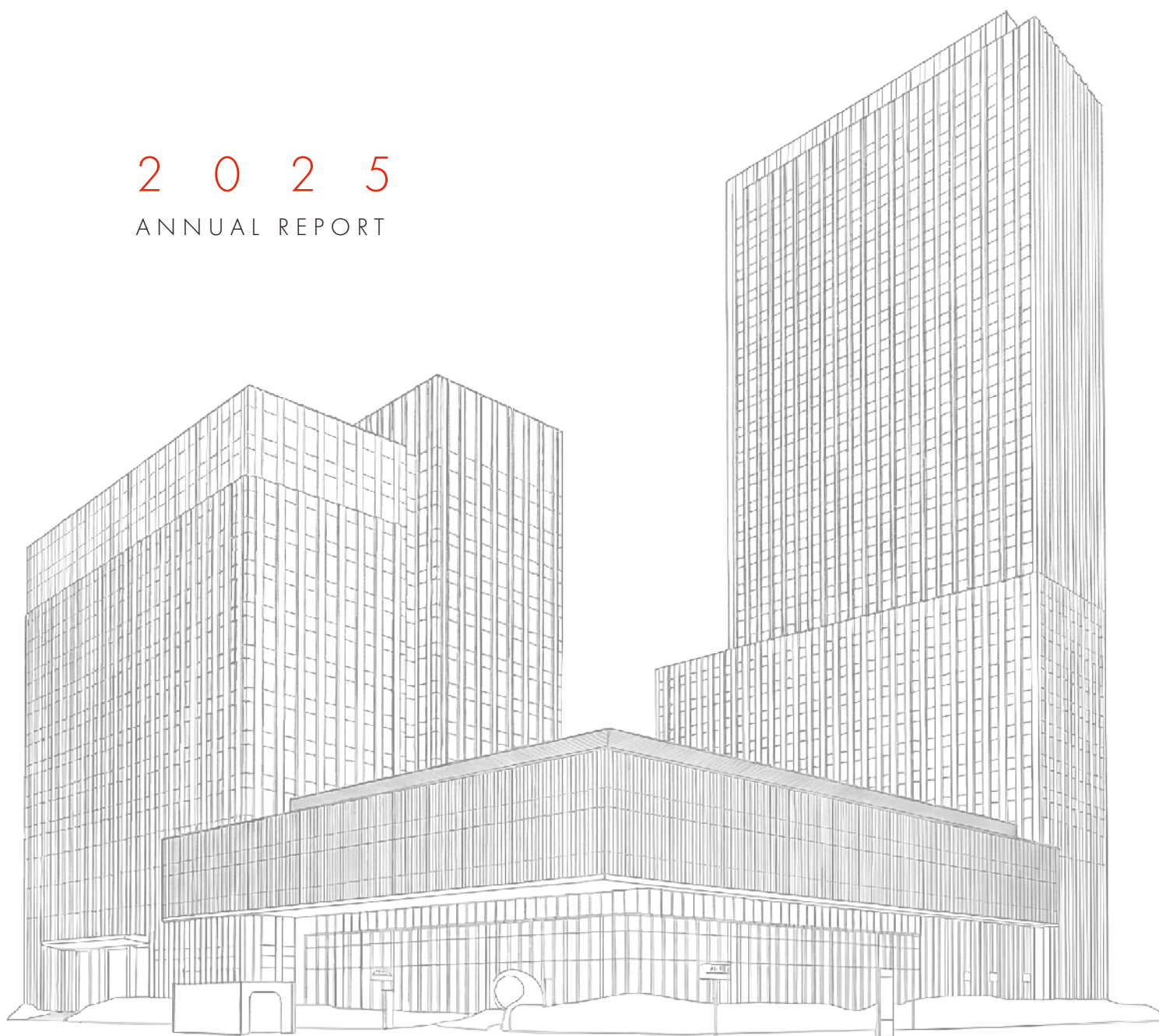


SOHO CHINA
Stock Code: 410

SOHO CHINA LIMITED

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ANNUAL REPORT



SOHO China

The board (the “Board”) of directors (the “Director(s)”) of SOHO China Limited (the “Company”, “we” or “SOHO China”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2025 (the “Year”), together with the comparative figures for the year ended 31 December 2024.



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Chairman's Statement

Throughout the years, even as the market has faced continuous pressures, SOHO China has always adhered to our goal and principles and moved forward against challenging trends. In 2025, the Company's occupancy rate reached 82.8%, up 77.7% year over year. In the face of market pressures, we adjusted our strategy, we adopted flexible prices in exchange for occupancy and vitality so that every square meter of our assets is made to the best use. This year, we committed to a bottom line: no headcount and salary cuts, no delay of supplier payments, and no extension of customer schedules. In difficult times, this commitment has become the solid confidence to our stability.

SOHO China is like a dynamic cell within the organism that is our society and economy. Our 1,650 colleagues and several million square meters of properties are our foundation, and the hundreds of thousands of office workers and countless partners make up our biosphere and symbiotic blood. After 30 years of this journey together, we have become one, and it is our greatest responsibility to keep this "cell" healthy and dynamic.

Everyone has been able to sense the changing temperature of the economic climate. While we may find ourselves surrounded by confusion and uncertainty, we must keep in mind that darkness is not the norm, it is just a period of time before the light arrives. The light within a person's heart is an anchor in difficult times, and a bright lighting pointing the direction forward. This light was hidden struggle of Huawei at Leeza SOHO, in the classrooms of in HKU Business School Shanghai Center at Bund SOHO, under the lights of the crowded Qianmen Avenue, in the enthusiasm of Trip.com's employees at Sky SOHO, and in the creative energy of the Xiaohongshu team at SOHO Fuxing Plaza.

In 2025, we completed over 6,770 safety checks, with a 100% improvement rate of hidden dangers ensuring safe building operations. We took the lead in the ESG space, achieving a five-star rating from GRESB (Global Real Estate Sustainability Benchmark), and obtained SBTi (Science Based Targets initiative) official approval. We have signed more than 1,700 green contract tenants and achieved a 25% reduction in carbon emissions. All our commercial projects have been certified by WELL Health and Safety Evaluation (WELL HSR).

Over the past 20 years, the internet has restructured the entire world. SOHO China has witnessed and contributed to the growth of many companies, such as Meituan, Xiaohongshu, Ali Cloud, ByteDance, XPENG, SHEIN, and VFS among others. Now, as we face the transformation of the AI era, we embrace change proactively. We already save 7 million kilowatt-hours per year using our AI-enabled carbon management system. In 2025, the Company held 116 training sessions to more than 9,800 people, with the goal of promoting growth through learning, and expanding the boundaries of cognition with knowledge.

Looking ahead to 2026, SOHO China has always won success through service, high quality, and honesty towards clients. We adhere to the principals of consultation before action, service as the foundation, and greatly value every client partnership. Let us continue to be a healthy and energetic cell, with light in our hearts, our feet on the ground, breathing in sync with this era, growing together, and advancing together towards a better future.

RENTAL PORTFOLIO AND MAJOR PROJECTS

Wangjing SOHO

Wangjing SOHO is a large-scale office and retail project in the Wangjing area of Beijing, consisting of a total GFA of approximately 522,272 sq.m.. With a height of nearly 200 meters, Wangjing SOHO is now a landmark in central Beijing. The project comprises three towers (Towers 1, 2 and 3), among which Towers 1 and 2 were mostly sold in 2014.

The Group holds Wangjing SOHO Tower 3 and some units of Towers 1 and 2. Tower 3 was completed in September 2014, with a total GFA of approximately 157,318 sq.m.. The Group is entitled to a leasable GFA of approximately 133,766 sq.m., including approximately 123,568 sq.m. of office area and approximately 10,198 sq.m. of retail area.

Wangjing area has become the emerging hub for internet companies in the northeast of Beijing. Wangjing area is also home to the headquarters of many prestigious multinational companies in the PRC.



Wangjing SOHO

BUSINESS REVIEW

Guanghualu SOHO II

Guanghualu SOHO II is located at the heart of the central business district in Beijing, close to subway lines 1 and 10. The total GFA of the project is approximately 117,179 sq.m. and the total leasable GFA attributable to the Group is approximately 94,279 sq.m., including approximately 63,308 sq.m. of office area and approximately 30,971 sq.m. of retail area. The project was completed in November 2014.



Guanghualu SOHO II

Qianmen Avenue project

Qianmen Avenue project is located in the Qianmen area, immediate south of Tiananmen Square and within one of the largest “Hutong” (traditional Beijing courtyards) conservation areas in Beijing. The total leasable GFA attributable to the Group is approximately 51,889 sq.m. of retail area. The Group has been working towards its goal of developing Qianmen Avenue into a premier tourist destination. Leveraging on its massive visitor traffic, the Group aims to continue attracting and retaining high-quality tenants that fit the positioning of the project.



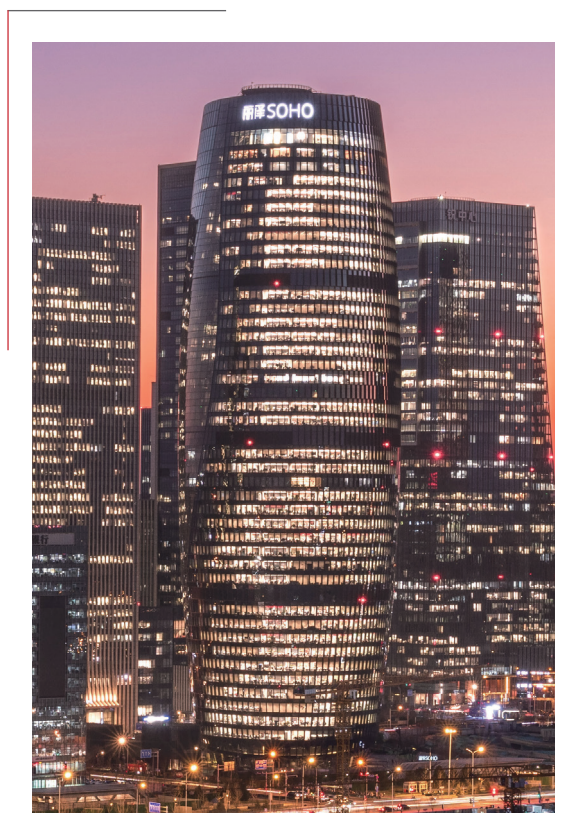
Qianmen Avenue project

BUSINESS REVIEW

Leeza SOHO

Leeza SOHO is located in the center of the Lize Financial Business District in Beijing. The site is to the south of Lize Road, less than one kilometer away from the West Second Ring Road, and is already connected to subway line 14 to date and is adjacent to the planned subway lines 11 and 16 as well as the New Airport line and the Lize Business District Financial Street connection line. Located between Beijing's West Second and Third Ring Roads, the Lize Financial Business District is expected to be developed into Beijing's next financial district, acting as an extension to Beijing's current Financial Street which we believe is one of the most expensive office markets in the world. The Lize Financial Business District is planned to provide quality offices, apartments, exhibition centers, commercial zones and leisure facilities aiming to accommodate the increasing demand arising from the continued expansion of financial companies around the current Financial Street area.

Leeza SOHO has a total GFA of approximately 156,485 sq.m., and a total leasable GFA of approximately 135,637 sq.m.. The project was completed in December 2019.



Leeza SOHO

SOHO Fuxing Plaza

SOHO Fuxing Plaza is located at Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway lines 10 and 13. It is right next to Shanghai Xintiandi, the most bustling and diverse commercial area of Shanghai. SOHO Fuxing Plaza has a total GFA of approximately 124,068 sq.m. and a leasable GFA of approximately 88,234 sq.m., of which approximately 46,344 sq.m. is for office use and approximately 41,890 sq.m. is for retail use. The project was completed in September 2014.



SOHO Fuxing Plaza

BUSINESS REVIEW

Bund SOHO

Bund SOHO is located on the Bund in Shanghai. Bund SOHO is very close to Shanghai's famous City God Temple and next to the Bund's multi-dimensional transportation hub and yacht wharf.

The Group is entitled to a leasable GFA of approximately 72,006 sq.m., including approximately 50,347 sq.m. of office area and approximately 21,659 sq.m. of retail area. The project was completed in August 2015.



Bund SOHO

SOHO Tianshan Plaza

SOHO Tianshan Plaza is located at a prime location in the Hongqiao Foreign Trade Center in Changning District in Shanghai. The Hongqiao Foreign Trade Center area is Shanghai's first central business district for foreign enterprises and a gathering place for Changning's office buildings, business and high-end residential apartments. In close proximity to the Tianshan Road Commercial Street, SOHO Tianshan Plaza has direct access to Loushanguan Station on subway line 2.

SOHO Tianshan Plaza has a total GFA of approximately 155,827 sq.m.. The office and retail parts of SOHO Tianshan Plaza were completed in December 2016, with a total leasable GFA of approximately 97,750 sq.m., including approximately 74,498 sq.m. of office area and approximately 23,253 sq.m. of retail area. Hyatt Place Shanghai Tianshan Plaza, which is located at SOHO Tianshan Plaza, was completed in November 2017 and has started operations since the end of February 2018.



SOHO Tianshan Plaza

BUSINESS REVIEW

Gubei SOHO

The land for Gubei SOHO is located in the core area of the Hongqiao Foreign Trade Center in Shanghai's Changning District, only 1 kilometer away from SOHO Tianshan Plaza.

The land is bordered by Yili Road to the east, Hongbaoshi Road to the south, Ma'nao Road to the west and Hongqiao Road to the north. The project is accessible underground from Yili Station on subway line 10 and with close proximity to Gubei Fortuna Plaza and other Grade A office buildings.

The project has a total GFA of approximately 146,692 sq.m. and a total leasable GFA of approximately 112,541 sq.m.. The project was completed in January 2019.



Gubei SOHO

Management Discussion & Analysis

FINANCIAL REVIEW

Revenue

Despite the office and retail property leasing markets are under continuing pressure due to weak macro-economic environment, the Group has achieved revenue of approximately RMB1,372 million for the Year, representing a decrease of approximately 10.9% as compared with approximately RMB1,540 million in 2024.

Profitability

Gross profit for the Year was approximately RMB1,122 million, representing a decrease of approximately 12.3% as compared with approximately RMB1,280 million in 2024.

Gross profit margin was approximately 82% for the Year, as compared with approximately 83% in 2024.

Cost control

The Group continuously implemented effective cost control measures during the Year. Selling and administration expenses for the Year were approximately RMB138 million, as compared with approximately RMB128 million in 2024.

Finance income and expenses

Finance income for the Year was approximately RMB2 million, representing a decrease of approximately RMB3 million as compared with approximately RMB5 million in 2024.

Finance expenses for the Year were approximately RMB653 million, representing a decrease of approximately RMB69 million as compared with approximately RMB722 million in 2024.

Income tax expense

Income tax expense for the Year was approximately RMB192 million, representing an increase of approximately RMB12 million as compared with approximately RMB180 million in 2024.

Bank borrowings, other borrowings and collaterals

As at 31 December 2025, total borrowings of the Group were approximately RMB15,004 million. As at 31 December 2025, borrowings of the Group of approximately RMB14,893 million were collateralized by the Group's investment properties.

As at 31 December 2025, net gearing ratio was approximately 39.7% (31 December 2024: approximately 41.0%), calculated based on net debt (total borrowings minus cash and cash equivalents minus restricted bank deposits and structured bank deposits) over equity attributable to owners of the Company.

MANAGEMENT DISCUSSION & ANALYSIS

Risks of foreign exchange fluctuation and interest rate

As at 31 December 2025, offshore borrowings of the Group were approximately RMB111 million, accounting for approximately 0.7% of total borrowings of the Group (31 December 2024: offshore borrowings were approximately RMB348 million, accounting for approximately 2.2% of total borrowings of the Group). In the meantime, the Company's average funding cost remained relatively low at approximately 4.2% as at 31 December 2025 (31 December 2024: approximately 4.3%). During the Year, the Group's operating cash flow and liquidity had not been subject to significant influence from fluctuations in exchange rate.

Contingent liabilities

The Group had entered into agreements with certain banks to provide guarantees in respect of mortgage loans offered to buyers of property units. As at 31 December 2025, the total amount of the mortgage loans guaranteed by the Group relating to such agreements was approximately RMB4 million (31 December 2024: approximately RMB8 million).

Capital commitment

As at 31 December 2025, the Group's total capital commitment was approximately RMB7 million (31 December 2024: approximately RMB8 million).

Future Plans in Respect of Material Investments or Capital Assets

As at 31 December 2025, the Group had no future plans in respect of any material investments or capital assets.

Employees and remuneration policy

As at 31 December 2025, the Group had approximately 1,650 employees, including 1,474 employees for the property management company.

The remuneration package of the Group's employees mainly includes basic salary and bonuses. Bonuses are determined on a monthly basis based on performance reviews. The remuneration of the Group's employees is determined based on a number of factors, including their qualifications, function, experience, work performance and local market conditions. The Group regularly reviews its compensation and benefit policies to ensure that the remuneration package offered remains competitive and in line with relevant labour regulations. Other benefits include medical scheme and bonuses.

Directors' Report

PRINCIPAL ACTIVITIES

The principal activities of the Group are real estate development, property leasing and related services management businesses. There were no significant changes in the nature of the Group's principal activities during the Year.

DIVIDENDS

The Board resolved not to declare a final dividend for the Year (2024: Nil).

Dividend Policy

The Board has approved and adopted a dividend policy (the "Dividend Policy") which, in recommending or declaring dividends, allows shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves for the Company's future growth.

The Board has the discretion to declare and distribute dividends to the shareholders of the Company, subject to the articles of association of the Company (the "Articles of Association") and all applicable laws and regulations. There is no assurance by the Company that a dividend will be proposed or declared in any particular amount for any given period.

The Board shall consider the following factors of the Group before declaring or recommending dividends:

- property operation results;
- cash flow situation;
- actual and expected financial performance;
- capital requirements and expenditure plans;
- market conditions and business strategies; and
- any other factors that the Board may consider relevant.

Any dividend for a financial year of the Company will be subject to the shareholders' approval and must not exceed the amount recommended by the Board. The Board will continue to review the Dividend Policy from time to time.

There is no arrangement under which a shareholder of the Company has waived or agreed to waive any dividends.

DIRECTORS' REPORT

FINANCIAL INFORMATION SUMMARY

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

Summary of published results of the Group for the years ended 31 December:

	2025	2024 ^(Note)	2023 ^(Note)	2022 ^(Note)	2021 ^(Note)
Unit: RMB'000					
Revenue	1,372,220	1,540,432	1,678,546	1,775,090	1,741,739
Profit before income tax	(95,633)	62,312	46,207	507,821	264,792
Income tax expense	(191,508)	(179,996)	(226,279)	(443,316)	(388,744)
(Loss)/profit for the year	(287,141)	(117,684)	(180,072)	64,505	(123,952)
(Loss)/profit attributable to:					
Owners of the Company	(290,782)	(113,441)	(179,899)	61,208	(131,098)
Non-controlling interests	3,641	(4,243)	(173)	3,297	7,146
Basic (loss)/earnings per share (RMB)	(0.06)	(0.02)	(0.03)	0.01	(0.03)
Diluted (loss)/earnings per share (RMB)	(0.06)	(0.02)	(0.03)	0.01	(0.03)
Interim dividend per share (RMB)	-	-	-	-	-
Final dividend per share (RMB)	-	-	-	-	-
Special dividend per share (RMB)	-	-	-	-	-

DIRECTORS' REPORT

Summary of published assets and liabilities of the Group as at 31 December:

	2025	2024 ^(Note)	2023 ^(Note)	2022 ^(Note)	2021 ^(Note)
Unit: RMB'000					
Non-current assets	64,725,982	65,148,362	65,536,289	65,940,695	65,824,792
Current assets	2,957,275	2,983,114	3,081,267	2,906,414	4,621,723
Current liabilities	10,578,165	10,937,604	10,451,535	18,583,179	6,960,706
Non-current liabilities	20,301,552	20,125,800	20,970,997	12,895,409	26,386,045
Net assets	36,803,540	37,068,072	37,195,024	37,368,521	37,099,764
Share capital	106,112	106,112	106,112	106,112	106,112
Other reserves	35,770,070	36,037,670	36,160,759	36,334,507	36,068,032
Total equity attributable to owners of the Company	35,876,182	36,143,782	36,266,871	36,440,619	36,174,144
Non-controlling interests	927,358	924,290	928,153	927,902	925,620
Total equity	36,803,540	37,068,072	37,195,024	37,368,521	37,099,764

Note: Extracted from the published audited financial statements of in each of the relevant year.

