724)	(40,421)	(455,956)	(708,203)
(Credit) charge to profit and loss	(119,900)	-	205,425	40,421	(9,016)	116,930
Charge to other comprehensive income	-	71	-	-	-	71
At 31 December 2024	177,533	(39,464)	(264,299)	-	(464,972)	(591,202)
(Credit) charge to profit and loss	(160,351)	-	159,050	-	38,995	37,694
Charge to other comprehensive income	-	173	-	-	-	173
Disposal of subsidiaries	(11,039)	-	-	-	-	(11,039)
At 31 December 2025	6,143	(39,291)	(105,249)	-	(425,977)	(564,374)

Notes:

- (a) Temporary differences on deductible expenses mainly represent advertising expenses, ECL allowance and incremental sales commission, which would be deductible in the future.
- (b) Others mainly represent the temporary differences arising from LAT provision and financing component in respect of contract liabilities.

As at 31 December 2025, the Group had unutilised tax losses of RMB9,051,002,000 (2024: RMB7,862,604,000). No deferred tax asset has been recognised in respect of the remaining tax losses due to the unpredictability of future profits streams.

As at 31 December 2025, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, was RMB2,398,270,000 (2024: RMB7,230,818,000). No deferred tax liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

## 26. PROPERTIES FOR SALE

	2025 RMB'000	2024 RMB'000
Completed properties for sale	10,292,873	12,612,887
Properties under development for sale	40,989,309	36,852,411
	<b>51,282,182</b>	49,465,298
Less: Provisions for net realisable value	<b>(14,950,038)</b>	(11,611,149)
	<b>36,332,144</b>	37,854,149

For the year ended 31 December 2025, a provision for impairment loss on properties for sales, net of reversal, of RMB3,604,500,000 (2024: RMB2,920,727,000) was recognised to reflect the change in relevant net realisable value.

## 27. CONTRACT ASSETS

	2025 RMB'000	2024 RMB'000
Unbilled revenue of		
– property operation services	57,492	61,514
Less: allowance for impairment losses	<b>(40,000)</b>	(36,061)
	<b>17,492</b>	25,453

As at 1 January 2024, contract assets amounted to RMB32,328,000.

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditional upon the satisfaction by the customers on property operation services rendered by the Group. The amounts are transferred out of contract assets to trade receivables when the rights become unconditional.

Details of the impairment assessment are set out in note 43.

For the year ended 31 December 2025

## 28. CONTRACT COSTS

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Incremental costs to obtain contracts	<b>30,402</b>	44,400

Contract costs capitalised as at 31 December 2025 and 2024 relate to the incremental sales commissions paid to intermediaries/employees 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 cost of sales in the consolidated 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 RMB13,998,000 (2024: RMB10,143,000). There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the years ended 31 December 2025 and 2024.

## 29. TRADE AND OTHER RECEIVABLES

	Notes	<b>2025</b>	2024
		<b>RMB'000</b>	RMB'000
Trade receivables			
– contracts with customers	(a)/(b)	<b>1,483,826</b>	1,701,752
– leasing	(b)	<b>12,104</b>	69,527
Other receivables		<b>4,269,000</b>	5,231,956
Loan receivables	(c)	<b>55,302</b>	103,785
Prepayments and other deposits		<b>3,594,063</b>	3,700,182
Deposits paid for potential acquisitions of subsidiaries and investments in associates and joint ventures	(d)	<b>1,158,671</b>	2,144,258
Other tax prepayments		<b>680,743</b>	739,873
		<b>11,253,709</b>	13,691,333
Less: Amounts shown under non-current assets		<b>(1,163,606)</b>	(2,149,740)
Amounts shown under current assets		<b>10,090,103</b>	11,541,593

## 29. TRADE AND OTHER RECEIVABLES (continued)

Notes:

- (a) As at 31 December 2024 and 31 December 2025, trade receivables from contracts with customers amounted to RMB1,701,752,000 and RMB1,483,826,000, respectively.

Consideration in respect of properties sold is paid in accordance with the terms of the related sales and purchase agreements, normally within 90 days from the date of agreement.

Property operation service fee is received in accordance with the terms of the relevant service agreements, normally within 30 days to 1 year after the issuance of demand note. Each customer from property operation services has a designated credit limit.

Hotel operation income are mainly in form of settlement in cash and credit cards.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

- (b) The following is an aged analysis of trade receivables of the Group net of allowance for impairment losses presented based on the date of delivery of the properties to the customers for property sale or the invoice date or date of demand note for rendering of services at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
0 to 30 days	279,103	1,208,272
31 to 90 days	209,646	136,741
91 to 180 days	239,137	127,630
181 to 365 days	416,772	112,064
Over 1 year	351,272	186,572
	<b>1,495,930</b>	<b>1,771,279</b>

- (c) Loan receivables mainly represented fund provision to certain independent third parties, which are engaged in the provision of online platform and community-related services and property management services. The interests of such loans range from 10% to 15% per annum.
- (d) As at 31 December 2025, the Group had made deposits of RMB120,725,000 (2024: RMB123,475,000) and RMB1,037,946,000 (2024: RMB2,020,783,000) in relation to the acquisition of equity interests in certain companies which are principally engaged in property operation and property project and certain associates and joint ventures in the PRC from independent third parties.

Details of the impairment assessment are set out in note 43.

For the year ended 31 December 2025

### 30. RESTRICTED/PLEGGED BANK DEPOSITS/BANK BALANCES AND CASH

The restricted/pledged bank deposits mainly represented that:

- (a) In accordance with relevant requirement by State-Owned Land and Resource Bureau, certain subsidiaries of the Group engaged in property development are required to place in designated bank accounts certain amount of proceeds from pre-sale of properties as guaranteed deposits with the restriction of use for settlement of construction costs for relevant properties. The deposits will be released after the construction of relevant properties are completed or the ownership certificates of relevant properties are issued, whichever is earlier. As at 31 December 2025, such guaranteed deposits amounted to RMB85,880,000 (2024: RMB240,636,000).
- (b) Certain bank balances were deposited as guaranteed deposit for the benefits for the loan facilities and bill payables granted to the Group. As at 31 December 2025, such restricted balances amounted to RMB99,573,000 (2024: RMB87,953,000) were pledged for current facilities.
- (c) Certain bank balances were frozen under court notice in relation to the unfinalised legal proceedings. As at 31 December 2025, such restricted balances amounted to RMB138,661,000 (2024: RMB239,345,000).

The Group's restricted/pledged bank deposits and bank balances carry variable interest rates ranging from 0.05% to 0.35% (2024: 0.25% to 0.35%) per annum and from 0.05% to 0.35% (2024: 0.25% to 0.35%) per annum, respectively.

As at 31 December 2025 and 2024, bank balances of the relevant group entities denominated in foreign currencies are as below:

	2025 RMB'000	2024 RMB'000
Hong Kong Dollars ("HKD")	13,589	1,544
United States Dollars ("USD")	78,610	52,833

### 31. TRADE AND OTHER PAYABLES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Trade payables	<b>3,749,488</b>	3,284,905
Deposit received	<b>258,732</b>	273,840
Other tax payables	<b>900,308</b>	878,575
Accrued staff costs	<b>180,925</b>	198,367
Other payables and accruals	<b>5,994,578</b>	4,477,578
	<b>11,084,031</b>	9,113,265

Trade payables principally comprise amounts outstanding for purchase of materials and subcontracting fee for the construction of properties for sale. The average credit period for purchase of construction materials and settlement of subcontracting fee ranged from two months to one year.

The following is an aged analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>811,018</b>	195,446
Over 1 years	<b>2,938,470</b>	3,089,459
	<b>3,749,488</b>	3,284,905

For the year ended 31 December 2025

### 32. CONTRACT LIABILITIES

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Sales of completed properties	<b>714,350</b>	2,304,039
Provision of property operation services	<b>546,380</b>	467,662
	<b>1,260,730</b>	2,771,701

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

	<b>Sales of developed properties</b>	<b>Property operation services</b>	<b>Total</b>
	<b>RMB'000</b>	<b>RMB'000</b>	<b>RMB'000</b>
Revenue recognised that was included in the contract liability balance at:			
– the beginning of the year ended 31 December 2025	1,471,724	458,732	1,930,456
– the beginning of the year ended 31 December 2024	668,103	365,334	1,033,437

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

#### Sales of completed properties

The Group receives 30% to 100% of the contract value as deposits from customers when they sign the sale and purchase agreement. However, depending on market conditions, the Group may offer customers a discount compared to the listed sales price, provided that the customers agree to pay the balance of the consideration early while construction is still ongoing. The advance payment schemes result in contract liabilities being recognised throughout the property construction period until the customer obtains control of the completed property.