SHARE CAPITAL

As at 31 December 2025, the Company had 5,199,524,031 shares in issue (as at 31 December 2024: 5,199,524,031 shares).

During the Reporting Period, the Company has not issued any new shares.

RESERVES

Details of changes in the reserves of the Company and the Group during the Year are set out in the consolidated statements of changes in equity.

DIRECTORS' REPORT

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association and there are no restrictions against such rights under the laws of the Cayman Islands.

DIRECTORS

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

Executive Directors

Mr. Pan Shiyi

Mrs. Pan Zhang Xin Marita

Ms. Xu Jin (*Chairman and co-Chief Executive Officer*)

Mr. Qian Ting (*co-Chief Executive Officer*)

Independent Non-executive Directors ("INEDs")

Mr. Huang Jingsheng

Mr. Xiong Ming Hua

Mr. Zhang Mingeng

Each of Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita entered into a service contract with the Company for a term of three years commencing from 1 January 2024, which may be terminated by either party by serving not less than one month's prior written notice. Each of Ms. Xu Jin and Mr. Qian Ting has entered into an appointment letter with the Company for a term of three years commencing from 7 September 2025, which may be terminated by either party serving not less than three months' written notice to the other. Mr. Huang Jingsheng has entered into an appointment letter with the Company for a term of three years commencing from 1 August 2024, which may be terminated by either party serving not less than three months' written notice to the other. Mr. Xiong Ming Hua has entered into an appointment letter with the Company for a term of three years commencing from 8 May 2024, which may be terminated by either party serving not less than three months' written notice to the other. Mr. Zhang Mingeng has entered into an appointment letter with the Company for a term of three years commencing from 11 October 2023, which may be terminated by either party serving not less than three months' written notice to the other.

In accordance with Article 87(1) of the Articles of Association, Mr. Qian Ting, Mr. Huang Jingsheng and Mr. Zhang Mingeng shall retire by rotation at the annual general meeting of the Company ("AGM"), and being eligible, have offered themselves for re-election.

Save as disclosed above, no Director standing for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Company or any such subsidiary within one year without payment of compensation other than statutory compensation.

BIOGRAPHIES OF DIRECTORS AND MEMBERS OF SENIOR MANAGEMENT

Executive Directors

Mr. Pan Shiyi

Mr. Pan Shiyi (“**Mr. Pan**”), aged 63, is an executive Director. Mr. Pan and his wife Mrs. Pan Zhang Xin Marita co-founded SOHO China in 1995, and together they have led the Company to become one of the most prolific prime office developers in China with over 5 million sq.m. of projects in Beijing and Shanghai. Renowned for their iconic architecture and design, SOHO China’s collaborations with world renowned architects have transformed city skylines.

Mr. Pan is a well-regarded media and online influencer with over 18 million followers on Sina Weibo. In addition to his expertise in property development and urbanization, he is known for his commitment in environmental protection and public welfare.

In 2005, Mr. Pan and his wife Mrs. Pan Zhang Xin Marita established the SOHO China Foundation to support education focused initiatives in China. In 2014, the SOHO China Foundation launched the SOHO China Scholarships to provide financial aid to Chinese undergraduate students at leading international universities. Mr. Pan has also led the SOHO China Foundation to undertake a series of public welfare projects in Northwest China including the Yang Zheng Kindergarten and Yang Zheng Library.

In 2015, Mr. Pan and Mrs. Pan Zhang Xin Marita joined the Breakthrough Energy Coalition led by Mr. Bill Gates to fund development of clean energy technology. Mr. Pan has served as a visiting fellow at the Harvard Kennedy School, and is as a member of the Special Olympics Senior Advisory Committee for the East Asia region.

Mrs. Pan Zhang Xin Marita

Mrs. Pan Zhang Xin Marita (“**Ms. Zhang**”), aged 60, is an executive Director. As a Co-Founder and former Chief Executive Officer (“CEO”) of SOHO China, Ms. Zhang is one of China’s most celebrated female entrepreneurs. She is renowned for her iconic collaborations with international architects that have transformed Chinese skylines.

Born in Beijing in 1965, Ms. Zhang moved to Hong Kong at age 14, where she labored as a factory girl for five years. At age 19, Ms. Zhang ventured to the UK where she earned a Bachelor’s degree in Economics from the University of Sussex and a Master’s degree in Development Economics from Cambridge University. Education served as a springboard to launch a career in investment banking with Goldman Sachs. In 1995 she returned to Beijing to co-found SOHO China, the Company has since become one of country’s most prolific developers of office property with over 5 million sq.m. of projects in Beijing and Shanghai. In 2002, Ms. Zhang was awarded a special prize at the 8th la Biennale di Venezia for Commune by the Great Wall, a private collection of architecture featuring the works of 12 Asian architects.

DIRECTORS' REPORT

In 2005, Ms. Zhang and her husband Mr. Pan Shiyi established the SOHO China Foundation to support education focused initiatives in China. In 2014, the SOHO China Foundation launched the SOHO China Scholarships to provide financial aid to Chinese undergraduate students at leading international universities.

Ms. Zhang serves as Trustee of MoMA and is a Member of the Harvard Global Advisory Council. She holds an honorary Doctor of Laws from the University of Sussex and has served as visiting fellow at the Harvard Kennedy School.

Ms. Xu Jin

Chairman and Co-CEO

Ms. Xu Jin (“**Ms. Xu**”), aged 54, is an executive Director, the chairman of the Board and Co-CEO of the Company. Ms. Xu formerly served as the vice president of the Company and was responsible for assets and property management. Ms. Xu joined the Company in February 2001 and has since then served as Director of Human Resources Department, Director of Procurement Department and Vice President of the Company. Ms. Xu received a Bachelor’s degree in Engineering Management from Beijing Wuzi University in 1994. She has over 20 years of relevant experience in the real estate development industry in the PRC.

Mr. Qian Ting

Co-CEO

Mr. Qian Ting (“**Mr. Qian**”), aged 49, is an executive Director and Co-CEO of the Company. Mr. Qian formerly served as the vice president of the Company and was responsible for property leasing and sales. Mr. Qian joined the Company in October 2002 and has since then served as the Director of Leasing Department and the vice president of the Company. Mr. Qian received a Bachelor’s degree in Trade and Economy from Renmin University of China in 2000. Mr. Qian has over 20 years of experience in property sales and leasing in the PRC.

Independent Non-executive Directors

Mr. Huang Jingsheng

Mr. Huang Jingsheng (“**Mr. Huang**”), aged 68, was appointed as an independent non-executive Director on 1 August 2018. From July 2014 to June 2020, Mr. Huang acted as Managing Executive Director at Harvard Center Shanghai (“Harvard”). He came to Harvard from a distinguished venture capital and private equity career. Mr. Huang was Partner of TPG Growth and RMB Funds, based in Shanghai, China. He was Managing Director at Bain Capital LLC, where he set up and ran its Shanghai operations. His other investment positions included Managing Director China at SOFTBANK Asia Infrastructure Fund, Partner at SUNeVision Ventures and Senior Manager of Strategic Investment at Intel Capital. Before his investment career, Mr. Huang worked as Director of Marketing and Research Operations at Gartner Group, Co-founder and Vice President of Marketing at Mtone Wireless and English Lecturer at Communication University of China. Before joining Harvard, Mr. Huang served as member of the Board of Governors at China Venture Capital Association and Deputy Chairman of Shanghai Private Equity Association. Mr. Huang received an MBA from Harvard Business School, an MA from Stanford University and a BA from Beijing Foreign Studies University. Mr. Huang served as an independent non-executive director of Besunyen Holdings Company Limited from May 2010 to June 2019, which is listed in the main board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Mr. Huang serves as a non-executive director in Yiren Digital Limited, which is listed in the New York Stock Exchange.

Mr. Xiong Ming Hua

Mr. Xiong Ming Hua (“**Mr. Xiong**”), aged 61, was appointed as an independent non-executive Director on 8 May 2015. Mr. Xiong is the founder and chairman of Seven Seas Partners, a venture capital firm focusing on investing cross border technology companies with potential in the United States and China. Mr. Xiong was the former Chief Technology Officer for Tencent Holdings Limited (a company listed on the Stock Exchange, Stock Code: 700) from 2005 to 2013, where he was responsible for product strategy planning of the overall platform, new product innovation, research and development of core technologies, and management for engineering excellence. He worked at Microsoft Corporation for 9 years as program manager in Internet Explorer, Windows and MSN product groups, and as founding Director of MSN China Development Center. Prior to that, Mr. Xiong worked as staff programmer of Internet Division of IBM Corporation in New York. Mr. Xiong received his Bachelor of Engineering Degree in Information System Engineering from National University of Defense Technology in 1987 and a Master of Science Degree in Information Retrieval from Chinese Defense Science and Technology Information Center in Beijing in 1990. Mr. Xiong acts as an independent director of Telling Telecommunication Holding Co., Ltd., which is listed on the Shenzhen Stock Exchange.

Mr. Zhang Mingeng

Mr. Zhang Mingeng (“**Mr. Zhang**”), aged 74, is an independent non-executive Director. Mr. Zhang was accredited the degree of Doctor in Jurisprudence. As one of the leading personnel in real estate industry in China, Mr. Zhang was the chairman of China Real Estate Investment Fund Alliance and the vice-chairman of China Real Estate Chamber of Commerce. Over the years, Mr. Zhang has accumulated insights in macro-economy and the trend and investment in real estate industry, and has abundant practical experiences in the operation of real estate projects. Mr. Zhang was appointed as an independent non-executive Director on 11 October 2023.

Senior Management

Mr. Zhu Enlei

Chief Financial Officer

Mr. Zhu Enlei (“**Mr. Zhu**”), aged 45, is the chief financial officer of the Company and responsible for the management of finance and investor relationship related matters. Prior to joining the Company in June 2019, Mr. Zhu worked at KPMG and a listed company in Hong Kong, and has over 10 years of experience in finance, audit and corporate compliance areas. Mr. Zhu is a Fellow of the Institute of Chartered Accountants in England and Wales and a member of the Chinese Institute of Certified Public Accountant. Mr. Zhu obtained a bachelor degree in business administration and a master degree in management from Capital University of Economics and Business in 2003 and 2006 respectively.

Ms. Huang Hongyu

Vice President

Ms. Huang Hongyu (“**Ms. Huang**”), aged 55, is the vice president of the Company. She is in charge of the Company's management of platform information, design, and procurement. Ms. Huang joined the Company in September 2006, and acted as Electromechanical Director, Chief Engineer, Director of Platform Management Center and Vice President. Ms. Huang received her Master Degree in Heating and Ventilation from Tianjin University in 1995, and her Doctoral Degree in Architectural Engineering from Concordia University in Canada in 2003. She possesses over 20 years of experience in designing and management of platform information.

DIRECTORS' REPORT

Mr. Yan Guangping

Vice President

Mr. Yan Guangping (“**Mr. Yan**”), aged 45, is the vice president of the Company and is responsible for the Company’s assets and property management operation. Mr. Yan has extensive experience in assets and property management. Since joined the Company in 2015, Mr. Yan has served as general manager of several core projects of the Company, general manager of our Shanghai office and vice president.

Ms. Lu Wei

Vice President

Ms. Lu Wei (“**Ms. Lu**”), aged 53, is the vice president of the Company. She is in charge of the Company’s human resources, internal audit as well as property and service quality control. Ms. Lu joined the Company in 2008, and acted as Human Resources Director, Member of the Management Committee, and Vice President. Ms. Lu received her Bachelor’s Degree in English for Science and Technology from Tianjin University in 1994, and was accredited a Master’s Degree in Software Engineering from Beihang University in 2019. Ms. Lu has over 20 years of experience in human resources management and related areas.

Company Secretary

Ms. Leung Shui Bing

Ms. Leung Shui Bing (“**Ms. Leung**”) has been appointed as the company secretary of the Company (the “Company Secretary”). Ms. Leung currently serves as a manager of the Listing Services Department of TMF Hong Kong Limited (a global corporate services provider). She has over 20 years of experience in the company secretarial field. She is an associate member of The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

DIRECTORS' REPORT

DIRECTORS' REMUNERATION

The Directors' remunerations are determined by the Board, as authorized by the Company's annual general meeting held on 23 May 2025 (the "2025 AGM"), with reference to the Directors' duties, responsibilities and performance as well as the financial results of the Group.

Remuneration details of each Director for the year ended 31 December 2025 are set out as follows:

Name	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Employer's estimated money value of benefit RMB'000	Contribution to retirement benefit scheme RMB'000	Total RMB'000
Executive Directors							
Pan Shiyi	339	-	-	-	-	-	339
Pan Zhang Xin Marita	339	-	-	-	-	-	339
Xu Jin (<i>Chairman and Co-CEO</i>)	264	2,577	-	51	2	114	3,008
Qian Ting (<i>Co-CEO</i>)	264	1,825	-	51	2	114	2,256
Independent non-executive Directors							
Huang Jing Sheng	339	-	-	-	-	-	339
Xiong Ming Hua	339	-	-	-	-	-	339
Zhang Mingeng	339	-	-	-	-	-	339
Total	2,223	4,402	-	102	4	228	6,959

During the Year, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. No Directors waived or agreed to waive any remuneration during the Year.

SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration is determined with reference to the senior management's duties, responsibilities and performance, as well as the financial results of the Group.

DIRECTORS' REPORT

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

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

Remuneration Bands (HKD)	Number of Individuals
0-1,000,000	0
1,000,001-2,000,000	3
2,000,001-3,000,000	0
3,000,001-4,000,000	0

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 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 any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong) (the "SFO"), which were required pursuant to section 352 of the SFO to be recorded in the register referred to therein, or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), to be notified to the Company and the Stock Exchange, are as follows:

(i) Interests in the ordinary shares of the Company

Name	Personal interests	Family interests	Corporate interests	Number of ordinary shares	Approximate percentage of shareholding
Pan Shiyi	-	3,324,100,000 (L) (Note 2)	-	3,324,100,000 (L)	63.9309%
Pan Zhang Xin Marita	-	-	3,324,100,000 (L) (Note 3)	3,324,100,000 (L)	63.9309%

DIRECTORS' REPORT

Notes:

- (1) (L) represents long position in shares or underlying shares.
- (2) Mr. Pan Shiyi had deemed interests in 3,324,100,000 shares held by his spouse, Mrs. Pan Zhang Xin Marita as mentioned in Note (3) below. According to the DI form filed by Mr. Pan Shiyi on 1 January 2018, Mr. Pan Shiyi is now a beneficiary of a discretionary trust (the "Trust") that was founded by his spouse, Mrs. Pan Zhang Xin Marita.
- (3) Each of Boyce Limited and Capevale Limited ("Capevale BVI"), both of which were incorporated in the British Virgin Islands, was interested in 1,662,050,000 shares. Boyce Limited and Capevale BVI are the wholly-owned subsidiaries of Capevale Limited ("Capevale Cayman"), which was incorporated in the Cayman Islands. Cititrust Private Trust (Cayman) Limited (in its capacity as trustee) is the legal owner of 100% of the shares in the issued share capital of Capevale Cayman. Cititrust Private Trust (Cayman) Limited held these shares under the Trust, for the benefit of the beneficiaries of the Trust, including Mrs. Pan Zhang Xin Marita.

(ii) Interests in the ordinary shares of the Company's associated corporations

Name	Name of associated corporation	Nature of interest	Share capital (USD)	Approximate percentage of shareholding
Pan Shiyi	Beijing Redstone Jianwai Real Estate Development Co., Ltd.	Interest of controlled corporation	1,275,000 (Note)	4.25%
	Beijing SOHO Real Estate Co. Ltd.	Beneficial owner	4,950,000	5.00%
	Beijing Redstone Newtown Real Estate Co., Ltd.	Beneficial owner	500,000	5.00%
	Beijing Shanshi Real Estate Co., Ltd.	Beneficial owner	1,935,000	5.00%

Note: These interests were held by Beijing Redstone Industry Co., Ltd..

Save as disclosed above, to the best knowledge of the Directors, as at 31 December 2025, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required pursuant to section 352 of the SFO to be recorded in the register referred to therein, or pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' REPORT

INTERESTS AND SHORT POSITIONS OF THE SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2025, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors or the chief executive of the Company, the following shareholders of the Company had notified the Company of their relevant interests in the issued share capital of the Company:

Name	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding
Cititrust Private Trust (Cayman) Limited (Note 2)	Trustee	3,324,100,000 (L)	63.9309% (L)
Capevale Cayman (Note 2)	Interests of controlled corporation	3,324,100,000 (L)	63.9309% (L)
Boyce Limited (Note 3)	Interests of controlled corporation	1,662,050,000 (L)	31.9654% (L)
Capevale BVI (Note 4)	Interests of controlled corporation	1,662,050,000 (L)	31.9654% (L)

Notes:

- (1) (L) represents long position in shares or underlying shares.
- (2) Cititrust Private Trust (Cayman) Limited (in its capacity as trustee of the Trust) is the legal owner of 100% of the shares in the issued share capital of Capevale Cayman. Capevale Cayman wholly owns Boyce Limited and Capevale BVI, each of which was interested in 1,662,050,000 shares. Accordingly, Cititrust Private Trust (Cayman) Limited is deemed to be interested in the 3,324,100,000 shares held by Boyce Limited and Capevale BVI via its interest in Capevale Cayman under the Trust for the benefit of the beneficiaries, including Mrs. Pan Zhang Xin Marita.
- (3) Boyce Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Cayman.
- (4) Capevale BVI, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Cayman.

Save as disclosed above, to the best knowledge of the Directors, as at 31 December 2025, there was no other person who had interest or short position in the shares or underlying shares of the Company which were required, pursuant to section 336 of the SFO, to be recorded into the register referred to therein.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transactions, arrangements or contracts of significance, in relation to the Group's business to which the Company or any of its subsidiaries was a party in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Company's prospectus dated 21 September 2007, at the end of the Year, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OF THE COMPANY

At no time during the Year were there rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, nor were there any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable any Directors to acquire such rights in any other body corporate.

PERMITTED INDEMNITY PROVISION

The Articles of Association provides that every Director and other officers shall be entitled to be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective office or trust or otherwise in relation thereto provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the said persons.

In addition, the Company has maintained appropriate Directors and officers liability insurance in respect of relevant legal actions against the Directors.

EQUITY-LINKED AGREEMENTS

No equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

DONATIONS

During the Year, the Group made no charitable donations (2024: nil).