In addition, the Group considers the advance payment schemes contain significant financing component and accordingly the amount of consideration is adjusted for the effects of the time value of money taking into consideration the credit characteristics of the relevant group entities. As this accrual increases the amount of the contract liability during the period of construction, it increases the amount of revenue recognised when control of the completed property is transferred to the customer.

#### Provision of property operation services

When the Group receives the monthly property management service fee from customers at the beginning of the month, it will give rise to contract liabilities, until the revenue is recognised on the relevant contract upon provision of property management services, which are expected to be satisfied within one year from the date of advance payment made by customers.

### 33. AMOUNTS DUE TO RELATED PARTIES

	2025 RMB'000	2024 RMB'000
Joint ventures	242,761	181,574
Associates	42,859	18,294
Related parties	297	315
	<b>285,917</b>	200,183

The amounts due to related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

### 34. BORROWINGS

	2025 RMB'000	2024 RMB'000
Bank loans	5,520,821	8,235,503
Other loans	13,092,083	9,712,416
	<b>18,612,904</b>	17,947,919
Secured	14,715,700	13,687,081
Unsecured	3,897,204	4,260,838
	<b>18,612,904</b>	17,947,919
Carrying amount repayable:		
Within one year or on demand	18,612,904	16,040,841
More than one year, but not exceeding two years	–	1,907,078
	<b>18,612,904</b>	17,947,919
Less: Amounts due within one year shown under current liabilities	<b>(18,612,904)</b>	(16,040,841)
Amounts due after one year shown under non-current liabilities	–	1,907,078

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### 34. BORROWINGS (continued)

Notes:

- (a) Certain bank and other loans were secured by properties for sale, investment properties, pledged bank deposits and property, plant and equipment. Details are set out in note 51.
- (b) Certain bank and other borrowings with the outstanding principal amount of RMB15,930,124,000 (2024: RMB11,879,062,000) had not been repaid on demand or on schedule or otherwise renewed or extended, and have been classified as current liabilities as at 31 December 2025.

As at 31 December 2025, all borrowings are denominated in RMB except that secured borrowings of RMB1,220,539,000 (2024: RMB1,434,946,000) and RMB459,263,000 (2024: RMB470,866,000) are denominated in USD and HKD, respectively.

The exposure of the Group's borrowings is as following:

	2025 RMB'000	2024 RMB'000
Fixed-rate borrowings	14,351,086	13,466,281
Variable-rate borrowings	4,261,818	4,481,638
	<b>18,612,904</b>	17,947,919

The ranges of effective interest rates on the Group's borrowings are as follows:

	2025	2024
Effective interest rate:		
Fixed-rate borrowings	2.5%-15% per annum	3% – 17% per annum
Variable-rate borrowings	2.8%-7% per annum	2.5% – 9.22% per annum

### 35. LEASE LIABILITIES

	2025 RMB'000	2024 RMB'000
<b>Lease liabilities payable:</b>		
Within one year	9,330	29,371
More than one year but not more than two years	7,259	23,550
More than two years but not more than five years	21,158	33,868
More than five years	15,281	20,950
	<b>53,028</b>	107,739
Less: Amount due for settlement within one year shown under current liabilities	(9,330)	(29,371)
Amount due for settlement after one year shown under non-current liabilities	<b>43,698</b>	78,368

### 36. SENIOR NOTES AND BONDS

Senior notes and bonds	Maturity	Principal '000	Nominal interest rate	Effective interest rate	Carrying amount at	
					2025 RMB'000	2024 RMB'000
<b>Senior notes:</b>						
Fantasia Notes						
2016 USD500 million senior notes due 2021	5 years	USD500,000	7.38%	7.70%	1,951,008	1,886,282
2017 USD300 million senior notes due 2022	5 years	USD300,000	7.95%	8.26%	2,849,222	2,743,189
2018 USD200 million senior notes due 2021	3 years	USD200,000	15.00%	15.64%	2,350,442	2,189,239
2019 USD100 million senior notes due 2021	2 years	USD100,000	15.00%	15.51%	1,181,131	1,100,125
2019 USD300 million senior notes due 2022	3 years	USD300,000	11.75%	13.20%	3,247,225	3,069,679
2019 USD350 million senior notes due 2022	3 years	USD350,000	12.25%	13.83%	3,877,308	3,657,146
2020 USD450 million senior notes due 2023	3 years	USD450,000	10.88%	11.31%	4,665,042	4,422,040
2020 USD300 million senior notes due 2023	3 years	USD300,000	11.88%	12.20%	3,169,476	2,992,186
2020 USD200 million senior notes due 2022	2 years	USD200,000	7.95%	7.55%	1,907,429	1,836,445
2020 USD350 million senior notes due 2023	3 years	USD350,000	9.25%	9.46%	3,402,634	3,251,494
2020 USD320 million senior notes due 2023	3 years	USD320,000	9.88%	10.18%	3,133,622	2,988,625
2020 USD250 million senior notes due 2021	1 year	USD250,000	6.95%	7.32%	2,306,891	2,234,624
2021 USD150 million senior notes due 2023	2 years	USD150,000	11.88%	10.96%	1,628,156	1,537,082
2021 USD250 million senior notes due 2024	3 years	USD250,000	10.88%	11.72%	2,384,173	2,258,041
2021 USD50 million senior notes due 2022	1 year	USD50,000	14.50%	15.45%	569,997	530,823
2021 USD100 million senior notes due 2023	2 years	USD100,000	11.88%	14.08%	1,043,704	982,040
2021 USD200 million senior notes due 2024	3 years	USD200,000	14.50%	15.24%	1,337,688	1,248,195
					<b>41,005,148</b>	38,927,255

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## 36. SENIOR NOTES AND BONDS (continued)

Senior notes and bonds	Maturity	Principal '000	Nominal interest rate	Effective interest rate	Carrying amount at 2025 RMB'000	2024 RMB'000
<b>Corporate bonds:</b>						
2018 RMB1,000 million bonds originally due 2021 (the "H18 Fantasia") (a)	5 years	RMB1,000,000	7.50%	6.59%	1,297,690	1,217,824
2019 RMB800 million bonds originally due 2022 (the "19 Fantasia") (b)	5 years	RMB800,000	8.20%	7.40%	971,859	905,223
2019 RMB730 million bonds originally due 2022 (the "19 Fantasia 02") (c)	5 years	RMB730,000	7.80%	6.82%	1,012,300	947,979
2020 RMB2,500 million bonds originally due 2023 (the "20 Fantasia 01") (d)	5 years	RMB2,500,000	7.50%	7.15%	3,267,326	3,050,509
2020 RMB1,543 million bonds originally due 2023 (the "20 Fantasia 02") (e)	5 years	RMB1,543,000	7.50%	7.17%	2,122,373	1,994,202
					8,671,548	8,115,737
					49,676,696	47,042,992
Carrying amounts repayable:						
Within one year or on demand					42,601,185	39,119,696
More than one year, but not exceeding two years					3,006,966	1,403,596
More than two years, but not exceeding five years					4,068,545	6,519,700
					49,676,696	47,042,992
Less: Amounts shown under current liabilities					(42,601,185)	(39,119,696)
Amounts shown under non-current liabilities					7,075,511	7,923,296

## Notes:

- (a) On 4 May 2023, the Group entered into an extend agreement with bondholders for the "H18 Fantasia". The repayment pattern of the principal changes from fully repayable on 16 December 2021 at par value into 0.3% on 31 December 2023, 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026, 5% on 31 December 2026, 6% on 31 March 2027, 10% on 30 June 2027, 10% on 30 September 2027, 10% on 31 December 2027, 22% on 31 March 2028 and 22% on 30 June 2028 respectively.
- On 30 December 2024, payment of the 0.6% par value bonds and interest scheduled for 31 December 2024 was extended to 31 December 2025 with the approval of the bondholders.
- On 29 December 2025, payment of the 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026 were extended to 31 December 2026 with the approval of the bondholders.
- (b) On 5 July 2023, the Group entered into an extend agreement with bondholders for the "19 Fantasia". The repayment pattern of the principal changes from fully repayable on 5 July 2022 at par value into 0.3% on 31 December 2023, 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026, 5% on 31 December 2026, 6% on 31 March 2027, 10% on 30 June 2027, 10% on 30 September 2027, 10% on 31 December 2027, 22% on 31 March 2028 and 22% on 30 June 2028 respectively.
- On 30 December 2024, payment of the 0.6% par value bonds and interest scheduled for 31 December 2024 was extended to 31 December 2025 with the approval of the bondholders.
- On 29 December 2025, payment of the 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026 were extended to 31 December 2026 with the approval of the bondholders.