DIRECTORS' REPORT

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of related party transactions entered into by the Group in the ordinary course of business during the Year are set out in Note 31 to the consolidated financial statements. The Board confirms none of the related party transactions as disclosed under Note 31 to the consolidated financial statements fall under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2025, the percentage of revenue from sales of goods or rendering of services to the Group's five largest customers amounted to approximately 16%.

For the year ended 31 December 2025 the percentage of purchases from the Group's five largest suppliers amounted to approximately 15%, and the Group's largest supplier accounted for approximately 5%.

So far as the Board is aware, neither the Directors, their close associates nor any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in the Group's five largest customers and suppliers during the Year.

BUSINESS REVIEW

A review of the business of the Group during the Year and discussion on the Group's future business development are provided in Business Review section on pages 3 to 10. Description of possible risks and uncertainties that the Group may be facing can be found in the Chairman's Statement on page 2 of this annual report. Also, the financial risk management policies of the Group can be found in Note 3 to the audited consolidated financial statements. An analysis of the Group's performance during the Year using financial key performance indicators is provided in the Management Discussion & Analysis section on pages 11 to 12, and in the section headed "Financial Information Summary" on pages 14 to 15 of this annual report. Relationships with its key stakeholders are provided in the Directors' Report on pages 13 to 27 of this annual report. Compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Corporate Governance Report on pages 28 to 43 of this annual report.

In addition, a discussion on the Group's environmental policies will be provided in this Year's Environmental, Social and Governance Report (the "ESG Report"), which will be published separately.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued shares was held by the public as at the date of this annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company had been in compliance with the Corporate Governance Code contained in Appendix C1 to the Listing Rules during the Year.

MATERIAL LEGAL PROCEEDINGS

To the knowledge of the Directors, there was no material legal proceedings during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

As at 31 December 2025, there are no treasury shares held by the Company.

Neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities (including sale of treasury shares) during the Year.

COMPLIANCE WITH LAWS AND REGULATIONS

The business of the Group is mainly in China. The Group has compliance procedures in place to ensure adherence to applicable laws and regulations which pose significant relevance to the Group. To the best knowledge and belief of the Board, the Group has complied in material respects with the relevant laws and regulations of China in the Year.

AUDITOR

On 30 December 2024, PricewaterhouseCoopers ("PwC") resigned as the auditor of the Company and Grant Thornton Hong Kong Limited ("Grant Thornton") was appointed as the new auditor of the Company to fill the casual vacancy following the resignation of PwC and to hold office until the conclusion of the next annual general meeting of the Company. For details, please refer to the announcement of the Company dated 30 December 2024.

The consolidated financial statements of the Group for the Year have been audited by Grant Thornton. Save as disclosed above, there was no change in the auditor of the Company in the preceding three years.

On behalf of the Board

Xu Jin
Chairman
Hong Kong
31 March 2026

Corporate Governance Report

The Company is committed to upholding high standards of corporate governance which, it believes, is crucial to the development of the Company and safeguarding the interests of the shareholders of the Company. The Company has adopted sound governance and disclosure practices, and is committed to continuously improving these practices and inculcating an ethical corporate culture.

Upholding the core corporate culture of “honesty, solidarity and creativity”, the Company revised the Management System on Innovation, Governmental Award, and Awards for Reasonable Proposal in 2022. The Company encourages employees to be proactive in learning and innovating, closely follows up on national development policies, explores new processes, new methods, and improvements, and dares to propose reasonable suggestions for processes and services.

The Company adheres to all principles set out in the Corporate Governance Code. Through clear board leadership, robust risk management and internal control systems, an independent and effective oversight mechanism, as well as sustained communication with shareholders and stakeholders, the Company promotes long-term and sustainable value creation. This section sets out the Company’s key corporate governance practices, critical processes and performance indicators during the Year for shareholders to assess their application.

Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

1. to develop and review the policies and practices on corporate governance of the Group;
2. to review and monitor the training and continuous professional development of Directors and senior management;
3. to review and monitor the Group’s policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to Directors and employees; and
5. to review the Company’s compliance with the Corporate Governance Code and disclosure in the corporate governance report of the Company.

In the opinion of the Directors, the Company had been in compliance with the code provisions of the Corporate Governance Code as set out in Appendix C1 to the Listing Rules during the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code as set out in Appendix C3 to the Listing Rules as the code of conduct for securities transactions carried out by the Directors. The Company had made specific enquiry to all Directors and all Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. Under the leadership of the Chairman, the Board is also responsible for approving and overseeing the overall strategies and policies of the Company, approving the annual budget and business plans, assessing the Company's performance and supervising the work of the senior management.

The running of the day-to-day businesses of the Company is delegated by the Board to the management who is working under the leadership and supervision of the Board committees except that authority is reserved for the Board to approve interim and annual financial statements, dividend policy, annual budgets, business plan, and significant operational matters.

As at 31 December 2025, the Board comprised seven Directors, including four executive Directors, namely Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Xu Jin (Chairman and Co-CEO) and Mr. Qian Ting (Co-CEO); and three independent non-executive Directors, namely Mr. Huang Jingsheng, Mr. Xiong Ming Hua and Mr. Zhang Mingeng (details of their biographical information are set out in the section headed "Biographies of Directors and Members of Senior Management" of this annual report).

Regular Board meetings are held at least four times a year (at quarterly intervals) and any ad hoc meeting will be held when necessary. At least fourteen days' notice will be given to all the Directors prior to any regular Board meeting and any relevant materials to be presented to a Board meeting will be provided to Directors at least three days before such Board meeting. The Directors are appointed by shareholders of the Company through ordinary resolutions or appointed by the Board to fill any casual vacancy on the Board or for new addition to the Board. At each annual general meeting, one-third (or, if the number is not a multiple of three, the number nearest to but not less than one-third) of the Directors for the time being shall retire from office by rotation but are eligible for re-election and re-appointment.

Mr. Pan Shiyi, is the husband of Mrs. Pan Zhang Xin Marita who is an executive Director. Save as disclosed above, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Board is established in accordance with the provisions of Rules 3.10 and 3.10A of the Listing Rules. Of the three independent non-executive Directors appointed, at least one or more are equipped with financial expertise and the number of independent non-executive Directors represented at least one-third of the Board.

The Board's composition demonstrates a balance of core competence with regard to the business of the Company, so as to provide effective leadership and the required expertise to the Company.

Liability insurance for Directors and senior management officers was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

The Board has adopted a policy requiring all Directors to disclose to the Company upon their appointment the number and nature of positions held by them in public companies or institutions, as well as other material external time commitments, together with an indication of the identity of the relevant entities and the time required. Directors shall promptly notify the Company Secretary of any changes for the purpose of updating such disclosures.

CORPORATE GOVERNANCE REPORT

CHAIRMAN AND CO-CEO

The Chairman of the Board and the Co-CEO of the Company are currently two separate positions. The chairman of the Board is held by Ms. Xu Jin. The Co-CEOs of the Company are held by Ms. Xu Jin and Mr. Qian Ting. The chairman of the Board is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Company, to ensure adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure that issues raised at the Board meetings are explained appropriately. The Co-CEO of the Company is responsible for the day-to-day management of the business of the Company, implementation of the policies, business objectives and plans set by the Board, and is accountable to the Board for the overall operation of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors were appointed for a term of three years, subject to retirement by rotation at the AGM and being eligible, to offer themselves for re-election.

Pursuant to the guidelines provided in Rule 3.13 of the Listing Rules, the Company has received the confirmation of independence from each of the independent non-executive Directors, and thus the Board considers such Directors to be independent persons. The Board believes that the independent non-executive Directors are able to offer independent opinions on the Company's development strategy, risk management and management process, etc. so that the interests of the Company and all shareholders will be taken into consideration and duly safeguarded.

MECHANISMS FOR ENSURING INDEPENDENT VIEWS AND INPUT

During the Year, the following mechanisms are in place and remain effective in ensuring independent views and input are available to the Board:

- A sufficient number of three independent non-executive Directors (representing more than one-third of the Board) having extensive experience and in-depth knowledge continuing to provide independent views and input to the Board on the business affairs of the Company.
- The Nomination Committee assesses the independence of each independent non-executive Directors on an annual basis and the reappointment of any independent non-executive Director is subject to the approval at the annual general meeting by way of ordinary resolution.
- Policy and procedures are in place to avoid any potential conflict of interests. Any Director who has a material interest in any transaction relating to the Company shall abstain from voting on any Board resolution approving the same matter.
- Each Director is required to ensure that he/she can give sufficient time and attention to the affairs of the Company and contribute to the development of the Company's strategy and policies through independent, constructive and informed comments.
- The Board and its committees are entitled to seek independent professional advice on issues relevant to the Company from external professional consultants and advisors as deemed necessary.

BOARD MEETINGS AND SHAREHOLDERS' MEETINGS

The Company held four Board meetings and the 2025 AGM during the year. Directors' attendance records at Board meetings and the 2025 AGM are set out below:

Directors	Attendance/ No. of Board Meetings	2025 AGM
Executive Directors		
Pan Shiyi	4/4	0/1
Pan Zhang Xin Marita	4/4	0/1
Xu Jin	4/4	1/1
Qian Ting	4/4	1/1
Independent non-executive Directors		
Huang Jingsheng	4/4	0/1
Xiong Ming Hua	4/4	0/1
Zhang Mingeng	4/4	0/1

During the Board meetings, the senior management of the Company provided each Director with timely information regarding the business activities and developments of the Company and met with independent non-executive Directors to seek their views on the business development and operational matters of the Company.

PROVISION AND USE OF INFORMATION

- Minutes of all Board meetings and meetings of the Board committees are kept by designated secretaries, and will be available for inspection by any Director after giving reasonable notice.
- All Directors are entitled to receive advice and services from the Company Secretary to ensure due compliance with the terms of reference of the Board.
- Directors may have recourse to seek independent advice from professionals as appropriate and such fees incurred shall be borne by the Company.

AUDIT COMMITTEE

The Audit Committee currently comprises three independent non-executive Directors, namely Mr. Huang Jingsheng, Mr. Xiong Ming Hua and Mr. Zhang Mingeng. The Audit Committee is chaired by Mr. Huang Jingsheng, who has the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Audit Committee is authorized by the Board to review the relevant financial reports and to give recommendations and advices. Its duties include:

1. Relationship with the Company's auditors

The duty to make recommendations to the Board on the appointment, re-appointment or removal of external auditors; to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process; to develop and implement policies on the engagement of the external auditors for providing non-audit services; to meet with the external auditors and discuss matters relating to the audit, if necessary, in the absence of the senior management of the Company.

2. Review of financial information of the Company

The duty to monitor the integrity of financial statements of the Company as set out in the Company's annual reports and accounts and half-yearly reports, and to review any significant views of financial reporting contained in them.

3. Monitor the Company's financial reporting system, risk management and internal control systems

Each of the Company's operational departments has established internal audit and supervisory functions for its operating procedures. The Audit Committee will also review the financial reporting system, risk management and internal control systems, discuss the risk management and internal control systems with the senior management to ensure the senior management has performed its duties in establishing and maintaining effective systems, including adequacy of resources, staff qualifications and experience, as well as training programs and budgets of accounting and financial reporting functions.

Details of the authorities and duties of the Audit Committee are set out in its terms of reference which can be downloaded from the websites of the Company and the Stock Exchange.

In 2025, two meetings were held by the Audit Committee and below is the attendance of each of the committee members:

Committee Members	Attendance/No. of Meetings
Huang Jingsheng (<i>Chairman</i>)	2/2
Xiong Ming Hua	2/2
Zhang Mingeng	2/2

The Audit Committee had reviewed the internal audit plan report submitted by the internal audit department and the risk management and internal control systems, and recommended the Board on risk management and internal control matters. The Audit Committee had also reviewed the adequacy of resources, the interim results for the six months ended 30 June 2025 and the audited consolidated annual results of the Company for the year ended 31 December 2025 and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure, and also reviewed the proposed change of the auditor of the Company.

CORPORATE GOVERNANCE REPORT

The Audit Committee had reviewed the auditors' fee for the year 2025, and recommended the Board to appoint or re-appoint the auditors of the Company for the year 2026, which is subject to the approval of shareholders of the Company at the forthcoming AGM.

In order to ensure the independence and objectivity of the auditing work, the Company strictly manages the selection and appointment of external auditors as well as the term of appointment, and the term of appointment of the external auditor of SOHO China's current external auditor for the financial years 2024 and 2025. The Company will continue to follow relevant regulations and best practices to ensure the independence and objectivity of its audit work.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") currently comprises one executive Director and three independent non-executive Directors, namely Mr. Pan Shiyi, Mr. Huang Jingsheng, Mr. Xiong Ming Hua, and Mr. Zhang Mingeng. The Remuneration Committee is chaired by Mr. Huang Jingsheng. The Remuneration Committee is mainly responsible for determining remuneration packages of individual executive Directors and senior management of the Company, and making recommendations for the remuneration arrangements of non-executive Directors to the Board. Details of the authorities and duties of the Remuneration Committee are set out in its terms of reference which can be downloaded from the websites of the Company and the Stock Exchange.

During the Year, one meeting was held by the Remuneration Committee and below is the attendance of each of the committee members:

Committee Members	Attendance/No. of Meeting
Huang Jingsheng (<i>Chairman</i>)	1/1
Pan Shiyi	1/1
Xiong Ming Hua	1/1
Zhang Mingeng	1/1

A complete record of the minutes of the Remuneration Committee meetings is kept by the Company Secretary. The Remuneration Committee had reviewed the Company's remuneration policies, the terms of the service contracts and the performance of all executive Directors and the senior management. In the opinion of the Remuneration Committee, the remuneration payable to all executive Directors and the senior management is in accordance with the terms of the service contracts, such remuneration is fair and reasonable, and does not create any additional burden for the Company.

Remuneration details of each Director for the year of 2025 are set out in the section headed "Directors' Remuneration" of the Directors' Report and Note 32 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

NOMINATION COMMITTEE

The nomination committee of the Company (the “Nomination Committee”) currently comprises two executive Directors and three independent non-executive Directors, namely Mr. Pan Shiyi, Ms. Xu Jin, Mr. Huang Jingsheng, Mr. Xiong Ming Hua and Mr. Zhang Mingeng. The committee is chaired by Mr. Huang Jingsheng. Details of the authorities and duties of the Nomination Committee are set out in its terms of reference which can be downloaded from the websites of the Company and the Stock Exchange. Its roles are highlighted as follows:

- (1) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a Board skills matrix and make recommendations to the Board on any proposed changes to the Board to complement the Company’s corporate strategy;
- (2) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for Directorships;
- (3) to assess the independence of the independent non-executive Directors;
- (4) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman and chief executive of the Company;
- (5) to review and assess regularly the time commitment and contribution to the Board by each Director as well as the Director’s ability to discharge his or her responsibilities;
- (6) to support the Company’s regular evaluation of the performance of the Board;
- (7) to review the Nomination Policy and Board Diversity Policy of the Company periodically and make recommendation on any proposed revisions to the Board;
- (8) to conform to any requirement, direction and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or applicable law; and
- (9) to ensure the chairman of the Nomination Committee, or in the absence of the chairman, another member of the Nomination Committee or failing this his duly appointed delegate, to be available to answer questions at the AGM of the Company.

CORPORATE GOVERNANCE REPORT

During the Year, one meeting was held by the Nomination Committee and below is the attendance of each of the committee members:

Committee Members	Attendance/No. of Meeting
Huang Jingsheng (<i>Chairman</i>)	1/1
Pan Shiyi	1/1
Xu Jin	0/0
Xiong Ming Hua	1/1
Zhang Mingeng	0/0

During the Year, the Nomination Committee had reviewed and discussed the number of employees and the Board structure and composition of the Company.

PROCEDURES FOR NOMINATION OF DIRECTORS

1. When there is a vacancy in the Board, the Board evaluates the balance of skills, knowledge and experience of the Board, and identifies any special requirements for the vacancy (e.g. independence status in the case of an independent non-executive Director).
2. Prepare a description of the role and capabilities required for the particular vacancy.
3. Identify a list of candidates through personal contacts/recommendations by Board members, senior management, business partners or investors.
4. Arrange interview(s) with each candidate for the Board to evaluate whether he/she meets the required written criteria for nomination of Directors. One or more members of the Board will attend the interview.
5. Conduct verification on information provided by the candidate.
6. Convene a Nomination Committee meeting to discuss and assess the suitability of the candidate and where appropriate, make recommendations to the Board.
7. Convene a Board meeting to discuss and vote on which candidate to nominate or appoint to the Board.

CORPORATE GOVERNANCE REPORT

CRITERIA FOR NOMINATION OF DIRECTORS

1. Common criteria for all Directors

- (a) Character and integrity.
- (b) Willingness to assume board fiduciary responsibilities.
- (c) Satisfying the present needs of the Board for particular experience or expertise.
- (d) Relevant experience, including experience at the strategy/policy setting level, high level managerial experience in a complex organization, industry experience and familiarity with the products/services and processes used by the Company.
- (e) Significant business or public experience relevant and beneficial to the Board and the Company.
- (f) Breadth of knowledge about issues affecting the Company.
- (g) Ability to objectively analyse complex business problems and exercise sound business judgement.
- (h) Ability and willingness to contribute special competencies to Board activities.
- (i) Fit into the Company's culture.

2. Criteria applicable to non-executive Directors/independent non-executive Directors

- (a) Willingness and ability to make sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a Director, including attendance at and active participation in Board and Board committee meetings.
- (b) Accomplishments of the candidate in his/her field.
- (c) Outstanding professional and personal reputation.
- (d) For an independent non-executive Director, the candidate's ability to meet the independence criteria under the Listing Rules.

BOARD DIVERSITY POLICY

The Company adopted its board diversity policy (the "Board Diversity Policy") on 20 August 2013. The Board Diversity Policy sets out the approach to achieve diversity on the Board, details of which are set out below.

Policy Statement

The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factors.

The Company continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of having a diverse Board. The Company believes that a diversity of perspectives can be achieved through taking into account a range of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company sees promoting diversity of perspectives at the Board level as an essential element in supporting the achievement of its business and strategic objectives and maintaining its sustainable development.

As at 31 December 2025, the Board has two female Directors out of the total seven Directors. The Nomination Committee and the Board consider that the current composition has achieved the targets set under the Board Diversity Policy. The Company will continue to uphold the principle of gender diversity when recruiting mid to senior level employees, so as to recommend female senior management and potential successors to the Board in due course, thereby ensuring the Board's gender diversity.

In striving to maintain gender diversity, similar considerations are used when selecting and recruiting key management and other personnel. As at 31 December 2025, the Group maintained a 28%:72% ratio of female to male in the workplace (including senior management). The Company considers the current level of gender diversity to be satisfactory. To maintain gender diversity at the employee level, the Company has implemented the following measures: balanced shortlisting and unbiased recruitment training, equal pay and remuneration gap reviews, as well as proper grievance handling and anti-harassment mechanisms. The effectiveness of these initiatives will be reviewed and updated annually.

Measurable Objectives

The Nomination Committee has primary responsibility for identifying qualified candidates to become members of the Board and, in carrying out this responsibility, will give adequate consideration to this Board Diversity Policy. Board appointments will continue to be made on the basis of merit and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE COMMITTEE (THE "ESG COMMITTEE")

On 16 November 2021, the Company established the ESG Committee. The ESG Committee comprises three members, including two executive Directors, namely Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita, and one independent non-executive Director, namely Mr. Huang Jingsheng (Chairman).