## 36. SENIOR NOTES AND BONDS (continued)

Notes: (continued)

- (c) On 4 May 2023, the Group entered into a extend agreement with bondholders for the “19 Fantasia 02”. The repayment pattern of the principal changes from fully repayable on 29 November 2022 at par value into 0.3% on 31 December 2023, 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026, 5% on 31 December 2026, 6% on 31 March 2027, 10% on 30 June 2027, 10% on 30 September 2027, 10% on 31 December 2027, 22% on 31 March 2028 and 22% on 30 June 2028 respectively.

On 30 December 2024, payment of the 0.6% par value bonds and interest scheduled for 31 December 2024 was extended to 31 December 2025 with the approval of the bondholders.

On 29 December 2025, payment of the 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026 were extended to 31 December 2026 with the approval of the bondholders.

- (d) On 8 September 2023, the Group entered into a extend agreement with bondholders for the “20 Fantasia 01”. The repayment pattern of the principal changes from fully repayable on 9 September 2023 at par value into 0.3% on 31 December 2023, 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026, 5% on 31 December 2026, 6% on 31 March 2027, 10% on 30 June 2027, 10% on 30 September 2027, 10% on 31 December 2027, 22% on 31 March 2028 and 22% on 30 June 2028 respectively.

On 24 December 2024, payment of the 0.6% par value bonds and interest scheduled for 31 December 2024 was extended to 31 December 2025 with the approval of the bondholders.

On 29 December 2025, payment of the 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026 were extended to 31 December 2026 with the approval of the bondholders.

- (e) On 13 September 2023, the Group entered into a extend agreement with bondholders for the “20 Fantasia 02”. The repayment pattern of the principal changes from fully repayable on 25 November 2023 at par value into 0.3% on 3 December 2023, 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026, 5% on 31 December 2026, 6% on 31 March 2027, 10% on 30 June 2027, 10% on 30 September 2027, 10% on 31 December 2027, 22% on 31 March 2028 and 22% on 30 June 2028 respectively.

On 24 December 2024, payment of the 0.6% par value bonds and interest scheduled for 31 December 2024 was extended to 31 December 2025 with the approval of the bondholders.

On 29 December 2025, payment of the 0.6% on 31 December 2024, 2% on 31 December 2025, 3% on 31 March 2026, 5% on 30 June 2026, 5% on 30 September 2026 were extended to 31 December 2026 with the approval of the bondholders.

Senior notes were issued on the Singapore Exchange Securities Trading Limited and guaranteed by certain subsidiaries of the Company. Corporate bonds were issued by Fantasia Group (China) Co., Ltd. (花樣年集團(中國)有限公司) (“Fantasia Group China”), a wholly-owned subsidiary of the Company, on Shanghai Stock Exchange (“SSE”).

Based on the modification of repayment arrangements approved with bondholders’ meeting of the aforesaid corporate bonds in September 2024, the maturity date in respect of the principal and related interests amounting to approximately RMB7,593,000,000 in aggregate, had been extended to the repayment dates between 2023 and 2028.

During the year ended 31 December 2025, the Group did not repay certain interest-bearing liabilities (including bank and other borrowings, senior notes and bonds) according to their scheduled repayment dates. Such non-payment of overdue principal have caused an event of default under the cross-default terms and conditions set out in the relevant agreements of senior notes. As a result, all note holders have right to demand immediate repayment of the principal. As at 31 December 2025, all senior notes are classified as current liabilities.

For the year ended 31 December 2025

### 36. SENIOR NOTES AND BONDS (continued)

The movements of the senior notes and bonds during the year are set out below:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
At 1 January	47,042,992	42,983,104
Exchange (gain) loss	(897,683)	415,650
Interest expenses	3,531,387	3,644,238
At 31 December	<b>49,676,696</b>	47,042,992

### 37. ASSET-BACKED SECURITIES ISSUED

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
Asset-backed securities issued	<b>306,808</b>	288,601

In 2021, a subsidiary of the Company, issued asset-backed securities ("2021 ABS") under securitisation arrangements collateralised by the future earnings relating to the operation of carparks and guaranteed by Fantasia Group China.

The aggregate nominal value of 2021 ABS were RMB255,000,000 and the interest of 2021 ABS were ranging from 7.0% to 7.5% per annum.

The movement of the asset-backed securities issued during the year is set out below:

	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
At 1 January	<b>288,601</b>	270,394
Effective interest recognised	<b>18,207</b>	18,207
At 31 December	<b>306,808</b>	288,601

### 38. SHARE CAPITAL

	Number of shares	Amount HK\$	Equivalent to RMB'000
<b>Ordinary shares of HK0.1 each</b>	8,000,000,000	800,000,000	704,008
Authorised:			
At 1 January 2024, 31 December 2024 and 2025	5,772,597,864	577,259,786	498,787

## 39. ACQUISITION OF SUBSIDIARIES

### (a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries

For the year ended 31 December 2025

During the year ended 31 December 2025, the Group did not have any material acquisition of subsidiary.

For the year ended 31 December 2024

During the year ended 31 December 2024, the Group acquired the following companies at a total consideration of RMB557,000,000. The principal activities of acquired subsidiaries are engaged in property development.

Name of subsidiaries acquired	Consideration RMB'000	Acquisition date	Equity interest acquired	Total equity interests held upon acquisition
Chengdu Huayang Qingjiang Property Development Co., Ltd. ("Chengdu Huayang Qingjiang")	557,000	31-Dec-24	40%	95%

As of 31 December 2024, a subsidiary of the Company entered into an equity transfer agreement with an independent third party for the acquisition of 55% equity interest in Chengdu Huayang Qingjiang, a joint venture of the Group before the completion of acquisition. After the completion of this acquisition, Chengdu Huayang Qingjiang become a non wholly-owned subsidiary of the Group, holding 95% of the equity interest in Chengdu Huayang Qingjiang.

Assets acquired and liabilities recognised at the dates of acquisition are as follows:

	RMB'000
Trade receivables	5,774
Properties for sale	1,646,923
Other receivables and prepayments	732,306
Bank balances and cash	18,086
Contract liabilities	(964,586)
Trade payables	(294,707)
Borrowings due within one year	(207,351)
	<b>936,445</b>
Consideration transferred, satisfied by:	
Interest in joint venture	366,801
Net assets shared by non-controlling interests	12,644
Other receivables	557,000
	<b>936,445</b>

For the year ended 31 December 2025

### 39. ACQUISITION OF SUBSIDIARIES (continued)

(a) Acquisition of property projects and other assets and liabilities through acquisition of subsidiaries (continued)

For the year ended 31 December 2024 (continued)

	<b>RMB'000</b>
Net cash outflow arising on acquisitions	
Bank balances and cash acquired	<b>18,086</b>
	<b>18,086</b>

(b) Acquisition of property operation businesses

For the year ended 31 December 2025

During the year ended 31 December 2025, the Group did not have any material acquisition of property operation businesses.

For the year ended 31 December 2024

During the year ended 31 December 2024, the Group acquired certain subsidiaries, which engages in property management services in PRC, at a total consideration of RMB1, after consideration of the impact of net assets acquired and non-controlling interests, goodwill amounting to approximately RMB2,541,000 was arose on the aforesaid acquisitions.

#### 40. DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2025

During the year ended 31 December 2025, the Group entered into equity transfer agreements with independent third parties, resulting in the Group's loss of control over certain subsidiaries, and received a total consideration of RMB98,987,000.

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed of in respect of these transactions are summarised below:

	RMB'000
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	808
Interests in joint venture	300,012
Investment properties	448,690
Properties for sale	246,950
Trade and other receivables	851,103
Bank balances and cash	57,334
Trade, tax and other payables	(1,048,648)
Contract liabilities	(36,956)
Deferred tax liabilities	(11,039)
Net assets disposed of	808,254
Loss on disposal of subsidiaries:	
Consideration transferred	
Cash consideration received	30,815
Deferred cash consideration	68,172
Non-controlling interests	75,904
Less: Net assets disposed of	(808,254)
	(633,363)
Net cash inflow (outflow) arising on disposal:	
Cash consideration received	30,815
Bank balances and cash disposed of	(57,334)
	(26,519)

For the year ended 31 December 2025

#### 40. DISPOSAL OF SUBSIDIARIES (continued)

For the year ended 31 December 2024

During the year ended 31 December 2024, the Group entered into equity transfer agreements/cooperation agreements with independent third parties, resulting in the Group's loss of control over certain subsidiaries, and received a total consideration of RMB15,930,000.