The ESG Committee is mainly responsible for reporting to the Board matters relating to the Group's ESG practices, as well as monitoring the formulation and implementation of the Company's vision, strategies, goals and policies regarding ESG issues.

CORPORATE GOVERNANCE REPORT

During the Year, one meeting was held by the ESG Committee and below is the attendance of each of the committee members:

Committee Members	Attendance/No. of Meeting
Huang Jingsheng (<i>Chairman</i>)	1/1
Pan Shiyi	1/1
Pan Zhang Xin Marita	1/1

During the Year, the ESG Committee performed the following major tasks: further enhancing governance structure, exceeding annual carbon reduction targets, continuously improving customer services, promoting responsible supply, emphasizing employee care, and continuously fulfilling corporate social responsibilities, etc.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

All Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2025 and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

Grant Thornton draw attention to Note 2.1(a) to the consolidated financial statements which indicates that as at 31 December 2025, the Group's current liabilities exceeded its current assets by RMB7,620.9 million. At the same date, the Group's total bank and other borrowings amounted to RMB15,003.8 million. As stated in Note 2.1(a), these conditions, along with other matters as set forth in Note 2.1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RISK MANAGEMENT AND INTERNAL CONTROL

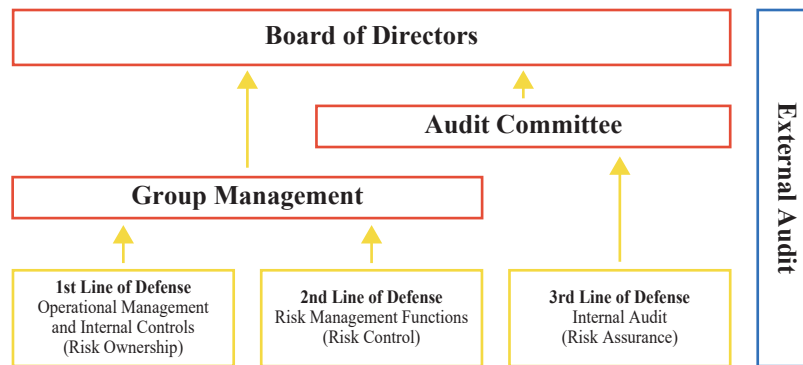
The Board acknowledges its responsibility for overseeing the risk management and internal control systems of the Group and reviewing their effectiveness at least annually through the Audit Committee. The Audit Committee assists the Board in fulfilling its oversight and corporate governance roles in the Group's financial, operational, compliance, risk management and internal controls, and the resourcing of the finance and internal audit functions.

The Group has established an organizational structure with defined levels of responsibility and reporting procedures. The Risk Management and Compliance department and the Group Internal Audit assist the Board and/or the Audit Committee in the review of the effectiveness of the Group's risk management and internal control systems on an ongoing basis. The Directors through the Audit Committee are kept regularly apprised of significant risks that may impact on the Group's performance.

CORPORATE GOVERNANCE REPORT

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with the relevant accounting standards and regulatory reporting requirements, and key risks that may impact on the Group's performance are appropriately identified and managed. Nevertheless, the risk management and internal control systems can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than to eliminate the risk of failure to achieve business objectives.

The Group's risk management framework is guided by the "Three Lines of Defense" model as shown below:



The Risk Management and Compliance department, which co-ordinates enterprise risk management activities and reviews significant aspects of risk management for the Group, reports to the Audit Committee at each regularly scheduled meeting including, amongst other things, significant risks of the Group and the appropriate mitigation and/or transfer of identified risks. The operating units of the Group, as risk owners, identify, evaluate, mitigate and monitor their own risks, and report such risk management activities to the Risk Management and Compliance department on a half-yearly basis.

The Group Internal Audit reports to the Audit Committee at each regularly scheduled meeting throughout the year the results of their activities during the preceding period pertaining to the adequacy and effectiveness of internal controls, including but not limited to, any indications of failings or material weaknesses in those controls.

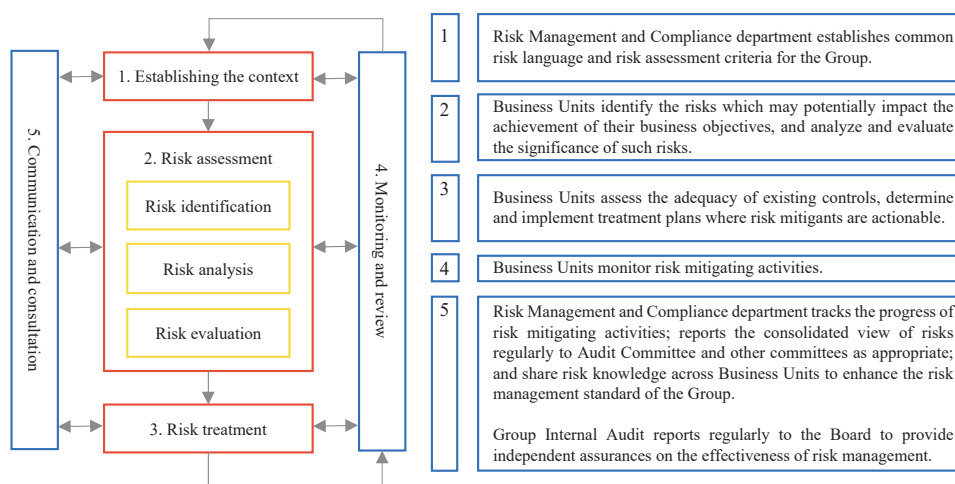
The Group Internal Audit adopts a risk-and-control-based audit approach. The annual work plan of the Group Internal Audit covers major activities and processes of the Group's operations, businesses and service units. Special reviews are also performed at the management's request. The results of these audit activities are communicated to the Audit Committee. Audit issues are tracked, followed up for proper implementation, and their progresses are reported to the Audit Committee periodically.

CORPORATE GOVERNANCE REPORT

The Group Internal Audit provides independent assurance to the Board, the Audit Committee and the executive management of the Group on the adequacy and effectiveness of risk management and internal control systems for the Group. The Head of Group Internal Audit reports directly to the chairman of the Audit Committee, the chief executive officer and the chief financial officer of the Group.

The senior management of the Group, supported by the Risk Management and Compliance department and the Group Internal Audit, is responsible for the design, implementation and monitoring of the Group's risk management and internal control systems, and for providing regular reports to the Board and/or the Audit Committee on the effectiveness of these systems.

The Group adopts the principles of ISO 31000:2009 Risk Management – Principles and Guidelines as its approach to manage its business and operational risks. The following diagram illustrates the key processes used to identify, evaluate and manage the Group's significant risks:



The Group has adopted policies and procedures for assessing and, where prudent, improving the effectiveness of its risk management and internal control systems, including requiring the executive management of the Group to regularly assess and at least annually to personally certify that such matters are appropriate and functioning effectively in the belief that this will enhance the corporate governance of the Group and its business practices in the future.

The Group has embedded its risk management and internal control systems into the core operating practices of the business. On an ongoing basis, the respective operating units of the Company will review and assess the status of potential risks which may impact on their ability to achieve their business objectives and/or those of the Company. This review process includes assessment as to whether the existing risk management and internal control systems continue to remain relevant, adequately address potential risks, and/or should be supplemented. The results of these reviews are recorded in the operating units' risk registers for monitoring and incorporated into the Group's consolidated risk register for analysis of potential strategic implications and for regular reporting to the senior management and Directors of the Company.

CORPORATE GOVERNANCE REPORT

The Audit Committee has established and oversees a whistleblower policy and a set of comprehensive procedures whereby employees, customers, suppliers and other concerned parties can report any actual or suspected occurrence of improper conduct involving the Company, and for such matters to be investigated and dealt with efficiently in an appropriate and transparent manner. The Chairman of the Audit Committee has designated the Head of Group Internal Audit to receive on his behalf any such reports, to oversee the conduct of subsequent investigations, and to provide information (including recommendations) arising from any investigations to them for consideration by the Audit Committee.

The Group regulates the handling and dissemination of inside information as set out in the Corporate Responsibility Policy and various subsidiary procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

During the Year, the Risk Management and Compliance department has worked closely with the operating units, senior management and the Directors to enhance the Group's risk management and internal control systems. Such activities included, amongst other matters, increasing the number of training sessions and risk workshops; further standardization of risk reporting language, classification, and quantification; more closely aligning the assessment of internal controls with their potential risks; and increasing the depth and frequency of interaction with the designated Directors on the Group's risk management and internal control systems' design, operation, and findings. The Risk Management and Compliance department has presented update reports to the Board and the Audit Committee on the monitoring of the risk management and assisted the Directors in the review of the effectiveness of the risk management and internal control systems of the Group during the Year.

During the Year, the Group Internal Audit conducted selective reviews of the effectiveness of the risk management and internal control systems of the Group over financial, operational and compliance controls with emphasis on information technology and security, data privacy and protection, business continuity management and procurement. Additionally, the heads of major business and corporate functions of the Group were required to undertake control and self-assessments of their key controls. These results were assessed by the Group Internal Audit and reported to the Audit Committee, which then reviewed and reported the same to the Board. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the financial position or results or operations of the Group and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions.

In addition to the review of the risk management and internal control systems undertaken within the Group, the external auditors also assessed the adequacy and effectiveness of certain key risk management and internal controls as part of their statutory audits. Where appropriate, the external auditors' recommendations are adopted and enhancements to the risk management and internal controls will be made.

CORPORATE GOVERNANCE REPORT

AUDITORS' REMUNERATION

For the year ended 31 December 2025, remunerations paid and payable by the Group to its auditors for the provision of statutory audit services and non-auditing services amounted to RMB2.55 million including audit service fee of RMB1.65 million and non-audit service fee of RMB0.9 million. The non-auditing services mainly represented review of interim financial information.

EFFECTIVE COMMUNICATION WITH THE INVESTMENT COMMUNITY

The Company attaches great importance to effective and close communications with investors. The investor relations team of the Company seeks to provide the most efficient and effective channel for our shareholders, holders of convertible bonds and the investment community to gain information about the Company. In addition to the regular interim and annual results announcements and reports and daily communications through emails and phone calls, the investor relations team also participates in global investment conferences.

The Company has in place shareholders' communication policy (the "Shareholders' Communication Policy"). The policy aims at promoting effective communication with the shareholders and other stakeholders of the Company, encouraging shareholders of the Company to engage actively with the Company and enabling shareholders of the Company to exercise their rights as shareholders effectively.

During the year ended 31 December 2025, the Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy. Having considered the multiple channels of communication and engagement in place, it is satisfied that the Shareholders' Communication Policy has been implemented effectively during the Year.

COMPANY SECRETARY

The Company engaged Ms. Leung Shui Bing, a manager of the Listing Services Department of TMF Hong Kong Limited, as the Company Secretary during the Year. Her primary corporate contact person is Mr. Zhu Enlei. In compliance with Rule 3.29 of the Listing Rules, Ms. Leung, has undertaken no less than 15 hours of relevant professional training during the Year.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting and putting forward proposals

Under the Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid up capital of the Company which carries the right of voting at general meeting can require an extraordinary general meeting (the "EGM") to be called by the Board for the transaction of any business specified in such requisition. The procedures for shareholders to convene and put forward proposals at an EGM are stated as follows:

- (1) The requisitionist(s) should sign a written request stating the objects of the meeting to be convened, and deposit the same at the principal place of business of the Company in Hong Kong situated at 31/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong for the attention of the Company Secretary.

CORPORATE GOVERNANCE REPORT

- (2) Where, within 21 days from the date of deposit of the requisition, the Directors do not proceed to convene the EGM, the requisitionist(s) himself (themselves) may convene the general meeting in the same manner, as that in which meetings may be convened by the Board, 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.

Enquiries to the Board

Shareholders of the Company who intend to put forward their enquiries about the Company to the Board may email their enquiries to ir@sohochina.com.

Amendments to the Company's memorandum and Articles of Association

There was no significant change in the Company's constitutional documents during the Year.

TRAINING FOR DIRECTORS

The Company provides a comprehensive, formal and tailored induction to each newly appointed Director on his or her first appointment in order to enable him or her to have an understanding of the business and operations of the Company and be fully aware of his or her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

During the Year, all the Directors, namely Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Xu Jin, Mr. Qian Ting, Mr. Huang Jingsheng, Mr. Xiong Ming Hua and Mr. Zhang Mingeng, were provided with regular updates on the Group's business, operations, and financial matters, as well as regulatory updates on applicable legal and regulatory requirements. In addition, all Directors also participated in other courses relating to the roles, functions and duties of a listed company director or further enhancements of their professional development by way of attending training courses or via on-line aids or reading relevant materials.

The Company recognises that appropriate continuous professional development for Directors facilitates the enhancement and renewal of their knowledge and skills, which is essential to ensuring that they contribute to the Board in a well-informed and relevant manner. All Directors have received comprehensive training on the roles and responsibilities of directors of a Hong Kong listed company, as well as on Hong Kong corporate governance practices and the Listing Rules. The Company encourages all Directors to participate in continuous professional training to enhance and update their knowledge and skills, so as to ensure they contribute to the Board on a well-informed and appropriate basis.

Corporate Information

Executive Directors	Pan Shiyi Pan Zhang Xin Marita Xu Jin (<i>Chairman and Co-CEO</i>) Qian Ting (<i>Co-CEO</i>)
Independent Non-executive Directors	Huang Jingsheng Xiong Ming Hua Zhang Mingeng
Company Secretary	Leung Shui Bing
Members of the Audit Committee	Huang Jingsheng (<i>Chairman</i>) Xiong Ming Hua Zhang Mingeng
Members of the Remuneration Committee	Huang Jingsheng (<i>Chairman</i>) Pan Shiyi Xiong Ming Hua Zhang Mingeng
Members of the Nomination Committee	Huang Jingsheng (<i>Chairman</i>) Pan Shiyi Xu Jin Xiong Ming Hua Zhang Mingeng
Members of the ESG Committee	Huang Jingsheng (<i>Chairman</i>) Pan Shiyi Pan Zhang Xin Marita
Authorized Representatives	Pan Zhang Xin Marita Leung Shui Bing
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Corporate Headquarters	11/F, Tower A Chaowai SOHO 6B Chaowai Street Chaoyang District Beijing 100020 China

CORPORATE INFORMATION

Principal Place of Business in Hong Kong	31/F Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong
Principal Share Registrar and Transfer Office in the Cayman Islands	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
Branch Share Registrar and Transfer Office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712-1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Hong Kong Legal Advisors	Stephenson Harwood 43/F, One Taikoo Place 979 King's Road, Quarry Bay Hong Kong
Auditor	Grant Thornton Hong Kong Limited Certified Public Accountants Registered Public Interest Entity Auditor 11th Floor, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Principal Bankers	Agricultural Bank of China Bank of China Bank of Communications China Everbright Bank China Merchants Bank Industrial and Commercial Bank of China Standard Chartered Bank (Hong Kong) The Hong Kong and Shanghai Banking Corporation
Website address	www.sohochina.com
Stock Code	410

Independent Auditor's Report



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

Opinion

We have audited the consolidated financial statements of SOHO China Limited (the “Company”) and its subsidiaries (together, the “Group”) set out on pages 51 to 132, which comprise the consolidated statement of financial position as at 31 December 2025, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

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

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1(a) to the consolidated financial statements which indicates that as at 31 December 2025, the Group’s current liabilities exceeded its current assets by approximately RMB7,620.9 million. At the same date, the Group’s total bank and other borrowings amounted to RMB15,003.8 million. As stated in Note 2.1(a), these conditions, along with other matters as set forth in Note 2.1(a), indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the “Material Uncertainty Related to Going Concern” section, we have determined the matter described below to be the key audit matter to be communicated in the report.

INDEPENDENT AUDITOR'S REPORT

Key audit matter

How our audit addressed the Key Audit matter

Valuation of investment properties

Refer to Notes 2.1(e), 4(b) and 13 to the consolidated financial statements.

The Group's investment properties were measured at fair value and carried at approximately RMB62,881.2 million as at 31 December 2025, representing approximately 92.9% of total assets of the Group with a revaluation loss of approximately RMB185.9 million for the year then ended. The fair value of investment properties was determined by the Group based on the valuations performed by an independent professional valuer (the "Valuer") engaged by the Group.

The Group's investment properties as at 31 December 2025 are all completed investment properties in Mainland China.

The valuation of investment properties was derived from the result of market approach and discounted cash flow method. For market approach, the relevant key assumptions was estimated price per square meter, with reference to recent transactions of comparable properties and adjusted for differences in key attributes including but not limited to location and property size. For discounted cash flow method, the relevant key assumption included discount rates and rental per square meter.

We focus on this area due to the significant quantum of investment properties to the consolidated financial statements, and also the estimation of fair value of investment properties is subject to certain extent of estimation uncertainty, complexity and subjectivity. The inherent risk in relation to the valuation of investment properties is considered significant due to the significant judgments and estimates involved in applying relevant key assumptions in determining the fair value.

We performed the following procedures to address the key audit matter:

- We obtained an understanding of the management's internal controls and assessment process for determining the fair value of investment properties, and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors.
- We assessed the competence, capabilities and objectivity of the Valuer.
- We obtained and read the valuation reports for all investment properties and held discussions with the Valuer to understand the valuation approach or method and key estimates and assumptions as adopted in the valuation.
- We checked the property specific information such as location, rental value and etc used by the Valuer against the related operation records as maintained by the Group.

INDEPENDENT AUDITOR'S REPORT

Other information

The directors are responsible for the other information. The other information comprises all the information in the 2025 annual report of the Company, but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of Directors for the Consolidated Financial Statements

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

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

The directors assisted by the Audit Committee are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion 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.

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

INDEPENDENT AUDITOR'S REPORT

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

Grant Thornton Hong Kong Limited

Certified Public Accountants

11th Floor, Lee Garden Two

28 Yun Ping Road

Causeway Bay

Hong Kong SAR

31 March 2026

Han Pui Yu

Practising Certificate No.: P07101

Consolidated Income Statement

	Notes	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Revenue	5	1,372,220	1,540,432
Cost of sales	6	(249,849)	(260,037)
Gross profit		1,122,371	1,280,395
Fair value changes on investment properties		(185,939)	(133,877)
Other income and gains, net	8	388,860	471,606
Selling expenses	6	(42,547)	(32,388)
Administrative expenses	6	(95,073)	(95,667)
Other operating expenses and losses	6	(632,340)	(710,928)
Operating profit	6	555,332	779,141
Finance income	9	2,387	4,802
Finance expenses	9	(653,352)	(721,631)
(Loss)/Profit before income tax		(95,633)	62,312
Income tax expense	10	(191,508)	(179,996)
Loss for the year		(287,141)	(117,684)
(Loss)/Profit attributable to:			
-Owners of the Company		(290,782)	(113,441)
-Non-controlling interests		3,641	(4,243)
Loss for the year		(287,141)	(117,684)
Loss per share (RMB per share)			
Basic loss per share	11	(0.06)	(0.02)
Diluted loss per share	11	(0.06)	(0.02)

The above consolidated income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Loss for the year	(287,141)	(117,684)
Other comprehensive income/(expense): <i>Items that may be reclassified to profit or loss</i>		
Exchange difference on translation of financial statements of foreign operations	22,609	(9,268)
Other comprehensive income/(expense) for the year, net of tax	22,609	(9,268)
Total comprehensive expense for the year	(264,532)	(126,952)
Total comprehensive (expense)/income for the year attributable to:		
- Owners of the Company	(267,600)	(123,089)
- Non-controlling interests	3,068	(3,863)
	(264,532)	(126,952)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Investment properties	13	62,881,200	63,079,400
Property and equipment	14	869,668	904,385
Deferred tax assets	17	635,573	810,867
Trade and other receivables	21	68,743	68,743
Investment in other financial assets	18	270,798	284,967
Total non-current assets		64,725,982	65,148,362
Current assets			
Completed properties held for sale	19	1,596,122	1,605,127
Investment in other financial assets	18	224,632	140,864
Prepayments	20	82,090	101,645
Trade and other receivables	21	513,417	520,047
Restricted bank deposits	22	24,778	25,808
Cash and cash equivalents	23	516,236	589,623
Total current assets		2,957,275	2,983,114
Total assets		67,683,257	68,131,476
EQUITY			
Equity attributable to owners of the Company			
Share capital	27	106,112	106,112
Other reserves	27	35,770,070	36,037,670
		35,876,182	36,143,782
Non-controlling interests		927,358	924,290
Total equity		36,803,540	37,068,072

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December	
		2025 RMB'000	2024 RMB'000
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	24	9,986,329	9,823,169
Long-term deposits		300,758	297,826
Deferred tax liabilities	17	10,014,465	10,004,805
Total non-current liabilities		20,301,552	20,125,800
Current liabilities			
Bank and other borrowings	24	5,017,521	5,732,567
Receipts in advance	25	577,044	538,050
Trade and other payables	26	3,370,305	3,011,512
Current income tax liabilities		1,613,295	1,655,475
Total current liabilities		10,578,165	10,937,604
Total liabilities		30,879,717	31,063,404
Total equity and liabilities		67,683,257	68,131,476

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 51 to 132 were approved by the Board of Directors on 31 March 2026 and were signed on its behalf.