These subsidiaries engaged in property development business and property operation business in the PRC.

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed of in respect of these transactions are summarised below:

	Property development business RMB'000	Property operation business RMB'000	Total RMB'000
Analysis of assets and liabilities over which control was lost:			
Property, plant and equipment	1	80	81
Interests in joint venture	26,869	–	26,869
Goodwill	–	26,520	26,520
Properties under development for sale	1,629,376	–	1,629,376
Trade and other receivables	628,607	41,909	670,516
Bank balances and cash	1,144	698	1,842
Trade, tax and other payables	(1,181,911)	(54,394)	(1,236,305)
Contract liabilities	(394,469)	–	(394,469)
Borrowings due after one year	(642,815)	–	(642,815)
Net assets disposed of	<b>66,802</b>	<b>14,813</b>	<b>81,615</b>
Loss on disposal of subsidiaries:			
Consideration transferred			
Cash consideration received	15,930	–	15,930
Consideration receivables	–	2,667	2,667
Non-controlling interests	11,523	(2,341)	9,182
Less: Net assets disposed of	(66,802)	(14,813)	(81,615)
	<b>(39,349)</b>	<b>(14,487)</b>	<b>(53,836)</b>
Net cash inflow arising on disposal:			
Cash consideration received	15,930	–	15,930
Bank balances and cash disposed of	(1,144)	(698)	(1,842)
	<b>14,786</b>	<b>(698)</b>	<b>14,088</b>

#### 41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non cash changes. Liabilities arising from financing activities are those for which cash flows were, or the future cash flows will be, classified in the Group's consolidated statement of cash flows from financing activities.

	Amounts due to related parties (note 33) RMB'000	Borrowings and accrued interests RMB'000	Lease liabilities (note 35) RMB'000	Senior notes and bonds (note 36) RMB'000	Asset backed securities issued (note 37) RMB'000	Dividend payables RMB'000	Total RMB'000
At 1 January 2025	200,183	20,654,952	107,739	47,042,992	288,601	-	68,294,467
Financing cash flows	85,734	(238,995)	(33,763)	-	-	(17,249)	(204,273)
Interest paid	-	(22,784)	-	-	-	-	(22,784)
Finance cost incurred during the year	-	1,241,416	9,084	3,531,387	18,207	-	4,800,094
Inception/termination of leases	-	-	(30,032)	-	-	-	(30,032)
Gain on restructuring	-	(18,103)	-	-	-	-	(18,103)
Foreign exchange	-	(34,372)	-	(897,683)	-	-	(932,055)
Dividend paid to non-controlling shareholders of the subsidiaries	-	-	-	-	-	17,249	17,249
At 31 December 2025	285,917	21,582,114	53,028	49,676,696	306,808	-	71,904,563
At 1 January 2024	303,483	19,918,862	129,954	42,983,104	270,394	-	63,605,797
Financing cash flows	(103,300)	125,754	(34,103)	-	-	(17,169)	(28,818)
Interest paid	-	(10,993)	-	-	-	-	(10,993)
Finance cost incurred during the year	-	1,015,024	10,708	3,644,238	18,207	-	4,688,177
Inception/termination of leases	-	-	1,180	-	-	-	1,180
Acquisition and disposal of subsidiaries	-	(435,464)	-	-	-	-	(435,464)
Foreign exchange	-	41,769	-	415,650	-	-	457,419
Dividend paid to non-controlling shareholders of the subsidiaries	-	-	-	-	-	17,169	17,169
At 31 December 2024	200,183	20,654,952	107,739	47,042,992	288,601	-	68,294,467

For the year ended 31 December 2025

#### 42. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt, which includes amounts due to related parties, borrowings, lease liabilities, senior notes and bonds, asset-backed securities issued, as disclosed in respective notes, net of the cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves. In managing the Group's capital structure, the management will also monitor the utilisation of borrowings, senior notes and bonds and asset-backed securities issued to ensure compliance with financial covenants.

The directors of the Company review the capital structure periodically. As a part of this review, the corporate finance department reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding and considers the cost of capital and the risks associated with each class of capital, the Group does not have any target gearing ratio.

The directors of the Company then assess the annual budget and consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

#### 43. FINANCIAL INSTRUMENT

##### (a) Categories of financial instrument

	2025 RMB'000	2024 RMB'000
<b>Financial assets</b>		
Financial assets at amortised cost	12,583,046	15,066,849
Equity instruments designated at FVTOCI	14,256	13,566
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	77,760,550	72,679,955

#### 43. FINANCIAL INSTRUMENT (continued)

##### (b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables and deposits, amounts due from related parties, equity instruments designated at FVTOCI, restricted/pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, borrowings, senior notes and bonds, asset-backed securities issued and lease liabilities. Details of these financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

##### Market risk

###### (i) Currency risk

The Group mainly has bank balances, borrowings and senior notes which are denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective reporting periods are as follow:

	2025 RMB'000	2024 RMB'000
<b>Assets</b>		
USD	78,610	52,833
HKD	13,589	1,544
<b>Liabilities</b>		
USD	42,225,687	40,362,202
HKD	459,263	470,866

The Group currently does not enter into any other derivative contracts to minimise the currency risk exposure. However, the management will consider further hedging significant currency risk should the need arise.

For the year ended 31 December 2025

#### 43. FINANCIAL INSTRUMENT (continued)

##### (b) Financial risk management objectives and policies (continued)

Market risk (continued)

###### (i) *Currency risk* (continued)

Sensitivity analysis

The Group mainly exposes to the effects of fluctuation in USD and HKD against RMB.

The sensitivity analyses below were prepared based on the Group's sensitivity to a 10% increase and decrease in RMB against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. Accordingly, the sensitivity analysis includes bank balances, borrowings, lease liabilities. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis also includes bank balances, borrowings, lease liabilities, obligations under finance leases and senior notes. A positive (negative) number indicates an increase (a decrease) in profit for the year.

Foreign currency sensitivity analysis

The impact of RMB strengthening for 10% against the relevant currencies are as follow:

	2025 RMB'000	2024 RMB'000
<b>USD</b>		
Decrease in loss for the year	4,214,708	4,004,397
<b>HKD</b>		
Decrease in loss for the year	44,567	46,932

The impact of RMB weakening for 10% against the relevant currencies are as follow:

	2025 RMB'000	2024 RMB'000
<b>USD</b>		
Increase in loss for the year	(4,214,708)	(4,004,397)
<b>HKD</b>		
Increase in loss for the year	(44,567)	(46,932)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

#### 43. FINANCIAL INSTRUMENT (continued)

##### (b) Financial risk management objectives and policies (continued)

###### Market risk (continued)

###### (ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate borrowings.

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate loan receivables included in trade and other receivables, borrowings, lease liabilities, obligations under finance leases, senior notes and bonds and asset-backed securities issued.

The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the benchmark rates.

###### Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for the bank balances and restricted/pledged bank deposits at the end of the reporting period. A 25 basis points (2024: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2024: 25 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2025 would have decreased/increased by RMB2,870,000 (2024: RMB3,233,000).

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable-rate borrowings at the end of the reporting period. A 50 basis points (2024: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represented management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2024: 50 basis points) higher/lower and all other variables were held constant, the Group's loss for the year ended 31 December 2025 would have increased/decreased by RMB 15,982,000 (2024: RMB16,224,000), assuming the interest on such borrowings would not be capitalised.

For the year ended 31 December 2025

#### 43. FINANCIAL INSTRUMENT (continued)

##### (b) Financial risk management objectives and policies (continued)

###### Credit risk and impairment assessment

As at 31 December 2025 and 2024, other than those financial assets whose carrying best present the maximum exposure to credit risk, the Group's maximum exposure to credit risk which will cause a financial loss to the Group arising from the amount of contingent liabilities in relation to financial guarantees provided by the Group is disclosed in note 48.

###### *Trade receivables, contract assets and payments on behalf of residents included in other receivables*

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group assesses the potential customer's credit quality then applies internal credit rating and defines credit limits by customers. The Group reviews the customer's credit quality on a timely basis and carried out monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group performs impairment assessment under ECL model on trade receivable, contract assets and payments on behalf of residents individually or based on provision matrix or collective basis, where appropriate. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group had no concentration of credit risk in respect of the trade receivables, contract assets and payments on behalf of residents with exposure spread over a number of counter parties.