Xu Jin
Director

Qian Ting
Director

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Other reserve	Retained earnings	Total		
	RMB'000 <i>Note 27</i>	RMB'000 <i>Note 27(a)</i>	RMB'000 <i>Note 27(a)</i>	RMB'000 <i>Note 27(a)</i>	RMB'000	RMB'000		
Balance at 1 January 2025	106,112	1,596	(1,644,115)	1,010,490	36,669,699	36,143,782	924,290	37,068,072
(Loss)/Profit for the year	-	-	-	-	(290,782)	(290,782)	3,641	(287,141)
Other comprehensive income/(expense)	-	-	23,182	-	-	23,182	(573)	22,609
Total comprehensive income/(expense) for the year	-	-	23,182	-	(290,782)	(267,600)	3,068	(264,532)
Balance at 31 December 2025	106,112	1,596	(1,620,933)	1,010,490	36,378,917	35,876,182	927,358	36,803,540

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Exchange reserve	Other reserve	Retained earnings	Total		
	RMB'000 <i>Note 27</i>	RMB'000 <i>Note 27(a)</i>	RMB'000 <i>Note 27(a)</i>	RMB'000 <i>Note 27(a)</i>	RMB'000	RMB'000		
Balance at 1 January 2024	106,112	1,596	(1,634,467)	1,010,490	36,783,140	36,266,871	928,153	37,195,024
Loss for the year	-	-	-	-	(113,441)	(113,441)	(4,243)	(117,684)
Other comprehensive (expense)/income	-	-	(9,648)	-	-	(9,648)	380	(9,268)
Total comprehensive expense for the year	-	-	(9,648)	-	(113,441)	(123,089)	(3,863)	(126,952)
Balance at 31 December 2024	106,112	1,596	(1,644,115)	1,010,490	36,669,699	36,143,782	924,290	37,068,072

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

	Note	Year ended 31 December	
		2025 RMB'000	2024 RMB'000
Cash flows from operating activities			
Proceeds from rendering of services		1,944,199	2,033,086
Proceeds from sales of properties		9,052	4,733
Interest received		2,387	4,490
Cash received relating to other operating activities		64,644	116,461
Cash paid for properties or services		(173,073)	(180,639)
Cash paid to and on behalf of employees		(165,292)	(186,126)
Payments of taxes and surcharges		(300,970)	(339,182)
Income tax paid		(48,733)	(141,952)
Interest paid		(640,982)	(769,084)
Cash paid relating to other operating activities		(105,387)	(235,125)
Net cash inflow from operating activities	29(a)	585,845	306,662
Cash flows from investing activities			
Payment for development costs and purchase of investment properties		(36,645)	(80,400)
Payment for investment in other financial assets		(83,768)	(163,997)
Purchase of property and equipment		(1,545)	(8,137)
Investment income from investments in other financial assets		12,038	6,082
Proceeds from disposals of investment properties		12,261	92,181
Proceeds from disposals of property and equipment		(538)	70
Net cash outflow from investing activities		(98,197)	(154,201)
Cash flows from financing activities			
Proceeds from bank and other borrowings		600,000	-
Repayment of bank and other borrowings		(1,166,553)	(340,973)
Net cash outflow from financing activities		(566,553)	(340,973)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December	
	2025 RMB'000	2024 RMB'000
Net decrease in cash and cash equivalents	(78,905)	(188,512)
Cash and cash equivalents at the beginning of the year	589,623	769,461
Effects of foreign exchange rate changes on cash and cash equivalents	5,518	8,674
Cash and cash equivalents at the end of the year	516,236	589,623

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

SOHO China Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the provision of property leasing and related services, and real estate development in the People’s Republic of China (the “PRC” or “China”).

The Company is a limited liability company incorporated in the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company has had its primary listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 8 October 2007.

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. The consolidated financial statements were approved for issue by the board (the “Board”) of directors of the Company (the “Director(s)”) on 31 March 2026.

2. SUMMARY OF ACCOUNTING POLICIES

The accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Summary of material accounting policies

(a) Basis of preparation

(i) *Compliance with HKFRS Accounting Standards and Hong Kong Companies Ordinance*

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) which collective term includes all applicable individual HKFRS accounting standards, Hong Kong Accounting Standards and Interpretations and the accounting principles generally accepted in Hong Kong.

The consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and include the applicable disclosure requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *Going concern*

As at 31 December 2025, the Group's current liabilities exceeded its current assets by approximately RMB7,620.9 million (2024: RMB7,954.4 million). Total bank and other borrowings amounted to RMB15,003.8 million (2024: RMB15,555.7 million), comprising a current portion of RMB5,017.5 million (2024: RMB5,732.6 million) and a non-current portion of RMB9,986.3 million (2024: RMB9,823.1 million) as disclosed in Note 24. The Group's cash and cash equivalents of approximately RMB516.2 million (2024: RMB589.6 million). The Group's borrowings of RMB14,893.3 million (2024: RMB15,207.9 million) are secured by investment properties with an aggregate carrying value of approximately RMB53,747.7 million (2024: RMB53,859.5 million) as at 31 December 2025.

A subsidiary of the Company, Beijing Wangjing SOHO Real Estate Co., Ltd. ("Beijing Wangjing") received a demand from the local tax authority for the payment of Land Appreciation Tax ("LAT") amounting to approximately RMB1,733.3 million. This liability relates to two towers of the Wangjing SOHO project and was due by 1 September 2022. Beijing Wangjing did not settle the LAT by the specified deadline, resulting in daily surcharges of 0.05% on the outstanding balance. As at 31 December 2025, approximately RMB180.6 million (2024: RMB155.6 million) of the LAT has been paid. As at 31 December 2025, the LAT balance and accrued surcharges totalling approximately RMB2,565.9 million (2024: RMB2,305.2 million) remained outstanding.

The late payment of LAT might trigger cross-defaults of certain bank borrowings of the Group amounting to RMB4,022.0 million (2024: RMB4,144.0 million) as at 31 December 2025 (the "Cross-Defaulted Borrowings"). The Cross-Defaulted Borrowings with a total principal amount of RMB4,022.0 million (2024: RMB4,144.0 million) and interest of RMB14.9 million (2024: RMB13.9 million), including those with original contractual repayment dates beyond 31 December 2025, were reclassified as current liabilities as at 31 December 2025 as they are due upon demand if requested by the respective lenders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *Going concern (continued)*

The above conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. In view of such circumstances, management of the Company has given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been or will be taken by management to mitigate the Group's liquidity pressure and to improve its cashflows which including, but are not limited to, the following:

- (a) The Group has been in continuous communications with the local tax authority for a feasible settlement plan on the outstanding LAT and associated surcharges. The Group continued to dispose of certain of its commercial properties to settle a portion of the outstanding LAT payable. With the support and coordination of relevant government bodies and tax authorities, from 1 September 2022 to the date of approval of the consolidated financial statements, the Group has completed the sale of certain commercial properties, and settled LAT amounting to approximately RMB180.6 million (2024: RMB155.6 million) by 31 December 2025.

The Group continues to communicate with the local tax authority and takes measures to dispose of further commercial properties in order to settle the outstanding LAT to mitigate any further potential negative impact due to late payment;

- (b) The Group has been in proactive and continuous communication and will continue to negotiate with relevant lenders, including those associated with the Cross-Defaulted Borrowings, not to take any actions to demand the immediate repayment of the whole borrowings and to revise the repayment terms.

Based on latest communications between management and the lenders of the Cross-Defaulted Borrowings, there is no indication that these lenders have any current intention to take action or demand immediate payment from the Group. During the year ended 31 December 2025, the Group successfully entered into supplemental agreements with lenders to revise the contractual terms and repayment schedules for principal borrowings totalling approximately RMB5,180.0 million (2024: RMB1,880.0 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *Going concern (continued)*

- (b) Subsequent to 31 December 2025 and up to the date of approval of the consolidated financial statements, the Group has entered into supplemental agreements with lenders, (one of the lenders of Cross-Defaulted Borrowings) to revise the contractual terms and repayment schedules for borrowings with total principal amounts of RMB1,680.0 million (2024: supplemental agreements were reached with other lenders of Cross-Defaulted Borrowings totalling RMB4,580.0 million); and
- (c) the Group will continue to take proactive measures to improve operating cash flow by controlling administrative costs and containing capital expenditure.

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

Notwithstanding the above, material uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the following:

- (a) whether the local tax authority will demand immediate payment of the outstanding LAT and related surcharges before the Group is able to secure sufficient funding to do so; as well as it will take any further actions against the Group including detention, seizure and sale of the Group's properties or imposing penalties;
- (b) whether the lenders of the bank and other borrowings, including those of the Cross-Defaulted Borrowings, will call for repayment ahead of the stipulated repayment dates as a result of any developments of the LAT or other matters;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(ii) *Going concern (continued)*

- (c) Whether the Group will be able to successfully and timely reach agreements with the lenders of the bank and other borrowings to restructure its borrowings, or to obtain new financing; and
- (d) the Group's ability to generate operating cash flows to meet the Group's ongoing funding needs as well as successfully controlling administrative costs and capital expenditure.

Should the Group be unable to achieve the above-mentioned 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 value 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.

(iii) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis except that the following assets are measured at their fair value as explained in the accounting policies set out below:

- Investment properties (see Note 2.1(e));
- Office premises (see Note 2.1(d)); and
- Investment in other financial assets (see Note 2.1(g)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(iv) Amended HKFRS Accounting Standards that are effective for annual periods beginning on 1 January 2025

In the current year, the Group has applied the Amendments to HKAS 21 “Lack of Exchangeability” (“HKAS21”) for the first time. These amendments are effective for the Group’s consolidated financial statements for the annual period beginning on 1 January 2025.

The amendments to HKAS 21 specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. In addition, the amendments require an entity to disclose additional information that enables users of its financial statements to understand how a currency that is not exchangeable into another currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows.

The amendments did not have a material impact on the Group’s consolidated financial statements.

(v) New and amendments to HKFRS Accounting Standards not yet adopted by the Group

Certain new and revised amendments to HKFRS Accounting Standards and interpretation have been published that are not mandatory for 31 December 2025 reporting periods and have not been early adopted by the Group.

- HKFRS 18 “Presentation and Disclosure in Financial Statements”;
- HKFRS 19 “Subsidiaries without Public Accountability: Disclosure and related Amendments”;
- Amendments to HKFRS 9 and HKFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”;
- Amendments to HKFRS 9 and HKFRS 7 “Contracts Referencing Nature – Dependent Electricity”;
- Amendments to HKFRS 10 and HKAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”;
- Amendments to HKAS 21 “Translation to a Hyperinflationary Presentation Currency”;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(v) *New and amended HKFRS Accounting Standards and interpretations not yet adopted by the Group (continued)*

- Amendments to HKFRS Accounting Standards “Annual Improvements to HKFRS Accounting Standards – Volume 11”; and
- Amendments to Hong Kong Interpretation 5 “Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause”.

The Directors of the Group anticipate that all of the pronouncements will be adopted in the Group’s accounting policy for the first period beginning on or after the effective date of the pronouncement. Information on new and amended HKFRS Accounting Standards that are expected to have impact on the Group’s accounting policies is provided below. Other new and amended HKFRS Accounting Standards are not expected to have a material impact on the Group’s consolidated financial statements.

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS18”) and related amendments to Hong Kong Interpretation 5

HKFRS 18 replaces HKAS 1 “Presentation of Financial Statements”. It carries forward many of the existing requirements in HKAS 1, with limited changes, and some HKAS 1 requirements will be moved to HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” and HKFRS 7 “Financial Instruments: Disclosures”.

HKFRS 18 will not impact the recognition and measurement of financial statements items but the presentation of them. It introduces three major new requirements, including:

- reporting newly defined subtotals (namely “operating profits” and “profits before financing and income tax”), and classifying items into five newly defined categories (namely “operating”, “investing”, “financing”, “income tax” and “discontinued operation”), depending on the reporting entity’s main business activities, in the statement of profit or loss;
- Disclosure of management-defined performance measures (“MPMs”) in a single note to the financial statements; and
- enhanced guidance of aggregation and disaggregation of information in the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

(v) *New and amendments to HKFRS Accounting Standards not yet adopted by the Group (continued)*

HKFRS 18 “Presentation and Disclosure in Financial Statements” (“HKFRS18”) and related amendments to Hong Kong Interpretation 5 (continued)

Besides, narrow-scope amendments have been made to HKAS 7 “Statement of Cash Flows”, which includes:

- using “operating profit or loss” as the starting point for indirect method for the presentation of operating cash flows purposes; and
- the option for classifying interest and dividend cash flows as operating activities is eliminated.

In addition, there are consequential amendments to several other standards.

HKFRS 18, and the amendments to the other HKFRS Accounting Standards, are effective for annual period beginning on or after 1 January 2027 and must be applied retrospectively with specific transition provisions. The Directors of the Group are currently working to identify all the impacts of HKFRS 18, particularly with respect to the structure of the Group’s consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the additional disclosures required for MPMs. The Group is also assessing the impact of how information is grouped in the consolidated financial statements, including the items currently labelled as “other”.

(b) Principles of consolidation and equity accounting

(i) *Subsidiaries*

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(b) Principles of consolidation and equity accounting (continued)

(i) *Subsidiaries (continued)*

Inter-company transactions, balances and unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position respectively.

(ii) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRS Accounting Standards.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(c) Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional currency of the Company is Hong Kong Dollars ("HK\$"). The consolidated financial statements are presented in RMB, rounded to the nearest thousand, which is the functional currency of the subsidiaries carrying out the principal activities of the Group.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the statement of financial position date. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation involving loss of control, the cumulative amount of the exchange differences relating to that foreign operation attributable to the owners of the Company are reclassified to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(d) Property and equipment

Office premises are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation.

Revaluations are performed every three years to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair value at the end of the reporting period.

Changes arising on the revaluation of office premises are generally dealt with in other comprehensive income and are accumulated separately in equity in the other reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

All other property and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property and equipment.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Office premises	40 years
Buildings and improvements	10–40 years
Office equipment	5 years
Motor vehicles	8 years

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(d) Property and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.1(f)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is the Group's policy to transfer any amounts included in other reserve in respect of those assets to retained earnings.

(e) Investment properties

Investment properties are buildings which are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, assessed at least once every six months by an independent professional valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset.

If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(e) Investment properties (continued)

An entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide sufficient evidence of a change in use. Examples of evidence of a change in use include:

- (i) Inception of an operating lease to another party, for a transfer from completed properties held for sale to investment property;
- (ii) Commencement of development with a view to sale, for a transfer from investment property to completed properties held for sale;
- (iii) Commencement of owner-occupation, or of development with a view to owner-occupation, for a transfer from investment property to owner-occupied property; and
- (iv) End of owner-occupation, for a transfer from owner-occupied property to investment property.

When an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognized (eliminated from the consolidated statement of financial position) and does not reclassify it as completed properties held for sale. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment.

If an investment property becomes owner-occupied, it is reclassified as property and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an owner-occupied property becomes an investment property that will be carried at fair value:

- (i) Any resulting decrease in the carrying amount of the property is recognized in profit or loss. However, to the extent that an amount is included in revaluation surplus for that property, the decrease is recognized in other comprehensive income and reduces the revaluation surplus within equity.
- (ii) Any resulting increase in the carrying amount is treated as follows:
 - To the extent that the increase reverses a previous impairment loss for that property, the increase is recognized in profit or loss. The amount recognized in profit or loss does not exceed the amount needed to restore the carrying amount to the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(e) Investment properties (continued)

(ii) Any resulting increase in the carrying amount is treated as follows: (continued)

- Any remaining part of the increase is recognized in other comprehensive income and increases the revaluation surplus within equity. On the transfer of owner-occupied property to investment property, the revaluation surplus included in equity may be transferred to retained earnings. The transfer from revaluation surplus to retained earnings is not made through profit or loss.

(f) Impairment of non-financial assets

The following assets are subject to impairment testing:

- Property and equipment; and
- The Company's investments in subsidiaries.

Property and equipment, and the Company's investments in subsidiaries are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(g) Investments and other financial assets

(i) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(g) Investments and other financial assets (continued)

(i) *Classification (continued)*

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI").

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income and other gains/(losses), together with foreign exchange gains and losses, impairment expenses are presented in other operating expenses and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(g) Investments and other financial assets (continued)

(iii) *Measurement (continued)*

Debt instruments (continued)

- FVPL: Assets that do not meet the criteria for amortized cost are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other income and other gains/(losses), net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other income and other gains/(losses), net in the consolidated income statement as applicable.

(iv) *Impairment*

The Group assesses on a forward-looking basis the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9 "Financial Instruments" ("HKFRS 9"), which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.1 for further details.

The Group measures the ECL allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of the reporting period with the risk of default occurring on the financial assets 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(g) Investments and other financial assets (continued)

(iv) *Impairment (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 regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

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 end of each reporting period. A debt instrument is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when (i) 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 collateral held by the Group); or (ii) the financial asset is 90 days past due.

Detailed analysis of the ECL assessment of trade receivables and other financial assets measured at amortised cost are set out in note 3.1(b).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(h) Completed properties held for sale

Completed properties held for sale in respect of property development activities are carried at the lower of cost and net realizable value.

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present location and condition.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(j) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as finance expenses.

Borrowings are classified as current liabilities unless as at the end of the reporting period, the Group has a right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Covenants that the Group is required to comply with, on or before the end of the reporting period, are considered in classifying loan arrangement with covenants as current or non-current. Covenants that the Group is required to comply with after the end of the reporting period do not affect the classification.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(k) Current and deferred income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(k) Current and deferred income tax (continued)

Deferred income tax (continued)

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in OCI or directly in equity. In this case, the tax is also recognized in OCI or directly in equity, respectively.