###### *Other receivables and deposits (excluding payments on behalf of residents), amounts due from related parties, restricted/pledged bank deposits and bank balances*

The credit risk of other receivables and deposits (excluding payments on behalf of residents), amounts due from related parties are managed through an internal process. The credit quality of each counterparty is investigated before an advance is made. The Group also actively monitors the outstanding amounts owed by each debtor and identifies any credit risks in a timely manner in order to reduce the risk of a credit related loss. Further, the Group closely monitors the financial performance of the subsidiaries of the Company with these relevant non controlling shareholders, associates, joint ventures and related parties. Based on assessment under ECL model by the directors of the Company, the expected credit loss on other receivables and deposits (excluding payments on behalf of residents and loan receivables), loan receivables and amounts due from related parties for the year ended 31 December 2025 was RMB2,010,373,000, RMB139,435,000 and RMB325,553,000 (2024: RMB1,399,970,000, RMB90,952,000 and RMB314,305,000), respectively. Details of the quantitative disclosures are set out below in this note.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC, Singapore and Japan.

#### 43. FINANCIAL INSTRUMENT (continued)

##### (b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

###### *Financial guarantees*

For properties under development which are subject to pre-sales agreements, the Group generally typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to forfeit the customer's purchase deposit and sell the property to recover any amounts paid by the Group to the bank. Therefore, the management considers it would likely recover any loss incurred arising from the guarantee by the Group. The management considers the credit risk exposure to financial guarantees provided to property purchasers is limited because the facilities are secured by the properties and the market prices of the properties are higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For the joint ventures, associates and related parties which are engaged in property development, the Group provided guarantees on outstanding obligations under the bank borrowings incurred by the joint ventures, associates and related parties for developing their projects. If the joint venture, associate or related parties defaults on the payment of bank borrowing during the term of guarantee, the relevant bank may demand the Group to repay the outstanding amount of the borrowing and any accrued interest thereon. The management considers the credit risk exposure to financial guarantees provided to joint ventures and associates is limited because the facilities are secured by the properties under development and the market prices of the properties under development are higher than the guaranteed amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group's internal credit risk grading assessment comprises the following categories:

	External credit rating	Internal credit rating	Notes	12 m or life-time ECL	Gross carrying amount	
					2025 RMB'000	2024 RMB'000
Trade receivables						
– property development receivables	N/A	(i)	29	Life-time ECL (individual assessment)	785,656	1,083,393
– property operation services and lease receivables	N/A	(i)	29	Life-time ECL (provision matrix) Life-time ECL (credit-impaired and provision matrix)	278,542 668,043	272,974 660,908
					1,732,241	2,017,275
Contract assets						
– property operation services	N/A	N/A	27	Life-time ECL (collective basis) Life-time ECL (credit-impaired and collective basis)	25,772 31,720	40,357 21,157
					57,492	61,514

For the year ended 31 December 2025

## 43. FINANCIAL INSTRUMENT (continued)

## (b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

	External credit rating	Internal credit rating	Notes	12 m or life-time ECL	Gross carrying amount	
					2025 RMB'000	2024 RMB'000
Payments on behalf of residents (included in other receivables)	N/A	(ii)	29	Life-time ECL (collective basis)	492,644	592,407
	N/A	(ii)	29	Life-time ECL (credit-impaired and collective basis)	680,978	686,095
					1,173,622	1,278,502
Loan receivables (included in other receivables)	N/A	(v)	29	12m ECL Life-time ECL (credit-impaired and individual assessment)	100,000 94,737	100,000 94,737
					194,737	194,737
Amounts due from related parties (credit-impaired)	N/A	(iii)	24	Life-time ECL (credit-impaired and individual assessment)	356,696	358,941
Other receivables and deposits (excluding payments on behalf of residents and loan receivables), amounts due from related parties (excluding the credit-impaired amounts due from related parties)	N/A	(iv)	29/24	12m ECL Life-time ECL (credit-impaired and individual assessment)	9,956,965 2,010,373	13,902,076 1,399,970
					11,967,338	15,302,046
Restricted/pledged bank deposits and bank balances	AAA	Low risk	30	12m ECL	1,530,956	1,724,087
Financial guarantee contracts	N/A	Low risk	48	12m ECL	7,813,000	11,026,000

## 43. FINANCIAL INSTRUMENT (continued)

### (b) Financial risk management objectives and policies (continued)

#### Credit risk and impairment assessment (continued)

Notes:

#### (i) Trade receivables

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers consist of a large number of small customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk and ECL for trade receivables arising from property operation services, which are assessed collectively based on provision matrix or individually as at 31 December 2025 and 2024.

For trade receivables arising from property development and lease receivables, the amount of the loss allowance at 31 December 2025 and 2024 was considered as insignificant to the consolidated financial statements of the Group.

The impairment loss allowance was RMB236,311,000 (2024: RMB245,996,000) as at 31 December 2025.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data that is available without undue cost or effort.

#### (ii) Payments on behalf of residents

As part of the Group's credit risk management, the Group applies internal credit rating for its customers on payments on behalf of residents on a timely basis. The Group uses four categories for those receivables which reflect their credit risk.

Category	Group definition of category
Type I	Communities for which the Group have terminated or plan to terminate or non-renew of the related property management contracts because their financial performance does not meet the Group's expectations, the amounts are credit-impaired and the Group has low realistic prospect of recovery.
Type II	Communities for which the Group provides for the pre-delivery property management services for the property developers before the properties are delivered to owners, the property developers have a lower risk of default and a stronger capability to meet contractual cash flows than individual residents.
Type III	Communities where management offices' property management fee receivables due from residents exceed payments on behalf of residents of the relevant communities. The residents of the communities are diversified and have a low risk of default.
Type IV	Communities where payments on behalf of residents exceed management offices' property management fees receivables due from residents, which indicates the payments on behalf of residents are credit-impaired.

The impairment loss allowance was RMB417,182,000 (2024: RMB411,523,000) as at 31 December 2025.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking macroeconomic data that is available without undue cost or effort.

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#### 43. FINANCIAL INSTRUMENT (continued)

##### (b) Financial risk management objectives and policies (continued)

Credit risk and impairment assessment (continued)

Notes: (continued)

###### (iii) Amounts due from related parties (credit-impaired)

In prior years, the Group had entered into a cooperative agreement with certain independent third parties to establish a joint venture and engage in sub-leasing of office premises and commercial buildings. Pursuant to the cooperative agreement, upon the formation establishment of the joint venture, all the Group's interests in the lease agreements in relation to the lease of office premises and commercial buildings located in Shanghai and the sub-leasing agreements with tenants were transferred to the joint venture. The gross amount due from the aforesaid joint venture, classified as amounts due from related parties, represented funds advanced by the Group for its purchases of property, plant and equipment. During the year ended 31 December 2025, the joint venture continued to suffer losses in the sub-leasing business and is in financial difficulty.

In the opinion of the directors of the Company, the risk of default by the joint venture is significantly increased and the Group further provided RMB11,248,000 (2024: RMB2,997,000) credit loss allowance under life-time ECL during the year ended 31 December 2025.

As at 31 December 2025, the accumulated credit loss allowance under life-time ECL was RMB325,553,000 (2024: RMB314,305,000).

###### (iv) Other receivables and deposits (excluding payments on behalf of residents and loan receivables), amounts due from related parties (excluding the credit-impaired amounts due from related parties)

For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition.

In relation to the past-due balance of RMB2,010,373,000 (2024: RMB1,399,970,000) included in the other receivables and deposits as at 31 December 2025, there was information indicating that the debtors were in severe financial difficulty and there is no realistic prospect of recovery. In the opinion of the directors of the Company, the risks of default by the debtors are significantly increased and the Group provided RMB2,010,373,000 (2024: RMB1,399,970,000) credit loss allowance during the year ended 31 December 2025.

The remaining balances amounting to RMB9,956,965,000 (2024: RMB13,902,076,000) of other receivables and deposits (excluding payments on behalf of residents and loan receivables), amounts due from related parties (excluding the credit-impaired amounts due from related parties) as at 31 December 2025 are all not past due. In the opinion of the directors of the Company, the risk of default by these counterparties is not significant and the Group assessed that the ECL on these balances are insignificant.