(l) Employee benefits

(i) Short-term obligations

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of other benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Retirement benefits

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organized by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(m) Revenue recognition

Revenue is measured in an amount that reflects the consideration to which the Group expects to be entitled in exchange for transfer of properties or services in the ordinary course of the Group's activities. Revenue is shown, net of discounts and after eliminating sales with the group companies.

(i) Sales of properties

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

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the asset.

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

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

(ii) Rendering of services

Income from the provision of services including property management service and hotel operations is recognized in the accounting period in which the services are rendered.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.1 Summary of material accounting policies (continued)

(n) Leases

As a lessor, the Group classifies its leases as operating leases. Determined rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Variable rental income is recognized as income in the accounting period in which they are earned.

2.2 Summary of other accounting policies

(a) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Directors that makes strategic decisions.

(b) Trade receivables

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. They are generally due for settlement within the normal operating cycle of the business and therefore all classified as current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1 for further information about the Group's accounting for trade receivables and a description of the Group's impairment policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.2 Summary of other accounting policies (continued)

(c) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. They are initially recognized at fair value. Except for financial guarantees liabilities measured in accordance with Note 2.2(g), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(d) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(e) Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as finance expenses.

All provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.2 Summary of other accounting policies (continued)

(f) Financial guarantees contracts

Financial guarantees contracts are recognized as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9; and
- the amount initially recognized less, where appropriate, the cumulative amount of income recognized in accordance with the principles of HKFRS 15 “Revenue from Contracts with Customers” (“HKFRS 15”).

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognized as part of the cost of the investment in the financial statements of the Company.

(g) Dividend income

Dividend income from investments is recognized when the right to receive payment is established.

(h) Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/ (losses) on these assets. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income, unless it is earned from financial assets that are held for cash management purposes, which is presented as finance income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF ACCOUNTING POLICIES (continued)

2.2 Summary of other accounting policies (continued)

(i) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the group will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

(j) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(k) Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) *Diluted earnings per share*

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group and approved by the executive Directors.

3.1 Financial risk factor

(a) Market risk

(i) *Foreign exchange risk*

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign exchange risk arising from recognized assets and liabilities which are not denominated in the relevant group entity's functional currency. Depreciation or appreciation of RMB against HK\$ can affect the Group's results. Under the Linked Exchange Rate System in Hong Kong, HK\$ is pegged to US\$, management considers that there is no significant foreign exchange risk with respect to US\$. The Group currently does not have a foreign currency hedging policy. However, management of the Group monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Conversion of RMB into foreign currency is subject to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

The amounts denominated in the currency other than the functional currency of the individual entities to which they relate were as follows:

	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	51,369	35,304

As at 31 December 2025, if RMB had weakened/strengthened by 5% (2024: 5%) with all other variable held constant, pre-tax profit for the year of the Group would have been RMB2,568,000 higher/lower (2024: RMB1,765,000 higher/lower).

(ii) *Cash flow and fair value interest rate risk*

The Group's interest rate risk arises from long-term borrowings mainly including bank and other borrowings, which are disclosed in Note 24. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and bank deposits held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factor (continued)

(a) Market risk (continued)

(ii) Cash flow and fair value interest rate risk (continued)

As at 31 December 2025, if interest rates have increased/decreased by 100 basis points (2024: increased/decreased by 100 basis points) with all other variables held constant, the Group's pre-tax loss would increase/decrease by approximately RMB95,183,000 (2024: pre-tax profit decrease/increase by approximately RMB100,262,000).

	2025 RMB'000	% of total loan	2024 RMB'000	% of total loan
Variable rate borrowings	9,518,342	63%	10,026,228	65%
Fixed rate borrowings				
- repricing or maturity dates:				
Less than 1 year	99,789	1%	2,666,919	17%
1-3 years	2,212,638	15%	2,862,589	18%
Over 5 years	3,173,081	21%	-	-
	15,003,850	100%	15,555,736	100%

(b) Credit risk

The Group's credit risk is primarily attributable to cash and cash equivalents, restricted bank deposits, trade and other receivables and financial guarantees. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. The carrying amounts of cash and cash equivalents, restricted bank deposits, trade and other receivables and financial guarantees represent the Group's maximum exposure to credit risk in relation to its financial assets.

Credit evaluations are performed on all customers requiring credit over a certain amount. The Group would not deliver properties to tenants before it receives the rental deposits and would not release the property ownership certificates to the buyers before the buyers finally settle the consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factor (continued)

(b) Credit risk (continued)

The Group has the following types of financial assets that are mainly subject to the expected credit loss model:

- trade receivables;
- other receivables;
- financial guarantees.

The recoverability of trade and other receivables is assessed taking into account of the financial position of the counterparties, past experiences, current conditions and forecasts of future economic conditions. As at 31 December 2025 and 2024, the management does not expect any significant losses after taking into consideration of expected credit loss.

While cash and cash equivalents and restricted bank deposits are also subject to the impairment requirements of HKFRS 9, the Group expects that there is no significant credit risk since they are substantially deposited with state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(i) Trade receivables

Trade receivables are lease receivables. For trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which requires the use of the lifetime expected loss provision for all trade receivables.

For trade receivables that do not share the same risk characteristics with others, management assesses their expected credit losses on an individual basis. Remaining trade receivables have been grouped based on shared credit risk characteristics and the days past due to measure the expected credit losses. The expected credit loss also incorporates forward-looking information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factor (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

On that basis, the loss allowance as at 31 December 2025 and 2024 was determined as follows for trade receivables:

As at 31 December 2025	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Provision on individual basis	56.14%	89,702	(50,358)	39,344
Provision on collective basis	-	308,618	-	308,618
		398,320	(50,358)	347,962

As at 31 December 2024	Expected loss rate	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Provision on individual basis	46.72%	101,214	(47,290)	53,924
Provision on collective basis	-	270,043	-	270,043
		371,257	(47,290)	323,967

As at 31 December 2025 and 2024, the lease receivables collectively assessed expected credit loss impact was immaterial to the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factor (continued)

(b) Credit risk (continued)

(i) Trade receivables (continued)

The loss allowances or reversal of loss allowances for trade receivables recognized during the years ended 31 December 2025 and 2024 is as follows:

	2025 RMB'000	2024 RMB'000
Opening loss allowance at 1 January	47,290	46,667
Increase in loss allowance during the year	6,960	5,309
Written off during the year	-	(437)
Reversal of previous impairment losses	(3,892)	(4,249)
Closing loss allowance at 31 December	50,358	47,290

Trade receivables are written off when there is no reasonable expectation of recovery.

(ii) Other receivables

Other financial assets at amortized cost include other receivables. The loss allowance for other financial assets at amortized cost as at 31 December 2025 and 2024 applies the general approach for expected credit loss prescribed by HKFRS 9.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factor (continued)

(b) Credit risk (continued)

(ii) Other receivables (continued)

The Group uses three categories for other receivables which reflect their credit risk and how the loss provision is determined for each of those categories. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Stage one	Receivables for which there is no significant increase in credit risk since initial recognition (including customers have a low risk of default and a strong capacity to meet contractual cash flows)	12 months expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected losses
Stage three	Receivables for which there is credit impaired	Lifetime expected losses

The loss allowances or reversal of loss allowances for other receivables recognized during the years ended 31 December 2025 and 2024 is as follows:

	2025 RMB'000	2024 RMB'000
Opening loss allowance at 1 January	110,084	110,370
Increase/(decrease) in loss allowance during the year	286	(286)
Closing loss allowance at 31 December	110,370	110,084

Other receivables are written off when there is no reasonable expectation of recovery. The Group made no written off for other receivables during the year (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factor (continued)

(b) Credit risk (continued)

(iii) Financial guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. For most mortgages, the guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within one year after the property units are delivered to the buyers. If a buyer defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the buyer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the Directors consider that the Group's credit risk associated with these financial guarantees are immaterial. The total amount of mortgages outstanding which are guaranteed by the Company's subsidiaries was RMB3,793,000 as at 31 December 2025 (2024: RMB4,702,000).

(c) Liquidity risk

Cash flow forecast is performed in the operating entities of the Group and aggregated by the Group finance team. The Group finance team monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs and the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecast process takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal statement of financial position ratio targets.

As described in Note 2.1(a), certain plans and measures have been or will be taken by management to mitigate the Group's liquidity pressure and to improve its cashflows which including but not limited to negotiate with certain financial institutions, including the existing major lenders, for options of restructuring of the Group's existing borrowings, continue its ongoing efforts to convince the lenders of the Cross-Defaulted Borrowings not to take any actions against the Group for immediate payment of the principals and interest of these borrowings, communicate with the local tax authority and take measures to dispose of its commercial properties to settle the outstanding LAT to mitigate any further potential negative impacts due to the late payment of LAT, and take proactive measures to improve operating cash flow by controlling administrative costs and containing capital expenditure.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factor (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows, except for bank and other borrowings as at 31 December 2025 and 2024, which is based on events as described in Note 2.1(a).

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
At 31 December 2025						
Bank and other borrowings (Note 24)	5,059,438	913,336	4,442,697	7,762,119	18,177,590	15,003,850
Long-term deposits	-	85,754	171,372	43,632	300,758	300,758
Trade and other payables excluding non-financial liabilities	2,277,362	-	-	-	2,277,362	2,277,362
	7,336,800	999,090	4,614,069	7,805,751	20,755,710	17,581,970
At 31 December 2024						
Bank and other borrowings (Note 24)	6,353,966	1,148,337	4,238,301	5,697,144	17,437,748	15,555,736
Long-term deposits	-	79,407	202,617	15,802	297,826	297,826
Trade and other payables excluding non-financial liabilities	2,193,783	-	-	-	2,193,783	2,193,783
	8,547,749	1,227,744	4,440,918	5,712,946	19,929,357	18,047,345

3.2 Capital management

Consistent with industry practice, the Group monitors its capital structure on the basis of the ratio of the total of bank and interest bearing borrowings to the total assets. The bank and interest bearing borrowings include bank and other borrowings of RMB15,003,850,000 (2024: RMB15,555,736,000) as disclosed in Note 24. As at 31 December 2025, the ratio was 22.17% (2024: 22.83%).

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation

(a) Fair value hierarchy

Other than investment properties, office premises included in property and equipment and financial assets at FVPL, the Group has no other assets that carried at fair value as at 31 December 2025 and 2024.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the consolidated statement of financial position date. Where other pricing models are used, inputs are based on market related data at the consolidated statement of financial position date.

The table below analyzes financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) and not using significant unobservable inputs (Level 2).
- (iii) Inputs for the asset or liability that are not based on observable market data (that is, significant unobservable inputs) (Level 3).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(a) Fair value hierarchy (continued)

	<i>Notes</i>	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets					
At 31 December 2025					
Investment properties	13	-	-	62,881,200	62,881,200
Property and equipment					
- office premises	14	-	-	366,760	366,760
Financial assets at FVPL					
- investment in other financial assets		-	224,632	270,798	495,430
Total assets		-	224,632	63,518,758	63,743,390
Assets					
At 31 December 2024					
Investment properties	13	-	-	63,079,400	63,079,400
Property and equipment					
- office premises	14	-	-	381,445	381,445
Financial assets at FVPL					
- investment in other financial assets		-	140,864	284,967	425,831
Total assets		-	140,864	63,745,812	63,886,676

There were no transfers among Level 1, Level 2 and Level 3 during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(a) Fair value hierarchy (continued)

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- equity allocation model and price/book multiple method with observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability and etc..

(b) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;
- discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate; and
- equity allocation model and price/booking multiple method with observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability and etc..

There were no changes in valuation techniques during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(c) Fair value measurements using significant unobservable inputs (Level 3)

	Investment properties (i) RMB'000	Property and equipment- office premises (ii) RMB'000	Investment in other financial assets (iii) RMB'000	Total RMB'000
Opening balance at 1 January 2025	63,079,400	381,445	284,967	63,745,812
Additions	-	-	4,439	4,439
Disposals	(12,261)	-	-	(12,261)
Depreciation	-	(14,685)	-	(14,685)
Fair value changes recognized in profit or loss	(185,939)	-	-	(185,939)
Loss on financial assets at fair value through profit or loss	-	-	(12,404)	(12,404)
Currency translation differences	-	-	(6,204)	(6,204)
Closing balance at 31 December 2025	62,881,200	366,760	270,798	63,518,758

	Investment properties (i) RMB'000	Property and equipment- office premises (ii) RMB'000	Investment in other financial assets (iii) RMB'000	Total RMB'000
Opening balance at 1 January 2024	63,421,300	396,130	274,090	64,091,520
Additions	-	-	5,424	5,424
Disposals	(208,023)	-	-	(208,023)
Depreciation	-	(14,685)	-	(14,685)
Fair value changes recognized in profit or loss	(133,877)	-	-	(133,877)
Gain on financial assets at fair value through profit or loss	-	-	6,082	6,082
Currency translation differences	-	-	(629)	(629)
Closing balance at 31 December 2024	63,079,400	381,445	284,967	63,745,812

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

(c) Fair value measurements using significant unobservable inputs (Level 3) (continued)

(i) See Note 13(a) for more detailed disclosure of valuation process, valuation techniques and significant unobservable inputs of investment properties.

(ii) Office premises were valued using the same valuation process, valuation techniques and significant unobservable inputs as those used for valuation of investment properties.

(iii) The fair value of investment in other financial assets are based on the reported net asset value (“NAV”) in their financial statements. Management has obtained the most recent audited financial statements that are available from investees and considered various factors when assessing whether the reported NAV represents the fair value of the investment. These factors include the accounting policies adopted by the investees, the restrictions and barriers preventing the Group from disposing the investment, the Group’s ownership percentage over the investee and other relevant factors. Fair value will be adjusted when such factors suggest the reported NAV does not represent its fair value. In 2025, no reported NAV is adjusted. The Directors believed that the fair value resulting from the reported NAV, which is recorded in the consolidated statement of financial position, and the related change in fair value, which is recorded in consolidated income statement, are reasonable, and that it is the most appropriate value at the end of the reporting period.

(d) Group’s valuation processes

The finance department of the Group includes a team that performs the valuations of financial assets required for financial reporting purposes, including Level 3 fair values. This team reports directly to the chief financial officer of the Company (the “CFO”) and the Audit Committee. Discussions of valuation processes and results are held among the CFO, the Audit Committee and the valuation team at least once every six months.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the successful outcomes of the Group's plans and measures to strengthen its capital base and liquidity. Details are explained in Note 2.1(a) to the consolidated financial statements.

(b) Estimation of valuation of investment properties

As described in Note 2.1(e), investment properties are stated at fair value based on the valuation performed by an independent professional valuer. Details of the valuation approaches and key assumptions for investment properties are set out in Note 13(a). Where the expectation is different from the original estimate, such difference will impact the carrying value of investment properties and fair value changes on investment properties in the period in which such estimate has been changed.

Whilst the Group considers valuations of the Group's properties are the best estimates, has resulted in greater market volatility, which have led to higher degree of uncertainties in respect of the valuations in the current year. As at 31 December 2025, the carrying amounts of the Group's investment properties carried at fair value are RMB62,881,200,000 (2024: RMB63,079,400,000). Details of the fair value measurements are disclosed in Note 3.3.

(c) PRC corporate income taxes, LAT and deferred taxation

The Group is primarily subject to various taxes in the PRC, as it is principally engaged in the provision of property leasing and related services and real estate development in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

LAT is levied on properties developed by the Group for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sales of properties less deductible expenditures including lease charges of land use rights, borrowing cost and relevant property development expenditures. Given the uncertainties of the calculation basis of land appreciation tax to be interpreted by the local tax bureau and the actual appreciation of land value may be different from the original estimates, the actual outcomes may be higher or lower than that estimated at the end of the reporting period. Any increase or decrease in estimates would affect profit or loss in future years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(c) PRC corporate income taxes, LAT and deferred taxation (continued)

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers probable that future taxable profit will be available against which the temporary differences or tax losses can be utilized. The outcome of their actual utilization may be different.

During the years ended 31 December 2025 and 2024, the recognition and write back of deferred tax assets were based on the estimates on the utilization of the future taxable profit for temporary differences or tax losses.

(d) Net realisable value of completed properties held for sales

Management assessed the recoverability of the amount based on the judgment and estimation of the net realizable value of the underlying properties which involves, inter-alia, considerable analysis of the current market price of properties of a comparable standard and location based on the existing asset structure. If the actual net realisable values of the underlying stock of properties are more or less than expected as a result of change in the market condition, a material reversal of or provision for impairment losses may result.

At 31 December 2025, the carrying amount of the Group's completed properties held for sales was RMB1,596,122,000 (2024: RMB1,605,127,000).

(e) Estimation of impairment of trade and other receivables within the scope of ECL under HKFRS 9

The Group makes allowances on trade and other receivables subjects to ECL based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward-looking estimates at the end of each reporting period. As at 31 December 2025, the aggregate carrying amounts of trade and other receivables amounted to RMB582,160,000 (2024: RMB588,790,000) (net of ECL allowance of RMB160,728,000 (2024: RMB157,374,000)).

The provision of ECL is sensitive to changes in estimates. When the actual future cash flows are different from expected, such difference will impact the carrying amount of trade and other receivables within the scope of ECL under HKFRS 9 and credit losses in the periods in which such estimate has been changed.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (continued)

(f) Estimation of the fair value of investments in other financial assets

The fair value of investments in other financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

The carrying amount of investments in other financial assets as at 31 December 2025 amounted to RMB495,430,000 (2024: RMB425,831,000).

(g) Depreciation of property and equipment, impairment assessment of property and equipment and investments in subsidiaries in the Company's statement of financial position

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value, if any. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Property and equipment and investments in subsidiaries in the Company's statement of financial position are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts of the assets have been determined based on the higher of fair value less costs of disposal and value-in-use calculations. Such estimation was based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. No impairment is required for the years ended 31 December 2025 and 2024. As at 31 December 2025, the carrying amounts of property and equipment, and investments in subsidiaries in the Company's statement of financial position were RMB869,668,000 and RMB330,787,000 respectively (2024: RMB904,385,000 and RMB330,787,000 respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. SEGMENT INFORMATION

The management of the Group has determined the operating segments based on the information reviewed by the chief operating decision-maker (“CODM”). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive Directors of the Company.

The CODM reviews the operating results of the Group’s real estate development and property leasing businesses as an integrate part, and allocates resources on the same basis. As such, the Group has only one operating segment.

The major operating entities of the Group are domiciled in the PRC, all of the Group’s revenue were derived in the PRC during the year. As at 31 December 2025 and 2024, all of the Group’s non-current assets, other than financial instruments and deferred income tax assets, were located in the PRC.