###### (v) Loan receivables (included in other receivables)

For the purposes of internal credit risk management, the Group applies internal credit rating of loan receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. In the opinion of the directors of the Company, the risk of default by these counterparties is increased and provided RMB48,483,000 (2024: RMB38,154,000) credit loss allowances during the year ended 31 December 2025.

##### Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on amounts due to joint ventures, associates and non-controlling shareholders of subsidiaries of the Company, borrowings, senior notes and bonds and asset-backed securities issued as significant sources of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and derivative financial instruments. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

#### 43. FINANCIAL INSTRUMENT (continued)

##### (b) Financial risk management objectives and policies (continued)

Liquidity risk (continued)

*Liquidity table*

	Weighted average effective interest rate %	On demand or less than 3 month RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
<b>At 31 December 2025</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	-	8,878,225	-	-	-	8,878,225	8,878,225
Amounts due to related parties	-	285,917	-	-	-	285,917	285,917
Borrowings							
– fixed rate	7.95	12,217,444	2,133,642	-	-	14,351,086	14,351,086
– variable rate	4.99	3,712,678	572,126	-	-	4,284,804	4,261,818
Lease liabilities	6.95	6,854	4,318	35,125	31,338	77,635	53,028
Senior notes and bonds	10.74	41,005,148	1,596,036	8,246,681	-	50,847,865	49,676,696
Asset-backed securities issued	7.14	306,808	-	-	-	306,808	306,808
Financial guarantee contracts	-	7,813,000	-	-	-	7,813,000	-
		74,226,074	4,306,122	8,281,806	31,338	86,845,340	77,813,578
<b>At 31 December 2024</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables	-	4,558,157	-	-	-	4,558,157	4,558,157
Amounts due to related parties	-	200,183	-	-	-	200,183	200,183
Borrowings							
– fixed rate	7.15	9,204,447	3,911,246	350,588	-	13,466,281	13,466,281
– variable rate	5.37	2,674,615	250,533	1,556,490	-	4,481,638	4,481,638
Lease liabilities	8.51	8,388	24,796	77,624	34,764	145,572	107,739
Senior notes and bonds	10.74	38,927,256	192,441	9,650,276	-	48,769,973	47,042,992
Asset-backed securities issued	7.14	288,601	-	-	-	288,601	288,601
Financial guarantee contracts	-	11,026,085	-	-	-	11,026,085	-
		66,887,732	4,379,016	11,634,978	34,764	82,936,490	70,145,591

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

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#### 43. FINANCIAL INSTRUMENT (continued)

##### (c) Fair value measurements of financial instruments

Some of the Group's financial instruments are measured at fair value for financial reporting purposes. The directors have set up a valuation committee to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The valuation committee works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The valuation committee reports the findings to the directors every quarter to explain the cause of fluctuations in the fair value.

Fair values of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis.

The following table gives information about how the fair values are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair value as at 31 December 2025 RMB'000	2024 RMB'000	Fair value hierarchy	Valuation technique and key input
Equity instruments designated at FVTOCI	14,256	13,566	Level 3	Discounted cash flow –Future cash flows are estimated based on expected return, and the contracted investment costs, discounted at a rate that reflects the internal rate of return.

Fair value of the Group's other significant financial assets and financial liabilities that are not measured at fair value on a recurring basis

	Fair value hierarchy	2025 Carrying amount RMB'000	2025 Fair value RMB'000	2024 Carrying amount RMB'000	2024 Fair value RMB'000
Senior notes	Level 1	41,005,148	370,670	38,927,255	782,974

The management of the Group estimates the fair value of other financial assets and financial liabilities measured at amortised cost using the discounted cash flows analysis.

#### 44. OPERATING LEASE

##### The Group as lessor

All of the properties held for rental purposes have committed lessees for the next 1 to 20 years respectively.

Minimum lease payments receivable on leases are as follows:

	2025 RMB'000	2024 RMB'000
Within one year	48,555	119,487
In the second year	35,029	73,609
In the third year	31,538	52,766
In the fourth year	30,531	46,157
In the fifth year	82,281	44,354
After five years	40,060	205,955
	<b>267,994</b>	<b>542,328</b>

#### 45. CAPITAL AND OTHER COMMITMENTS

	2025 RMB'000	2024 RMB'000
Contracted but not provided for: Investment properties under construction and properties under development	<b>295,020</b>	<b>209,738</b>

#### 46. SHARE-BASED PAYMENT TRANSACTIONS

##### (a) Share option scheme of Colour Life

Colour Life, a non-wholly owned subsidiary of the Company, operates a share option scheme (the "Colour Life's Scheme"). The Colour Life's Scheme was adopted pursuant to a resolution passed on 11 June 2014 for the primary purposes of providing incentives to certain directors and employees of the Colour Life and its subsidiaries and non controlling shareholders of certain subsidiaries of Colour Life ("Eligible Persons"). Under the Colour Life's Scheme, the Board of Directors of Colour Life is authorised to grant options at a consideration of HKD1 per option respectively to the Eligible Persons to subscribe for shares of Colour Life ("Colour Life's Shares").

The maximum number of Colour Life's Shares which may be issued upon exercise of all options to be granted under the Colour Life's Scheme ("Colour Life's Options") and any other share option schemes of Colour Life shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of Colour Life in issue at any point in time. Colour Life's Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of Colour Life's share capital or with a value in excess of HKD5 million must be approved in advance by Colour Life's shareholders.

The exercisable period of an option is determined by the directors of Colour Life at their discretion. The expiry date of Colour Life's Options may be determined by the Board of Directors of Colour Life which shall not be later than the expiry day of Colour Life's Scheme.

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#### 46. SHARE-BASED PAYMENT TRANSACTIONS (continued)

##### (a) Share option scheme of Colour Life (continued)

The exercise price is determined by the directors of Colour Life, and will not be less than the greater of: (i) the closing price of Colour Life on the offer date; (ii) the average of the closing price of Colour Life's shares for the five trading days immediately preceding the offer of Colour Life's options and (iii) the nominal value per share of Colour Life.

As at 31 December 2025, the total number of Colour Life's shares to be issued upon the exercise of all options granted under the Colour Life's Scheme is 26,376,000 (2024: 34,960,000) of HKD0.1 each, representing approximately 1.42% (2024: 2.35%) of the issued share capital of Colour Life.

Details of the share options granted under Colour Life's Scheme is as follows:

Category of grantees	Date of grant	Exercise price per share HKD	Vesting period	Exercisable period
Directors	30 April 2015	10.97	30/4/2015-29/4/2016	30/4/2016-29/4/2025
			30/4/2015-29/4/2017	30/4/2017-29/4/2025
			30/4/2015-29/4/2018	30/4/2018-29/4/2025
	18 March 2016	5.75	18/3/2016-17/3/2017	18/3/2017-17/3/2026
			18/3/2016-17/3/2018	18/3/2018-17/3/2026
			18/3/2016-17/3/2019	18/3/2019-17/3/2026
	27 November 2018	4.10	27/11/2018-26/11/2019	27/11/2019-26/11/2029
			27/11/2018-26/11/2020	27/11/2020-26/11/2029
			27/11/2018-26/11/2021	27/11/2021-26/11/2029
Employees and non-controlling shareholders of certain subsidiaries	30 April 2015	10.97	30/4/2015-29/4/2016	30/4/2016-29/4/2025
			30/4/2015-29/4/2017	30/4/2017-29/4/2025
			30/4/2015-29/4/2018	30/4/2018-29/4/2025
	18 March 2016	5.75	18/3/2016-17/3/2017	18/3/2017-17/3/2026
			18/3/2016-17/3/2018	18/3/2018-17/3/2026
			18/3/2016-17/3/2019	18/3/2019-17/3/2026
	27 November 2018	4.10	27/11/2018-26/11/2019	27/11/2019-26/11/2029
			27/11/2018-26/11/2020	27/11/2020-26/11/2029
			27/11/2018-26/11/2021	27/11/2021-26/11/2029

Note: During the year ended 31 December 2025, the rights shares were allotted to qualified shareholders on the basis of one rights share for every four existing shares. 371,881,438 new rights shares were issued at a price of HK\$0.165 per share. The exercise price of share option has been adjusted for the effect of the rights issue.