The Group is principally engaged in real estate development, the provision of property leasing and related services in the PRC. Revenue represents revenue from rental income and sale of property units and is analysed as follows:

	Note	2025 RMB'000	2024 RMB'000
Revenue from other source			
Rental income		1,366,795	1,534,716
Revenue from contracts with customers			
Sale of property units	(a)	5,425	5,716
		1,372,220	1,540,432

Notes:

- (a) During the year ended 31 December 2025 and 2024, revenue from sale of property units was recognized at a point in time.
- (b) No single customer contributed 10% or more of the Group’s revenue during the years ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. EXPENSES BY NATURE

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Late payment fees and penalty fees		285,614	291,048
Property tax and other tax expenses		236,557	251,878
Employee benefits expenses	7	164,445	179,940
Utilities and property maintenance expenses		151,607	143,970
Depreciation and amortization		36,162	44,562
Rental commission		15,029	19,837
Donations		6,000	10
Office expenses		33,644	33,432
Losses on financial assets at FVPL		3,100	11,628
Advertising and marketing expenses		1,535	5,513
Costs of properties sold		4,496	5,217
Auditors' remuneration			
– Audit services		1,650	1,650
– Non-audit services		900	1,350
Other expenses		79,070	108,985
Total cost of sales, selling expenses, administrative expenses, other operating expenses and losses		1,019,809	1,099,020
		2025 RMB'000	2024 RMB'000
Gross rental income from investment properties		1,366,795	1,534,716
Less: Outgoing in respect of investment properties that generated rental income during the year		(243,790)	(254,820)
		1,123,005	1,279,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2025 RMB'000	2024 RMB'000
Salaries, wages and other benefits	152,211	170,230
Contributions to defined contribution retirement plan	12,234	9,710
	164,445	179,940

The Group's subsidiaries in the PRC participate in a defined contribution retirement scheme established by the government, and make monthly contributions to the scheme for its employees, which are calculated on certain percentage of the average employee salary as agreed by government authorities. The scheme is responsible for the entire pension obligations payable to qualified beneficiaries of the scheme. Contributions are charged to profit or loss when they become payable under the rules of the scheme.

During the year ended 31 December 2025, no forfeited contributions were utilized by the Group to reduce its contributions for the current year (2024: nil).

The Group has no other obligation for the payment of post-retirement benefits other than the contributions described above.

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two Directors (2024: two Directors) whose emoluments are reflected in the analysis shown in Note 32. The emoluments payable to the remaining three individuals (2024: three individuals) are as follows:

	2025 RMB'000	2024 RMB'000
Salaries and other emoluments	4,095	4,459
Retirement scheme contributions	342	337
	4,437	4,796

The emoluments fell within the following bands:

	Number of individuals	
	2025	2024
Emolument bands (in HK\$)		
HK\$1,000,001-HK\$1,500,000	1	-
HK\$1,500,001-HK\$2,000,000	2	3

During the years ended 31 December 2025 and 2024, no emoluments and discretionary bonus were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. OTHER INCOME AND GAINS, NET

	Note	2025 RMB'000	2024 RMB'000
Property management service income		289,742	281,105
Hotel operations income		63,101	62,536
Forfeited customer deposits		31,452	51,300
Government grants	(a)	1,796	1,665
Gains on financial assets at FVPL		-	6,082
Others		2,769	68,918
		388,860	471,606

Note:

(a) Government grants represent the reward received by the Group in accordance with the related local policies. There are no unfulfilled conditions or other contingencies attaching to these grants.

9. FINANCE INCOME AND FINANCE EXPENSES

	2025 RMB'000	2024 RMB'000
Finance income		
Interest income	2,288	4,490
Net foreign exchange gains	99	312
	2,387	4,802
Finance expenses		
Interest expenses on bank and other borrowings	652,829	720,918
Bank charges and others	523	713
	653,352	721,631

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE

Current income tax includes PRC corporate income tax and PRC LAT.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Company and the Company’s subsidiaries registered in the Cayman Islands and the BVI are not subject to any income tax.

Provision for Hong Kong Profits Tax is calculated at 16.5% (2024: 16.5%) of the estimated assessable profits for the year.

In accordance with the Corporate Income Tax Law of the PRC, the corporate income tax rate applicable to the Company’s subsidiaries in the PRC is 25% (2024: 25%).

In accordance with the Macau Complementary Tax Law, complementary tax is imposed on a progressive rate scale ranging from 3% to 9% for taxable profits below or equal to MOP300,000 and 12% for taxable profits over MOP300,000. Taxable profits below MOP32,000 are exempt from tax.

In accordance with the Provisional Regulations on Land Appreciation Tax of the PRC, LAT is levied at the properties developed and sold in the PRC by the Group. LAT is charged on the appreciated amount at progressive rates ranging from 30% to 60%.

According to the Implementation Rules of the Corporate Income Tax Law of the PRC, the Company’s subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profit earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognized for the dividends that have been declared, and deferred tax liability is recognized for those to be declared in the foreseeable future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INCOME TAX EXPENSE (continued)

(a) Income tax in the consolidated income statement represents:

	2025 RMB'000	2024 RMB'000
Current income tax		
- PRC corporate income tax	6,525	54,008
- PRC LAT	29	55,869
Deferred income tax (Note 17(b))	184,954	70,119
	191,508	179,996

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

	2025 RMB'000	2024 RMB'000
(Loss)/Profit before income tax	(95,633)	62,312
Income tax calculated at the PRC tax rate of 25% (2024: 25%)	(23,908)	15,578
Difference in overseas tax rates	22,597	(22,429)
LAT	29	55,869
Tax effect of LAT deductible for PRC corporate income tax	(7)	(13,968)
Tax effect of amounts which are not deductible in calculating taxable income:		
- Late payment fees and penalty fees	71,432	72,762
- Others	2,402	2,402
Tax effect of tax losses not recognised	25,868	13,061
Tax effect of deductible temporary differences not recognised	14,910	56,467
Utilization of tax losses previously recognized	78,286	-
Adjustments in respect of prior years	(101)	254
Income tax expense for the year	191,508	179,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. LOSS PER SHARE, BASIC AND DILUTED

The calculation of basic and diluted loss per share is based on the loss attributable to owners of the Company of RMB290,782,000 (2024: RMB113,441,000) and the weighted average number of 5,199,524,000 ordinary shares (2024: 5,199,524,000) in issue during the year calculated as follows:

(i) Loss attributable to owners of the Company

	2025 RMB'000	2024 RMB'000
Loss attributable to owners of the Company	(290,782)	(113,441)
Loss attributable to owners of the Company (diluted)	(290,782)	(113,441)

(ii) Weighted average number of ordinary shares

	2025 Share'000	2024 Share'000
Issued ordinary shares at the beginning	5,199,524	5,199,524
Weighted average number of ordinary shares during the year	5,199,524	5,199,524
Weighted average number of ordinary shares during the year (diluted)	5,199,524	5,199,524

(iii) Loss per share

	2025 RMB	2024 RMB
Basic loss per share	(0.06)	(0.02)
Diluted loss per share	(0.06)	(0.02)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12. DIVIDENDS

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

13. INVESTMENT PROPERTIES

	Completed investment properties RMB'000
At fair value	
At 1 January 2025	63,079,400
Disposal of investment properties	(12,261)
Fair value changes recognized in profit or loss	(185,939)
At 31 December 2025	62,881,200
At fair value	
At 1 January 2024	63,421,300
Disposal of investment properties	(208,023)
Fair value changes recognized in profit or loss	(133,877)
At 31 December 2024	63,079,400

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES (continued)

(a) Valuation basis

The following table analyzes the fair value of the investment properties.

Description	Fair value measurement at 31 December using significant unobservable inputs (Level 3)	
	2025 RMB'000	2024 RMB'000
Investment properties:		
- Completed investment properties located in Beijing	33,832,200	33,930,300
- Completed investment properties located in Shanghai	29,049,000	29,149,100
	62,881,200	63,079,400

Valuation process of the Group

The Group's investment properties were valued at 31 December 2025 and 2024, by the independent professional valuer, Hong Kong Appraisal Advisory Limited ("HK Appraisal"), who holds recognized relevant professional qualifications and has recent experience in the locations and segments of the investment properties valued.

The Group's finance department includes a team that reviews the valuations performed by the independent professional valuer for financial reporting purposes. This team reports directly to the CFO and the Audit Committee.

At the end of each financial reporting period the finance department:

- verifies all major inputs to the independent valuation report;
- analyzes property valuation movements and changes in fair values when compared to the prior period valuation report; and
- holds discussions with the independent professional valuer and reports to the CFO and Audit Committee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. INVESTMENT PROPERTIES (continued)

(a) Valuation basis (continued)

Valuation techniques

For completed investment properties, the valuation of these was derived from market approach and discounted cash flow method at 31 December 2025 and 2024.

Information about fair value measurements using significant unobservable inputs.

Description	Fair value RMB	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Completed investment properties located in Beijing	RMB 33,832,200,000	Market approach and discounted cash flow method	Discounted rate	3.8%-4.3% (2024: 3.8%-4.3%)	The higher the discounted rate, the lower the fair value
	(2024: RMB 33,930,300,000)		Rental per square meter (RMB per square meter per day)	4.44-12.53 (2024: 4.95-12.25)	The higher the rental per square meter, the higher the fair value
			Estimated price (RMB per square meter)	13,606-121,405 (2024: 14,385-121,794)	The higher the price per square, the higher the fair value
Completed investment properties located in Shanghai	RMB 29,049,000,000	Market approach and discounted cash flow method	Discounted rate	3.8%-4.3% (2024: 3.8%-4.3%)	The higher the discounted rate, the lower the fair value
	(2024: RMB 29,149,100,000)		Rental per square meter (RMB per square meter per day)	5.20-11.35 (2024: 4.94-11.06)	The higher the rental per square, the higher the fair value
			Estimated price (RMB per square meter)	31,697-100,836 (2024: 32,751-104,306)	The higher the price per square, the higher the fair value

(b) Certain investment properties of the Group were pledged against the bank and other borrowings, details are set out in Note 24.

(c) As at 31 December 2025, investment properties with fair value of RMB3,573,542,000 (2024: RMB3,573,537,000) were situated on parcels of land which had been acquired from a third party. As at the date of approval of the consolidated financial statements, the Group is in the process of applying for the building ownership certificates of these investment properties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. PROPERTY AND EQUIPMENT

	Office premises RMB'000	Buildings and improvements RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2025					
Revalued amount/Cost	410,082	1,150,938	150,727	9,307	1,721,054
Accumulated depreciation	(28,637)	(641,022)	(139,500)	(7,510)	(816,669)
Net book amount	381,445	509,916	11,227	1,797	904,385
Year ended 31 December 2025					
Opening net book amount	381,445	509,916	11,227	1,797	904,385
Additions	-	818	500	227	1,545
Disposals and obsolescence	-	(1,628)	(419)	(89)	(2,136)
Depreciation charge	(14,685)	(16,491)	(2,617)	(333)	(34,126)
Closing net book amount	366,760	492,615	8,691	1,602	869,668
At 31 December 2025					
Revalued amount/Cost	410,082	1,150,128	150,808	9,445	1,720,463
Accumulated depreciation	(43,322)	(657,513)	(142,117)	(7,843)	(850,795)
Net book amount	366,760	492,615	8,691	1,602	869,668
At 1 January 2024					
Revalued amount/Cost	410,082	1,145,746	147,885	9,286	1,712,999
Accumulated depreciation	(13,952)	(613,864)	(137,169)	(7,138)	(772,123)
Net book amount	396,130	531,882	10,716	2,148	940,876
Year ended 31 December 2024					
Opening net book amount	396,130	531,882	10,716	2,148	940,876
Additions	-	5,192	2,924	21	8,137
Disposals and obsolescence	-	-	(82)	-	(82)
Depreciation charge	(14,685)	(27,158)	(2,331)	(372)	(44,546)
Closing net book amount	381,445	509,916	11,227	1,797	904,385
At 31 December 2024					
Revalued amount/Cost	410,082	1,150,938	150,727	9,307	1,721,054
Accumulated depreciation	(28,637)	(641,022)	(139,500)	(7,510)	(816,669)
Net book amount	381,445	509,916	11,227	1,797	904,385

As at 31 December 2025 and 2024, no property and equipment was pledged as collateral for the Group's borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. SUBSIDIARIES

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

Name of company	Place of establishment/ registration and operation	Principal activities	Issued/paid-in capital	Attributable equity interest			
				2025		2024	
				Direct	Indirect	Direct	Indirect
Beijing Redstone Newtown Real Estate Co., Ltd.*	Beijing, the PRC	Development of the Commune by the Great Wall and operation of serviced hotel	US\$10,000,000 (2024: US\$10,000,000)	-	95%	-	95%
Hainan Redstone Industry Co., Ltd.*	Hainan, the PRC	Development of Boao Canal Village	RMB20,000,000 (2024: RMB20,000,000)	-	98.10%	-	98.10%
Beijing SOHO Real Estate Co., Ltd.*	Beijing, the PRC	Development of Sanlitun SOHO	US\$99,000,000 (2024: US\$99,000,000)	-	95%	-	95%
Beijing Millennium Real Properties Development Co., Ltd.***	Beijing, the PRC	Development of Beijing Residency	RMB96,000,000 (2024: RMB96,000,000)	-	100%	-	100%
Beijing Yeli Real Properties Development Co., Ltd.***	Beijing, the PRC	Development of Guanghualu SOHO II	RMB1,100,000,000 (2024: RMB1,100,000,000)	-	100%	-	100%
Beijing Kaiheng Real Estate Co., Ltd.*	Beijing, the PRC	Development of Galaxy SOHO and Chaoyangmen SOHO	US\$12,000,000 (2024: US\$12,000,000)	-	100%	-	100%
Beijing Suo Tu Century Investment Management Co., Ltd.***	Beijing, the PRC	Development of Zhongguancun SOHO and Danling SOHO	US\$10,000,000 (2024: US\$10,000,000)	-	100%	-	100%
Beijing Zhanpeng Century Investment Management Co., Ltd.***	Beijing, the PRC	Development of Qianmen Avenue project	RMB50,000,000 (2024: RMB50,000,000)	-	100%	-	100%
Shanghai Haoze Investment Management Co., Ltd.***	Shanghai, the PRC	Development of Exchange SOHO	RMB10,000,000 (2024: RMB10,000,000)	-	100%	-	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. SUBSIDIARIES (continued)

Name of company	Place of establishment/ registration and operation	Principal activities	Issued/paid-in capital	Attributable equity interest			
				2025		2024	
				Direct	Indirect	Direct	Indirect
Sunny Prestige Limited	Hong Kong	Development of Exchange SOHO	HK\$1 (2024: HK\$1)	-	100%	-	100%
Master Delicacy Limited	Hong Kong	Development of Exchange SOHO	HK\$1 (2024: HK\$1)	-	100%	-	100%
Fortune Reality Limited	Hong Kong	Development of Exchange SOHO	HK\$1 (2024: HK\$1)	-	100%	-	100%
Beijing Wangjing*	Beijing, the PRC	Development of Wangjing SOHO Project	US\$99,000,000 (2024: US\$99,000,000)	-	100%	-	100%
Bluewater (Beijing) Property Management Co., Ltd.**	Beijing, the PRC	Development of SOHO Nexus Centre	US\$120,000,000 (2024: US\$120,000,000)	-	100%	-	100%
Beijing Fengshi Real Estate Development Co., Ltd.***	Beijing, the PRC	Development of Leeza SOHO	RMB1,750,000,000 (2024: RMB1,750,000,000)	-	100%	-	100%
Shanghai Ding Ding Real Estate Development Co., Ltd.*	Shanghai, the PRC	Development of Bund SOHO	US\$135,000,000 (2024 US\$135,000,000)	-	61.51%	-	61.51%
Shanghai Hong Tu Investment Management Consulting Co., Ltd.***	Shanghai, the PRC	Development of SOHO Zhongshan Plaza	RMB5,000,000 (2024: RMB5,000,000)	-	100%	-	100%
Shanghai Hong Suo Investment Management Consulting Co., Ltd.***	Shanghai, the PRC	Development of SOHO Zhongshan Plaza	RMB5,000,000 (2024: RMB5,000,000)	-	100%	-	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. SUBSIDIARIES (continued)

Name of company	Place of establishment/ registration and operation	Principal activities	Issued/paid-in capital	Attributable equity interest			
				2025		2024	
				Direct	Indirect	Direct	Indirect
Shanghai Changyin Investment Management Consulting Co., Ltd.***	Shanghai, the PRC	Development of SOHO Zhongshan Plaza	RMB100,000 (2024: RMB100,000)	-	100%	-	100%
Shanghai Changmai Investment Management Consulting Co., Ltd.***	Shanghai, the PRC	Development of SOHO Zhongshan Plaza	RMB100,000 (2024: RMB100,000)	-	100%	-	100%
Shanghai Hong Sheng Real Estate Development Co., Ltd.***	Shanghai, the PRC	Development of SOHO Fuxing Plaza	RMB955,000,000 (2024: RMB955,000,000)	-	100%	-	100%
Shanghai Greentown Plaza Development Co., Ltd.***	Shanghai, the PRC	Development of SOHO Tianshan Plaza and operation of serviced hotel	RMB1,550,000,000 (2024: RMB1,550,000,000)	-	100%	-	100%
Shanghai Changkun Real Estate Development Co., Ltd.*	Shanghai, the PRC	Development of Gubei SOHO	RMB3,190,000,000 (2024: RMB3,190,000,000)	-	100%	-	100%

* The companies are registered as sino-foreign equity joint venture enterprises in the PRC.

** The company is registered as a wholly owned foreign enterprise in the PRC.

*** The companies are registered as limited liability companies in the PRC.

The total amount of non-controlling interests is RMB927,358,000 (2024: RMB924,290,000) which is 2.6% (2024: 2.5%) to the total equity of the Group.

As at 31 December 2025 and 2024, the Directors considered that none of the subsidiaries that had material non-controlling interests was material to the Group.

There is no difference between the voting rights and the proportionate interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16. FINANCIAL INSTRUMENTS BY CATEGORY

	2025 RMB'000	2024 RMB'000
Financial assets as per consolidated statement of financial position		
Financial assets at amortized cost		
Trade and other receivables	582,160	588,790
Restricted bank deposits	24,778	25,808
Cash and cash equivalents	516,236	589,623
Financial assets at FVPL		
Investment in other financial assets	495,430	425,831
	1,618,604	1,630,052

	2025 RMB'000	2024 RMB'000
Financial liabilities as per consolidated statement of financial position		
Financial liabilities at amortized cost		
Bank and other borrowings	15,003,850	15,555,736
Trade and other payables excluding tax payables, payroll and welfare payables and late payment fees	2,277,362	2,193,783
Long-term deposits	300,758	297,826
	17,581,970	18,047,345

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. DEFERRED INCOME TAX

(a) The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2025 RMB'000	2024 RMB'000
Deferred tax assets:		
- to be recovered after more than 12 months	586,119	715,495
- to be recovered within 12 months	49,454	95,372
	635,573	810,867
Deferred tax liabilities:		
- to be recovered after more than 12 months	(10,014,465)	(10,004,805)
Deferred tax liabilities, net	(9,378,892)	(9,193,938)

(b) The movement in deferred tax assets and liabilities during the years ended 31 December 2025 and 2024, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

	Tax losses	Unpaid accrued cost and expenses and impairment	Investment properties	Office revaluation	Total
<i>Note</i>	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	370,476	460,788	(9,809,165)	(145,918)	(9,123,819)
Charged to income statement	<i>10(a)</i> (13,147)	(7,250)	(49,722)	-	(70,119)
At 31 December 2024 and at 1 January 2025	357,329	453,538	(9,858,887)	(145,918)	(9,193,938)
Charged to income statement	<i>10(a)</i> (170,044)	(5,250)	(9,660)	-	(184,954)
At 31 December 2025	187,285	448,288	(9,868,547)	(145,918)	(9,378,892)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. DEFERRED INCOME TAX (continued)

Deferred tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related benefit through the future profits is probable. These tax losses are going to expire within five years. As at 31 December 2025, the Group did not recognize deferred tax assets in certain subsidiaries of RMB110,127,000 (2024: RMB147,298,000) in respect of losses amounting to RMB440,508,000 (2024: RMB589,192,000) that can be carried forward against future taxable income. As at 31 December 2025, RMB139,437,000, RMB123,388,000, RMB71,786,000, RMB61,617,000 and RMB44,280,000 (2024: RMB112,920,000, RMB341,500,000, RMB50,776,000, RMB31,752,000 and RMB52,244,000) of these tax losses will expire in 2026, 2027, 2028, 2029 and 2030 (2024: 2025, 2026, 2027, 2028 and 2029) respectively.