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#### 46. SHARE-BASED PAYMENT TRANSACTIONS (continued)

##### (a) Share option scheme of Colour Life (continued)

The closing price of Colour Life's shares on the date of grant was HKD6.66 on 29 September 2014, HKD10.88 on 30 April 2015, HKD5.76 on 18 March 2016 and HKD4.11 on 27 November 2018, respectively. Binomial Option Pricing Model had been used to estimate the fair value of Colour Life's options. The variables and assumptions used in computing the fair value of the share options are based on Colour Life's best estimate. The value of Colour Life's option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	<b>27 November 2018</b>	<b>18 March 2016</b>	<b>30 April 2015</b>	<b>29 September 2014</b>
Market price	HKD4.11	HKD5.76	HKD10.88	HKD6.66
Exercise price	HKD4.11	HKD5.76	HKD11.00	HKD6.66
Expected volatility	50.79%	46.2%	46.26%	48.82%
Risk-free rate	2.28%	1.27%	1.63%	2.01%
Expected dividend yield	3.65%	1.55%	0.83%	0.01%

The estimated fair value of the options at the date of grant was RMB114,820,000 on 29 September 2014, RMB104,714,000 on 30 April 2015, RMB72,023,000 on 18 March 2016 and RMB24,625,000 on 27 November 2018, respectively. No expense was recognised (2024: Nil) in share option reserve of Colour Life included in non controlling interests for the year ended 31 December 2025 in relation to share options granted by Colour Life.

##### (b) Share award scheme of Colour Life

The Board of Directors of Colour Life has adopted a share award scheme (the "Colour Life's Share Award Scheme") on 4 July 2016 for certain employees of Colour Life and consultants to Colour Life as incentives or rewards for their contribution to Colour Life by way of the Colour Life's shares acquired by and held through an independent trustee appointed by the Company (the "Trustee") until fulfilment of special conditions before vesting.

During the years ended 31 December 2025 and 2024, no shares held for the Colour Life Share Award Scheme were awarded.

#### 47. RETIREMENT BENEFITS PLANS

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The Group contributes certain percentage of relevant payroll costs to the Mandatory Provident Fund Scheme, which contribution is matched by employees.

The employees of the Group in the PRC are members of state-managed retirement benefit scheme operated by the PRC Government. The Company's subsidiaries are required to contribute a certain percentage of payroll to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the scheme is to make the required contributions under the scheme.

For the year ended 31 December 2025, the total cost charged to the consolidated statement of profit or loss and other comprehensive income of RMB90,895,000 (2024: RMB96,473,000) respectively, represented contributions from the continuing operation payable to the scheme.

#### 48. CONTINGENT LIABILITIES

- (a) As at 31 December 2025, the Group provided guarantees amounting to RMB1,621 million (2024: RMB5,972 million) given to banks for mortgage facilities granted to purchasers of the Group's properties for sales. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgage loans and ends after the buyer obtained the individual property ownership certificate.
- (b) The Group provided guarantees on several basis covering its respective shares of outstanding obligations under the borrowings incurred by the joint ventures and associates for developing their projects. As at 31 December 2025, the Group's aggregate shares of such guarantees provided in respective of loans borrowed by these joint ventures amounted to RMB2,228 million (2024: RMB1,921 million) and associates amounted to RMB3,964 million (2024: RMB3,133 million).

In the opinion of the directors, the possibility of the default of the parties is remote and the fair value of guarantee contracts is insignificant at the inception and at the end of each reporting period.

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#### 49. RELATED PARTY DISCLOSURES

During the years ended 31 December 2025 and 2024, in addition to those disclosed in elsewhere in the consolidated financial statements, the Group had following significant transactions with related parties:

##### (a) Related party transactions

	2025 RMB'000	2024 RMB'000
<b>Property operation services income</b>		
Associates	220	421

##### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2025 RMB'000	2024 RMB'000
Short-term benefits	20,139	21,091
Post-employment benefits	1,534	1,073
	<b>21,673</b>	<b>22,164</b>

#### 50. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2025, the Group did not enter into any new lease agreement. In 2024, at the commencement date of the leases, the Group recognised right-of-use assets and lease liabilities of RMB1,180,000 and RMB1,180,000, respectively.

#### 51. PLEDGE OF ASSETS

The following assets were pledged to secure certain banking and other facilities granted to the Group at the end of the reporting period:

	2025 RMB'000	2024 RMB'000
Properties for sale	31,769,608	32,310,721
Investment properties	5,199,650	5,676,142
Pledged bank deposits	99,573	147,295
Property, plant and equipment	242,703	301,709
	<b>37,311,534</b>	<b>38,435,867</b>

The Group's equity interests in certain entities have been pledged to secure certain banking and other facilities granted to the Group.

## 52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

### (a) Material subsidiaries of the Company

Particulars of principal subsidiaries indirectly held, unless otherwise stated, by the Company as at 31 December 2025 and 2024 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and fully paid share/ registered capital RMB'000	Effective interest held by the Group		Principal activities	Legal form
			2025	2024		
Colour Life <sup>Δ</sup>	The Cayman Islands 16 March 2011	155,070	41.95%	51.98%	Investment holding	Limited liability company
Fantasia Group China*	The PRC 20 January 2006	1,624,844	100%	100%	Investment holding	Limited liability company
深圳市彩生活服務集團有限公司 Shenzhen Colour Life Service Group Co., Ltd.* <sup>#</sup>	The PRC 25 August 2006	1,050,000	41.95%	51.98%	Provision of property operation services	Limited liability company
深圳市花樣年地產集團有限公司 Shenzhen Huayangnian Property Development Group Co., Ltd.*	The PRC 28 September 1996	110,000	100%	100%	Investment holding and property investment	Limited liability company
成都望叢房地產開發有限公司 Chengdu Wangcong Property Development Co., Ltd.*	The PRC 28 June 2012	394,000	100%	100%	Property development and property investment	Limited liability company
成都花樣家置業有限公司 Chengdu Huayangjia Properties Co., Ltd.*	The PRC 9 April 2018	300,000	100%	100%	Property development	Limited liability company
成都禦府房地產開發有限公司 Chengdu Yufu Property Development Co., Ltd.*	The PRC 2 August 2010	10,000	100%	100%	Property development	Limited liability company
四川瀚鋒置業有限公司 Sichuan Hanfeng Real Estate Co., Ltd.*	The PRC 23 July 2008	594,750	100%	100%	Property development and property investment	Limited liability company
花樣年(成都)生態旅遊開發有限公司 Fantasia (Chengdu) Ecological Tourism Co., Ltd.*	The PRC 7 September 2006	1,921,386	100%	100%	Property development	Limited liability company

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## 52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

## (a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and fully paid share/ registered capital RMB'000	Effective interest held by the Group		Principal activities	Legal form
			2025	2024		
成都匯科房地產開發有限公司 Chengdu Huike Property Development Co., Ltd.*	The PRC 8 April 2020	10,000	100%	100%	Property development	Limited liability company
成都花錦房地產開發有限公司 Chengdu Huajin Property Development Co., Ltd.*	The PRC 27 November 2020	10,000	100%	100%	Property development	Limited liability company
成都望浦勵成房地產開發有限公司 Chengdu Wangpu Licheng Property Development Co., Ltd.*	The PRC 3 January 2020	10,000	51%	51%	Property development	Limited liability company
桂林萬豪房地產開發有限公司 Guilin Wanhao Property Co., Ltd.*	The PRC 14 November 2007	357,143	100%	100%	Property development and property investment	Limited liability company
桂林聚豪房地產開發有限公司 Guilin Juhao Property Development Co., Ltd.*	The PRC 14 November 2007	250,000	100%	100%	Property development	Limited liability company
南京星潤置業有限公司 Nanjing Xingrun Property Co., Ltd.*	The PRC 15 May 2017	50,000	100%	100%	Property development and property investment	Limited liability company
杭州花創房地產開發有限公司 Hangzhou Huachuang Property Development Co., Ltd.*	The PRC 19 February 2020	101,961	100%	100%	Property development	Limited liability company

## 52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

### (a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and fully paid share/ registered capital RMB'000	Effective interest held by the Group		Principal activities	Legal form
			2025	2024		
惠州市花和房地產開發有限公司 Huizhou Huahe Real Estate Development Co., Ltd.*	The PRC 29 December 2004	100,000	100%	100%	Property development and property investment	Limited liability company
惠州市惠陽區高歌房地產開發有限公司 Huizhou Huiyang District Gaoge Real Estate Development Co., Ltd.*	The PRC 2 September 2010	20,000	100%	100%	Property development	Limited liability company
武漢花樣城置地有限公司 Wuhan Huayangcheng Land Co., Ltd.*	The PRC 6 May 2011	30,000	100%	100%	Property development and property investment	Limited liability company
武漢明創嘉業建築科技有限公司 Wuhan Mingchuang Jiaye Construction Technology Co., Ltd.*	The PRC 12 September 2012	10,000	100%	100%	Property development and property investment	Limited liability company
武漢中森華永紅房地產開發有限公司 Wuhan Zhongsenhua Yonghong Property Development Co., Ltd.*	The PRC 14 June 2011	100,000	100%	100%	Property development and property investment	Limited liability company
天津市花千里房地產開發有限公司 Tianjin Huaqianli Real Estate Co., Ltd.*	The PRC 22 December 2010	641,667	100%	100%	Property development and property investment	Limited liability company
天津花樣年碧雲天房地產開發有限公司 Tianjin Fantasia Biyuntian Property Development Co., Ltd.*	The PRC 05 June 2019	31,000	100%	100%	Property development	Limited liability company

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## 52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

## (a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment/ operation	Issued and fully paid share/ registered capital RMB'000	Effective interest held by the Group		Principal activities	Legal form
			2025	2024		
寧夏回族自治區新聖基建築工程 有限公司 Ningxia Huizu Xinshengji Engineering Project Co., Ltd.*	The PRC 22 July 2009	100,000	100%	100%	Provision of property operation services	Limited liability company
深圳市彩生活物業管理有限公司 Shenzhen Colour Life Property Management Co., Ltd.**	The PRC 11 December 2000	1,050,000	41.95%	51.98%	Provision of property operation services	Limited liability company
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Services Co., Ltd.**	The PRC 12 June 2007	290,000	41.95%	51.98%	Provision of property operation services	Limited liability company
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Science & Technology Co., Ltd.**	The PRC 15 November 2001	5,000	41.95%	51.98%	Provision of engineering services	Limited liability company

\* The English name is for identification purpose only.

\* These subsidiaries were held by a non-wholly owned subsidiary of the Company namely Colour Life as at 31 December 2025 and 2024.

△ Except for the subsidiary directly held by the Company, all other subsidiaries are indirectly owned by the Company.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results, assets or debt securities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Except for Fantasia Group China, none of the subsidiaries had issued debt securities at the end of the year.

## 52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

### (b) Composition of the Group

Information about the subsidiaries of the Company that are not material to the Group at the end of each reporting period is as follow:

Principal activities	Principal place of business	Number of subsidiaries	
		2025	2024
Investment holding	BVI	13	13
	Hong Kong	33	34
	PRC	56	56
	USA	–	4
	Singapore	1	1
	Cayman	4	4
Property development and investment	PRC	139	142
Property agency services	PRC	1	1
Property operation services	PRC	167	167
Hotel operations	PRC	6	6
	USA	–	1
Other operations	Hong Kong	1	1
	PRC	30	30
		<b>451</b>	<b>460</b>

### (c) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Company as at 31 December 2025 and 2024 that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Ownership interests and rights held by non-controlling interests		Profit (loss) attributable to other non-controlling interests		Accumulated other non-controlling interests	
		2025	2024	2025	2024	2025	2024
				RMB'000	RMB'000	RMB'000	RMB'000
Colour Life and its subsidiaries	PRC	58.05%	48.02%	31,180	27,021	2,783,620	2,253,652
Individually immaterial subsidiaries with non-controlling interests				(343,592)	(706,936)	(94,323)	462,494
				<b>(312,412)</b>	<b>(679,915)</b>	<b>2,689,297</b>	<b>2,716,146</b>

For the year ended 31 December 2025

## 52. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (continued)

### (c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

Summarised financial information in respect of Company's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represented amounts before intra-group eliminations.

	Colour Life and its subsidiaries	
	2025	2024
	RMB'000	RMB'000
Current assets	4,472,143	4,362,381
Non-current assets	1,534,802	1,554,413
Current liabilities	(1,452,173)	(1,415,259)
Non-current liabilities	(14,743)	(20,224)
Equity attributable to owners of the Company	1,756,409	2,227,659
Non-controlling interests	2,783,620	2,253,652
Revenue	2,097,055	1,951,321
Expenses	(2,055,811)	(1,915,199)
Profit for the year	41,244	36,122
Profit attributable to the owners of the Company	10,064	9,101
Profit attributable to the non-controlling interests	31,180	27,021
Net cash inflow from operating activities	122,453	91,342
Net cash outflow from investing activities	(17,665)	(15,799)
Net cash inflow (outflow) from financing activities	25,968	(29,328)
Net cash inflow	130,756	46,215

## 53. LITIGATION

As at 31 December 2025 and up to the date of the consolidated financial statements, the Group had incurred certain litigations in connection with the settlement of overdue amounts/outstanding amounts payable, bank and other borrowings.

The Group has been actively pursuing a series of measures to resolve outstanding litigation and the Group is confident that it will be able to reach amicable solutions to the claims and disputes whose outcomes are uncertain at this stage.

## 54. FINANCIAL SUMMARY OF THE COMPANY

### Statement of financial position of the Company

	2025 RMB'000	2024 RMB'000
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	5,103,676	5,103,676
Amounts due from subsidiaries	15,608,375	15,920,764
	<b>20,712,051</b>	21,024,440
<b>CURRENT ASSETS</b>		
Other receivables	757,307	793,331
Bank balances and cash	2,468	6,396
	<b>759,775</b>	799,727
<b>CURRENT LIABILITIES</b>		
Other payables	95,836	7,133
Amounts due to subsidiaries	3,898,188	3,602,433
Bank borrowing	459,263	470,866
Senior notes	41,005,148	38,927,255
	<b>45,458,435</b>	43,007,687
<b>NET CURRENT LIABILITIES</b>	<b>(44,698,660)</b>	(42,207,960)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>(23,986,609)</b>	(21,183,520)
<b>CAPITAL AND RESERVES</b>		
Share capital	498,787	498,787
Reserves	(24,485,396)	(21,682,307)
	<b>(23,986,609)</b>	(21,183,520)

### Movement of reserves

	Share premium RMB'000	Accumulated losses RMB'000	Share-based payments reserve RMB'000	Total RMB'000
At 1 January 2024	550,006	(18,518,211)	13,860	(17,954,345)
Loss and total comprehensive expense for the year	-	(3,727,962)	-	(3,727,962)
At 31 December 2024	550,006	(22,246,173)	13,860	(21,682,307)
Loss and total comprehensive expense for the year	-	(2,803,089)	-	(2,803,089)
At 31 December 2025	550,006	(25,049,262)	13,860	(24,485,396)

For the year ended 31 December 2025

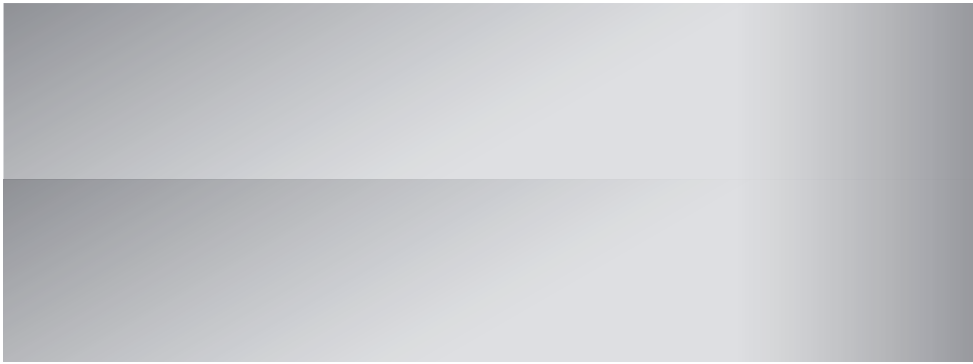
## 55. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with the current years' presentation.

## 56. EVENTS AFTER THE REPORTING PERIOD

On 2 January 2026, the Company, TFI Securities and Futures Limited (“TFISF”) and Splendid Fortune Enterprise Limited entered into a restructuring agreement (the “Restructuring Agreement”). On 12 March 2026, completion of the transactions contemplated under the Restructuring Agreement occurred. Upon completion of the transactions contemplated under the Restructuring Agreement, among others, (i) the Purchaser acquired approximately 21.97% of the issued shares of Colour Life, a non-wholly owned subsidiary of the Company; (ii) approximately 10.0% of the issued shares of Colour Life were transferred to an entity designated by TFISF (as effective enforcement of the Purported Security); (iii) the Company retains approximately 9.98% of the issued shares of Colour Life free from any purported security or other claim; and (iv) Colour Life ceases to be a subsidiary of the Company. Further details are set out in the announcements of the Company dated 12 November 2025, 2 January 2026, 6 February 2026, 16 February 2026 and 11 March 2026 and the circular dated 24 February 2026.

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