As at 31 December 2025, temporary differences relating to the undistributed profits of subsidiaries in the PRC amounted to RMB38,941,010,000 (2024: RMB38,912,741,000). Deferred tax liabilities of RMB3,894,101,000 (2024: RMB3,891,274,000) have not been recognized in respect of the tax that would be payable on the distribution of these retained earnings as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

18. INVESTMENTS IN OTHER FINANCIAL ASSETS

	2025 RMB'000	2024 RMB'000
Non-current asset		
Unlisted equity investments	270,798	284,967
Current asset		
Wealth management funds	224,632	140,864
	495,430	425,831

19. COMPLETED PROPERTIES HELD FOR SALE

	2025 RMB'000	2024 RMB'000
Completed properties held for sale	1,596,122	1,605,127

Completed properties held for sale mainly includes commercial properties which are all located in the PRC. Impairment provision was not recognized during the year ended 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

20. PREPAYMENTS

	2025 RMB'000	2024 RMB'000
Prepaid commission	46,739	51,025
Prepaid value added taxes and other taxes	12	14,316
Prepaid income tax	13,339	13,339
Others	22,000	22,965
	82,090	101,645

21. TRADE AND OTHER RECEIVABLES

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Non-current - Other receivables		68,743	68,743
Current - Trade receivables	<i>(a)</i>	398,320	371,257
Less: Allowance for impairment of trade receivables	<i>(b)</i>	(50,358)	(47,290)
Trade receivables - net		347,962	323,967
Amounts due from related parties	<i>31(b)</i>	24,740	24,740
Amounts due from non-controlling interest		46,493	46,493
Other receivables		204,592	234,931
Less: Allowance for impairment of other receivables	<i>(b)</i>	(110,370)	(110,084)
Other receivables - net		165,455	196,080
Total of current portion		513,417	520,047

The carrying amounts of trade and other receivables approximate their respective fair values as at 31 December 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. TRADE AND OTHER RECEIVABLES (continued)

(a) Aging analysis

The aging analysis of trade receivables based on due date is as follows:

	2025 RMB'000	2024 RMB'000
Amounts not past due	327,908	289,334
Less than 1 month past due	7,637	768
1 to 6 months past due	6,106	8,253
6 months to 1 year past due	5,955	21,657
More than 1 year past due	50,714	51,245
Amounts past due	70,412	81,923
	398,320	371,257

The Group's credit policy is set out in Note 3.1 (b).

(b) Impairment of trade and other receivables

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance and general approach for all trade receivables and other receivables. See Note 3.1(b) for details about the Group's exposure to credit risk.

22. RESTRICTED BANK DEPOSITS

	<i>Note</i>	2025 RMB'000	2024 RMB'000
Restricted bank deposits		12,490	12,091
Guarantees for mortgage loans	<i>(i)</i>	12,288	13,717
		24,778	25,808

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. RESTRICTED BANK DEPOSITS (continued)

The above bank deposits are restricted as follows:

- (i) The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. As at 31 December 2025, the Group had deposits of RMB12,288,000 (2024: RMB13,717,000) as security for settlement of the mortgage instalments under these agreements. Should the mortgagors fail to pay the mortgage monthly instalments, the bank can draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient. Such guarantees deposits will be released when the title of properties are pledged to banks or the related mortgage loans are repaid by buyers.

23. CASH AND CASH EQUIVALENTS

	2025 RMB'000	2024 RMB'000
Cash on hand	1,438	2,276
Cash at banks	514,798	587,347
	516,236	589,623

24. BANK AND OTHER BORROWINGS

- (a) The borrowings were as follows:

	2025 RMB'000	2024 RMB'000
Bank borrowings	9,518,342	10,026,228
Other borrowings	5,485,508	5,529,508
	15,003,850	15,555,736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. BANK AND OTHER BORROWINGS (continued)

(b) The borrowings were repayable as follows:

	2025 RMB'000	2024 RMB'000
Within 1 year or on demand (<i>note c</i>)	5,017,521	5,732,567
After 1 year but within 2 years	835,600	821,589
After 2 years but within 5 years	3,647,077	3,535,503
After 5 years	5,503,652	5,466,077
	9,986,329	9,823,169
	15,003,850	15,555,736

	2025 RMB'000	2024 RMB'000
Denominated in:		
- RMB	14,893,337	15,207,863
- HK\$	110,513	347,873
	15,003,850	15,555,736

	2025 RMB'000	2024 RMB'000
Secured/pledged	15,003,850	15,555,736

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. BANK AND OTHER BORROWINGS (continued)

(c) Compliance with loan covenants

As mentioned in Note 2.1(a) to the consolidated financial statements, the late payment of LAT might trigger cross-defaults of certain bank borrowings of the Group amounting to RMB4,022,000,000 (2024: RMB4,144,000,000) as at 31 December 2025. The Cross-Defaulted Borrowings with a total principal amount of RMB4,022,000,000 (2024: RMB4,144,000,000) and interest of RMB14,952,000 (2024: RMB13,912,000), including those with original contractual repayment dates beyond 31 December 2025, were reclassified as current liabilities as at 31 December 2025 as they are due upon demand if requested by the respective lenders.

(d) As at 31 December 2025, the current borrowings included (i) the Cross-Defaulted Borrowings of RMB4,036,952,000 (2024: RMB4,157,912,000); and (ii) the other borrowings, which are not yet overdue or defaulted but with contractual repayment dates prior to 31 December 2026, of RMB980,569,000 (2024: RMB1,574,655,000).

(e) The details of the secured bank and other borrowings are set out below:

(i) As at 31 December 2025, bank and other borrowings of the Group amounted RMB14,893,337,000 (2024: RMB15,555,736,000) were secured by the following items:

	2025 RMB'000	2024 RMB'000
Investment properties	53,747,735	53,859,471

(ii) As at 31 December 2025, the Group's certain bank borrowings were guaranteed by the Company and pledged by the shares of subsidiaries incorporated in the PRC.

(f) The effective interest rates per annum on bank and other borrowings at amortized cost are as follows:

	2025 %	2024 %
Bank and other borrowings included in current liabilities	3.61-5.29	3.24-7.46
Bank and other borrowings included in non-current liabilities	3.61-4.9	3.24-4.66

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. RECEIPTS IN ADVANCE

Receipts in advance represented proceeds received on property unit rental that have not been recognized as revenue in accordance with the Group's lease policies.

26. TRADE AND OTHER PAYABLES

	Notes	2025 RMB'000	2024 RMB'000
Trade payables	(a)	857,753	927,982
Amounts due to related parties	31(b)	812,732	812,732
Late payment fees		1,013,142	727,529
Rental deposits		225,788	231,813
Other taxes payable		77,094	86,646
Payroll and welfare payables		2,707	3,554
Others		381,089	221,256
		3,370,305	3,011,512

The carrying amounts of trade and other payables approximate their fair value.

Note:

(a) The aging analysis of trade payables based on due date is as follows:

	2025 RMB'000	2024 RMB'000
Due within 1 month or on demand	857,753	927,982

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE CAPITAL AND RESERVES

	No. of ordinary shares	
	Share'000	RMB'000
Authorised:		
31 December 2025 and 2024, HK\$0.02 per share	7,500,000	150,000
Issued and fully paid:		
At 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	5,199,524	106,112

(a) Nature and purpose of reserves

(i) Share premium

The share premium account is governed by the Companies Act of Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to equity shareholders; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Act of Cayman Islands); (d) writing-off the preliminary expenses of the Company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the Company.

No distribution or dividend may be paid to equity shareholders out of share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27. SHARE CAPITAL AND RESERVES (continued)

(a) Nature and purpose of reserves (continued)

(ii) Exchange reserve

The exchange reserve represents foreign exchange differences arising from the translation of the financial statements of the Company and foreign operations in accordance with the accounting policies set out in Note 2.1(c).

Other reserve is comprised by statutory reserve and capital reserve.

(iii) Statutory reserve

In accordance with the relevant rules and regulations in the PRC and the provision of the articles of association of the PRC companies comprising the Group, before 1 January 2006, the local investment enterprises were required to appropriate at each year end 5% to 10% of the profit for the year after netting off the accumulated losses brought forward (based on figures reported in the statutory financial statements) to the statutory surplus reserve and the statutory public welfare fund (collectively the “Statutory Reserves”), respectively. After 1 January 2006, the local investment enterprises are allowed to appropriate 10% of the net profit to the Statutory Reserves until the accumulated appropriation exceeds 50% of the registered capital.

For Chinese-foreign entities, in accordance with the Law of the PRC on Chinese-foreign Equity Joint Ventures, the percentage of profits to be appropriated to the Statutory Reserves is solely determined by the Board of Directors of these foreign investment enterprises.

(iv) Capital reserve

Capital reserve arose from the difference between the amount by which the non-controlling interests are adjusted and the consideration paid for the acquisition of additional equity interest in subsidiaries.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY

(a) Statement of financial position of the Company

	<i>Note</i>	2025 RMB'000	2024 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		330,787	330,787
Total non-current assets		330,787	330,787
Current assets			
Amounts due from subsidiaries		20,125,508	20,705,939
Cash and cash equivalents		22,243	9,708
Total current assets		20,147,751	20,715,647
Total assets		20,478,538	21,046,434
EQUITY AND LIABILITIES			
Share capital		106,112	106,112
Reserves	<i>28(b)</i>	3,303,415	3,232,265
Total equity		3,409,527	3,338,377
LIABILITIES			
Current liabilities			
Bank and other borrowings		110,513	347,873
Other payables		22,866	37,473
Amounts due to subsidiaries		16,935,632	17,322,711
Total current liabilities		17,069,011	17,708,057
Total liabilities		17,069,011	17,708,057
Total equity and liabilities		20,478,538	21,046,434

The statement of financial position of the Company was approved by the Board of Directors on 31 March 2026 and were signed on its behalf.

Xu Jin

Director

Qian Ting

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

28. STATEMENT OF FINANCIAL POSITION AND EQUITY MOVEMENT OF THE COMPANY
(continued)

(b) Share capital and reserve movement of the Company

	Share capital RMB'000	Share premium RMB'000	Exchange reserve RMB'000	Other reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2025	106,112	(14,461)	(2,229,879)	55,257	5,421,348	3,338,377
Profit for the year	-	-	-	-	34,774	34,774
Other comprehensive income	-	-	36,376	-	-	36,376
Total comprehensive income	-	-	36,376	-	34,774	71,150
Balance at 31 December 2025	106,112	(14,461)	(2,193,503)	55,257	5,456,122	3,409,527
Balance at 1 January 2024	106,112	(14,461)	(2,233,755)	55,257	5,503,315	3,416,468
Loss for the year	-	-	-	-	(81,967)	(81,967)
Other comprehensive income	-	-	3,876	-	-	3,876
Total comprehensive income/ (expense)	-	-	3,876	-	(81,967)	(78,091)
Balance at 31 December 2024	106,112	(14,461)	(2,229,879)	55,257	5,421,348	3,338,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. CASH FLOW INFORMATION

(a) Cash generated from operations

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
(Loss)/Profit before income tax		(95,633)	62,312
Adjustments for:			
Fair value changes on investment properties	13	185,939	133,877
Depreciation and amortization	6	36,162	44,562
Interest income	9	(2,288)	(4,490)
Interest expense	9	652,829	720,918
Net foreign exchange gains	9	(99)	(312)
Losses on other financial assets at FVPL		3,100	5,546
Loss from disposal of property and equipment		17	12
Others		1,232	333
Changes in working capital:			
Decrease in prepayments		19,555	1,193
Decrease in trade and other receivables		3,276	15,399
Decrease in completed properties held for sale		9,005	5,317
Increase in receipts in advance		191,604	35,143
Increase in trade and other payables		267,444	159,130
Decrease in restricted bank deposits		1,030	34,268
Cash generated from operations		1,273,173	1,213,208
Interest received		2,387	4,490
Interest paid		(640,982)	(769,084)
Income tax paid		(48,733)	(141,952)
Net cash inflow from operating activities		585,845	306,662

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. CASH FLOW INFORMATION (continued)

(b) Net debt reconciliation

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Cash and cash equivalents	23	516,236	589,623
Borrowings – repayable within one year	24(b)	(5,017,521)	(5,732,567)
Borrowings – repayable after one year	24(b)	(9,986,329)	(9,823,169)
Net debt		(14,487,614)	(14,966,113)
Cash and cash equivalents	23	516,236	589,623
Gross debt – fixed interest rates	3	(5,485,508)	(5,529,508)
Gross debt – variable interest rates	3	(9,518,342)	(10,026,228)
Net debt		(14,487,614)	(14,966,113)
		Borrowings RMB'000	Total RMB'000
Net debt as at 1 January 2024		(15,884,968)	(15,884,968)
Cash flows		340,973	340,973
Foreign exchange adjustments		(7,730)	(7,730)
Other charges			
Interest expense accrued		(4,011)	(4,011)
Net debt as at 31 December 2024 and at 1 January 2025		(15,555,736)	(15,555,736)
Cash flows		566,553	566,553
Foreign exchange adjustments		8,558	8,558
Other charges			
Interest expense accrued		(23,225)	(23,225)
Net debt as at 31 December 2025		(15,003,850)	(15,003,850)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. COMMITMENTS

Commitments outstanding as at the end of the reporting periods but are not provided for are as follows:

	2025 RMB'000	2024 RMB'000
Commitments of investments	7,134	8,347

As at 31 December 2025, the commitments are denominated in US\$1,015,000 (2024: US\$1,161,000), equivalent amounting to RMB7,134,000 (2024: RMB8,347,000).

31. MATERIAL RELATED PARTY TRANSACTIONS

(a) Parent entities

The Company is controlled by the following entities:

Name	Type	Place of incorporation	Ownership interest	
			2025	2024
Boyce Limited	Immediate parent entity	BVI	31.9654%	31.9654%
Capevale Limited ("Capevale BVI")	Immediate parent entity	BVI	31.9654%	31.9654%
Capevale Limited ("Capevale Cayman")	Ultimate parent entity**	Cayman Islands	63.9309%*	63.9309%*

* Capevale Cayman holds 100% of the issued ordinary shares of Boyce Limited and Capevale BVI.

** Capevale Cayman is ultimately controlled by Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Transactions with other related parties

The balance of transactions with related parties is as follows:

	Notes	2025 RMB'000	2024 RMB'000
Amount due from related parties			
SOHO China Foundation	(i)	24,740	24,740
Amounts due to related parties			
INESA (Group) Co., Ltd. ("INESA")	(ii)	406,366	406,366
Shanghai Rural Commercial Bank	(ii)	406,366	406,366
		812,732	812,732

Notes:

- (i) In 2020, SOHO China Foundation, a charity organization set up by Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita in 2005, established a bilingual kindergarten in China's northwest region. The balances as at 31 December 2025 represented the payments on behalf of RMB24,740,000 (2024: RMB24,740,000) from two subsidiaries of the Company to SOHO China Foundation for the purpose of the construction work. The balance was interest-free, unsecured, and repayable on demand.
- (ii) The balances as at 31 December 2025 mainly represented the advances of RMB812,732,000 (2024: RMB812,732,000) from INESA and Shanghai Rural Commercial Bank, the non-controlling equity holders of a subsidiary, Shanghai Ding Ding Real Estate Development Co., Ltd., which were interest-free, unsecured and had no fixed term of repayment.

The following transactions occurred with related parties:

	2025 RMB'000	2024 RMB'000
Donation to SOHO China Foundation	6,000	10
Rental income from Shanghai Rural Commercial Bank	18,691	19,373

During the year ended 31 December 2025 and 2024, the above transactions didn't constitute connected transactions under the Listing Rules.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Directors as disclosed in Note 32 and certain of the highest paid employees as disclosed in Note 7(a) is as follows:

	2025 RMB'000	2024 RMB'000
Short-term employee benefits	10,826	11,365
Post-employment benefits	570	562
	11,396	11,927

32. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executives' emoluments

Directors' and chief executive's emoluments, disclosed pursuant to the Listing Rules, section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

For the year ended 31 December 2025:

Name	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Other benefits RMB'000	Employer's contribution to retirement benefit scheme	Total RMB'000
						RMB'000	
Executive Directors							
Pan Shiyi	339	-	-	-	-	-	339
Pan Zhang Xin Marita	339	-	-	-	-	-	339
Xu Jin (Chairman) (Co-Chief Executive Officer)	264	2,577	-	51	2	114	3,008
Qian Ting (Co-Chief Executive Officer)	264	1,825	-	51	2	114	2,256
Independent Non-executive Directors							
Huang Jingsheng	339	-	-	-	-	-	339
Xiong Ming Hua	339	-	-	-	-	-	339
Zhang Mingeng	339	-	-	-	-	-	339
Total	2,223	4,402	-	102	4	228	6,959

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(a) Directors' and chief executives' emoluments (continued)

For the year ended 31 December 2024:

Name	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing allowance RMB'000	Other benefits RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Total RMB'000
Executive Directors							
Pan Shiyi	264	-	-	-	-	-	264
Pan Zhang Xin Marita	264	-	-	-	-	-	264
Xu Jin (<i>Chairman</i>) (<i>Co-Chief Executive Officer</i>)	264	2,790	-	50	5	111	3,220
Qian Ting (<i>Co-Chief Executive Officer</i>)	264	1,939	-	50	5	114	2,372
Independent Non-executive Directors							
Huang Jingsheng	337	-	-	-	-	-	337
Xiong Ming Hua	337	-	-	-	-	-	337
Zhang Mingeng	337	-	-	-	-	-	337
Total	2,067	4,729	-	100	10	225	7,131

(b) Directors' retirement benefits

The retirement benefits paid to Mr. Pan Shiyi, Ms. Xu Jin and Mr. Qian Ting during the year ended 31 December 2025 by a retirement benefit scheme administrated and operated by the local municipal government in respect of their services as Directors of the Company and its subsidiaries is RMB228,000 (2024: RMB225,000). No other retirement benefits were paid to Mr. Pan Shiyi, Ms. Xu Jin and Mr. Qian Ting in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking (2024: same).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. BENEFITS AND INTERESTS OF DIRECTORS (continued)

(c) **Directors' termination benefits**

No payment was made to Directors as compensation for early termination of the appointment during the year (2024: nil).

(d) **Consideration provided to third parties for making available Directors' services**

No payment was made to the former employer of Directors for making available the services as a director of the Company (2024: nil).

(e) **Information about loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such Directors**

There are no loans, quasi-loans and other dealings in favour of Directors, controlled bodies corporate by and connected entities with such directors during the year (2024: nil).

(f) **Directors' material interests in transactions, arrangements or contracts**

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2024: nil).

(g) **Directors' emoluments**

Aggregate emoluments paid to or receivable by Directors in respect of their services as directors, whether of the Company or its subsidiary undertaking		Aggregate emoluments paid to or receivable by Directors in respect of their other services in connection with the management of the Company or its subsidiary undertaking		Total	
2025	2024	2025	2024	2025	2024
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2,223	2,067	4,736	5,064	6,959	7,131

SOHO T CHINA